

MINUTES OF MEETING
OF THE
BOARD OF DIRECTORS

THE STATE OF TEXAS §
COUNTY OF HAYS §
HAYS COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 1 §

The Board of Directors (the “Board”) of Hays County Water Control and Improvement District No. 1 (sometimes referred to herein as the “District”) met in regular session, which included a monthly workshop session and regular meeting, on the 13th day of August, 2020, at Belterra Centre, 151 Trinity Hills Drive, Austin, Texas, within the District. To mitigate the spread of COVID-19 and pursuant to the guidance provided by the Office of the Attorney General of the State of Texas, the meeting was open to the public by telephonic conference. The roll was called of the members of the Board of Directors, (herein referred to as the “Board”) to-wit:

Douglas L. Botts	President
Paul Kelly	Vice President
Daniel B. Robison	Secretary
Bill Dally	Treasurer/Asst. Secretary
Rick Lucas	Assistant Secretary

WORKSHOP SESSION 4:00 P.M.:

All members of the Board were present at Belterra Centre for the commencement of the workshop session. Also present in person were Kristi Hester of Inframark, the District’s general management and operations contractor, Matt Kutac of the law offices of Matthew B. Kutac, PLLC, and Lauren Barzilla with CMA Engineering (“CMA”), the District’s engineers. In addition, joining via telephonic conference were Andy Barrett with Andy Barrett & Associates, PLLC, Judy McAngus, paralegal with Winstead PC, Chris Lane of SAMCO Capital Markets, Inc. (“SAMCO”), the District’s financial advisor and Allen Douthitt of Bott & Douthitt PLLC (“Bott & Douthitt”), the District’s bookkeeper.

Matt Kutac explained a few guidelines for the telephonic conference meeting regarding a request that each Board member confirm their name prior to making any motion or voting on such matters to insure that the public record of the meeting would be heard and accurately recorded. Notification to the public was given that the meeting was being recorded. The meeting was then called to order, and evidence was presented that public notice of such meeting had been given as required by law.

The purpose of the workshop session was to review details pertaining to the consent items and agenda items on the posted Agenda for said meeting, hear updates on committee reports, review the current monthly General Manager's Report (see **EXHIBIT "A"**), which report includes operations updates and a summary of activities since the last regular Board meeting and recommended action items for the regular meeting, review the current Accounting Report (see **EXHIBIT "B"**), and review the current monthly CMA WWTP and 210 reuse irrigation engineering report (see **EXHIBIT "C"**) and the separate general engineering report (see **EXHIBIT "D"**). During the workshop session, no formal action was taken, but the following matters were discussed in detail:

- Ms. Hester was asked to review Inframark's General Manager's Report ("GM Report"). Ms. Hester reviewed and updated the Board with respect to operational matters concerning the District's wastewater treatment plant ("WWTP"), the Re-Use (210) Water System, Distribution System-Billing, Collection System, Drainage/Pond matters, Parks-Trails, Construction, Customer Care, Infrastructure Committee and Facility Committee updates. The following is a Summary of activities which Ms. Hester reviewed with the Board:

1) Wastewater Treatment Plant

- a) 9,901,000 Gallons Treated @ 64% Capacity
- b) 10,569,000 Irrigated
- c) All facilities are in compliance

2) Re-Use Water System - Drip System

- a) 10,569,000 Irrigated

3) Distribution System – Billing

- a) 268 AMI meters installed 42 users on portal
- b) Installed 14 AMI meters in July
- c) 31 transfer of services in July
- d) Installation of master meters are underway expect completion this month
- e) Notice from the WTCPUA on water rate changes
- f) Notice from the WTCPUA of WTCPUA Tier 2 treatment violation

4) Collection System

- a) Holly Court lift station control panel has damages caused by gases- an item has been added to the 2021 budget to replace connectors to address this issue
- b) Cleaned wet well Holly CT (Lift Station 2) and Belterra Dr (Lift Station 1)
- c) Bi-Annual preventative maintenance completed on pumps and motors lift stations

5) Drainage/Ponds

- a) Floats on pond at Belterra Drive and Trinity Hills are now on auto fill
- b) Several irrigation heads repaired and replaced
- c) Annual infrared preventive maintenance completed on storm water ponds
- d) Concerns from residents regarding the number of ducks at pond were reported

6) Parks – Trails

- a) Wildflowers - current seeds will be planted in October at (1) Grafton (2) Trinity across from Centre and (3) Wellington
- b) Wildflowers - Bluebonnets will be planted in October at (1) pond across from School and (2) Littleton
- c) 6 trail benches have been ordered

- d) Committee is reviewing trail access to commercial area
- e) Committee will be reviewing possible changes to the landscaping map
- 7) Construction
 - a) working on inspections for the new apartments
 - b) 59 construction inspections completed
- 8) Customer Care
 - a) New signs should be installed this week
 - b) Inframark has started sending reminders to residents watering on wrong day
- 9) Infrastructure Committee 7.30.20
 - a) Assigned irrigation RFP
 - b) Reviewed single day water schedule
 - c) Reviewed collection system and manhole survey
- 10) Facility Committee
 - (a) Diagnosing issues with internet and fire system

In addition, under the Drainage/Pond update, with regard to the East Commercial Pond, Lauren Barzilla noted that she was on site yesterday and there appears to be an issue with the operation of the pond and hoped to have more information at the next meeting.

Ms. Hester stated that in addition to the Construction noted above, there were 50 swimming pools, 80 homes and projects within the commercial area development of Belterra and thus a lot for Inframark to keep up with at the current time. It was briefly discussed and Matt Kutac was asked to review the processes in place under the District's rules for issuing fines to swimming pool contractors.

With regard to recommendations, Ms. Hester pulled up the extensive Collection System Manhole Survey results noting that she had sent those on to Lauren Barzilla for her additional review and that following such review and discussions, Inframark was recommending an expenditure of \$70,000 to Utility Specialists for collection system repairs. She noted that another option would be to jet the lines out every 6 months to clean them out but that would be a recurring cost and more of a short-term form of a solution. In addition, she noted that Inframark was recommending a \$7,689.00 payment to CRS to cover sidewalk repairs at 25 separate locations within the District. Director Lucas noted that he had a concern with regard to what he thought was a needed sidewalk repair in the vicinity of the Recreation Center and the Rooster Springs Elementary School that did not appear to be on the list. Ms. Hester made note and said they would take another look at that area before such repairs were made. She noted that she will request approval of such items in the regular portion of the meeting.

The record shall reflect that the workshop was closed and the Board next moved to its regular board meeting.

REGULAR MEETING - 5:00 P.M.:

Matt Kutac, general counsel for the District, confirmed that Directors Botts, Kelly, Robison, Dally and Lucas, along with Kristi Hester, Matt Kutac, and Lauren Barzilla remained at Belterra Centre for the regular board meeting and Chris Lane, Allen Douthitt, Andy Barrett and Judy McAngus remained on the telephonic call for the regular portion of the Board meeting. In

addition, Chris Calvisi, and Johnny McDonnell with WLE, the District's landscape service provider, were on the call for a portion of the meeting and perhaps additional persons may be present on the dial in number made available to the public. All directors present when votes were taken voted on all matters unless an abstention is set out in any such item. Mr. Kutac reminded the directors and consultants to state their name prior to speaking and requested that motions/seconds be noted by name. In addition, he advised those present that the meeting was being recorded.

1. Matt Kutac confirmed that no members of the public had signed up for public comment in advance of the meeting but indicated that no one had submitted an email. He further called for public communications and comments from any person, including any persons tied in the meeting via audio. There being no person participating in the meeting who wished to address the Board under this item, the Board proceeded to the next item of business.

2. The Board reviewed the consent agenda items. It was noted that the Minutes from the July 9, 2020 regular meeting and July 23, 2020 special meeting were not yet available for review and approval and were pulled from the consent agenda. It was noted since time did not allow for the review of the current Accounting Report during the Workshop Session, that the Board would proceed with a review of such report prior to approving the remainder of its consent agenda items.

3. Reports:

The Board moved to its review and discussion of the remaining consultant reports that had not been reviewed during the Workshop Session and called first on Allen Douthitt with Bott & Douthitt to present the Accounting Report. Director Botts noted that he had requested that Mr. Douthitt include in each report a front page summary of all reporting and approvals needed and provide future reports in advance of each regular meeting for posting on the Google Drive for the Board's review prior to such meetings. A copy of the Accounting Report summary is set out herein below:

Review Cash Activity Report, including Receipts and Expenditures

Action Items:

- Approval of director and vendor payments.
- Approval of fund transfers
- From TexPool Operating Account to TexPool SPA Account:
\$14,973.68

Approve bond payments:

- a) Series 2012 Refunding
- b) Series 2013
- c) Series 2013 Refunding
- d) Series 2015
- e) Series 2015 Refunding
- f) Series 2016 Refunding
- g) Series 2016A Refunding

- h) Series 2017
- i) Series 2020 Refunding

Financial Highlights:

The month of June came in under plan by \$240,000 due in large part to the payment made to the developer (\$750,000) off-set with the true-up payment received by Hays WCID No. 2 (\$510,000).

Year-to-date the District is \$11,000 behind plan.

Through June the actual charges to the Joint Maintenance CAP are \$58,000 less than the monthly billings to date.

Through June the actual charges to the General Maintenance CAP are \$10,000 less than the monthly billings to date.

Year-to-date the District has collection rate of 98.73% on property taxes.

Mr. Douthitt noted that he had reviewed the report and related invoicing with the Finance Committee in advance of the Board meeting. Following the review of such summary and his addressing of various questions from the Board, upon motion by Director Dally, seconded by Director Lucas and unanimously carried, the Board approved the following consent item:

Accounting Report including the director and vendor payments, a listing of wire fund transfers, including Bond payments, and the June 30, 2020 interim financials.

With regard to additional reports not presented during the Workshop Session, Lauren Barzilla presented the CMA's WWTP and 210 Reuse Irrigation Report. She briefed the Board on a series of dates related to the on-going Drum Screen Replacement project. In addition, she noted that a copy of the Kubota warranty for the Membrane Replacement Project had been posted on the Board's Google Drive and confirmed that the warranty states that the drum screens needed to be installed by April 23, 2022. She reviewed CMA's Amendment No. 1 to Task Order 60 and stated that she would be asking for an approval later on in the meeting.

Ms. Barzilla next reviewed CMA's General Engineering Report with the Board. She provided an update of Commercial Activity in item II, noted that the completion date of the Belterra Village Multifamily was now slated for September 2021, and with regard to the District related public utilities, explained there were only few items remaining on the punch list. With regard to III of such report, the hotel site, Ms. Barzilla said it appears that at present the site will no longer be used for a hotel, but that any prior deposits put up by the owner of the site should have covered engineering costs to date (or that should have been the case) and that any new owner would need to put up additional deposits to cover estimated costs of engineering plan reviews and inspections that will need to be performed for the public utilities. Matt Kutac explained the process whereby the District engineer performs such review services for the District with the costs paid from a deposit funded by the developer or builder (that should be replenished if needed and maintained throughout each project with any remaining proceeds refunded once all District engineering costs have been paid). Ms. Barzilla noted that those are considered non-reimbursable costs (in that they would not be considered costs that would be

included in any District bond issue). Director Botts asked that the Finance Committee work with Allen Douthitt and CMA on all such accounts to ensure that all such builder deposits are sufficient to cover related CMA costs and that any needed replenishments are timely requested/secured and on hand to cover any anticipated additional CMA costs for such projects, and that once a project is concluded, that any remaining balance is properly refunded. With respect to Item VI, Ms. Barzilla noted that she would be requesting approval of a Waterline Easement for Building S for Pat T later in the meeting. With regard to item VII, she confirmed a CMA letter posted to the Google Drive recommending final acceptance of the Grafton Open Space Drainage project. With respect to Item IX – the Drought Contingency Plan, Ms. Barzilla reviewed two map options with the Board, with the Board electing to go with the simpler map that they felt was more easily understood and requesting that, for consistency, the approved map be the only one posted on the website or used in District presentations or for handout. Ms. Barzilla reviewed a copy of an updated July 23, 2020 Water Usage Tracking Table, a copy of which is attached hereto as **EXHIBIT “E”** and noted that she had posted a copy on the Google Drive should the Board wish to review it further. A brief discussion with regard to potable water used in some of the District’s parks ensued with it being noted that the District’s watering of such areas might be scaled down to not only save on potable water costs but help with water conservation. It was agreed that, that WLE and Inframark could help control such usage. Also, with regard to the new Master Meters, Matt Kutac inquired as to when they were being installed. Ms. Hester noted that Inframark hoped to have them installed by next week.

With respect to WLE’s landscape report, Chris Calvisi was called up and presented his report of the monthly landscaping activities within the District. Mr. Calvisi responded to various questions from the Board. Director Dally noted that he felt that for an estimated \$20,000 a month in services, that he would expect their monthly invoicing to more reflect their basic services and provide more of a summary of additional services provided. Johnny McDonnell with WLE noted that he would be glad to work with his office to provide better detail on their monthly invoices.

4. Engineering and Development Items:

Following such reports, the Board unanimously approved, the following engineering items by the following motions and seconds:

a. Upon motion by Director Botts, seconded by Director Kelly, the Board approved the final completion of the Grafton Open Space project.

b. Upon motion by Director Botts, seconded by Director Lucas, the Board approved a Public Utility Easement for Lot 3F-1, North Belterra Commercial, a copy of which is attached hereto as **EXHIBIT “F”**.

c. Upon motion by Director Botts, seconded by Director Robison, the Board approved CMA’s Amendment No. 1 to Task Order No. 60, a copy of which is attached hereto as **EXHIBIT “G”**.

d. Upon motion by Director Dally, seconded by Director Robison, the Board approved CMA’s WWTP and 210 Reuse Irrigation Report and its General Engineering Report.

5. Financial Items:

a. With regard to the preliminary operating budget, it was noted that such budget was reviewed at the August 6th special meeting and would be updated prior to the Board's September Board meeting for final approval.

b. Prior to the Financial Advisor's presentation of Tax Rate Summary, Matt Kutac confirmed that the form of Tax Rate Worksheet now required under Senate Bill 2, required a signature of the person preparing such worksheet. In prior years he noted that Chris Lane with SAMCO had prepared a similar tax rate worksheet, but that under the various securities rules and regulations her firm is regulated by, she was not allowed to sign off on such worksheet. With that in mind, Judy McAngus, had contacted David Patterson, a principal with Assessments of the Southwest, Inc. ("ASW") out of Houston, whose firm serves as tax advisors for a great number of entities across the state as tax collector and tax advisor for special districts. He further explained that ASW had provided an Agreement for Services of Tax Advisor, a copy of which is attached hereto as **EXHIBIT "H"**. Matt Kutac confirmed that he had reviewed such contract and, that as noted therein, for a fee of \$300 annually, ASW would perform the annual calculations, complete the new form of Water District Tax Rate Worksheet and form of Water District Notice of Public Hearing on Tax Rates, and provide the necessary signature required on the worksheet. In that such worksheet had to be prepared in advance of the meeting and was tied to the Tax Rate Summary and recommendation that Chris Lane would be presenting, upon motion by Director Lucas, seconded by Director Dally and unanimously carried, the Board approved said agreement.

In furtherance of the Tax Rate Summary, as prepared by Chris Lane and attached hereto as **EXHIBIT "I"**, Ms. Lane reviewed such summary in detail, noting that she would advise that the Board adopt a proposed total tax rate of \$0.86 (i.e. a proposed debt service tax rate of \$0.5750 and maintenance and operations rate of \$0.2850). The Board reiterated how on June 25, 2020 the Board had approved an increase to the existing homestead exemption from two (2) percent to five (5) percent noting that, in addition, the Board had kept the existing 65 years or older homestead at the current level of \$10,000, noting its close review each year of how the Board is continuing to provide various forms of tax relief for its residents while carefully evaluating both operational and debt service obligations. A brief discussion ensued as to the nature of the upcoming tax rate hearing, with Mr. Kutac and Ms. McAngus noting that the hearing was not clearly identified as included within the laws suspended by the Office of the Governor due to COVID-19, and that the Office of the Attorney General had suggested that such hearings needed to occur in person. The Board opted to hold the hearing in person for those that would like to attend the tax rate hearing, but to also provide a dial in number due to COVID-19 for those that might wish to participate in the hearing but not want to attend in person.

c. Following a full discussion of the Tax Rate Summary and review and consideration of such matters, upon motion by Director Kelly, seconded by Director Botts and unanimously carried, the Board approved the Water District Notice of Public Hearing on Tax Rate and the proposed total tax rate for 2020 of \$0.86 per \$100 valuation and authorized the required publication and posting of such Notice and related tax rate data. A copy of said final Notice is attached hereto as **EXHIBIT "J"**.

d. Matt Kutac confirmed that the District had closed on the sale of its last bond issue on schedule, but that LH Belterra LLC had requested that the District hold its full reimbursement

from the proceeds in the amount of \$396,836.00 until such time as it had come to an agreement with Preston Hollow Capital, LLC, who holds certain reimbursement rights to the proceeds, and provided the District with a release as to receipt of such funds. Mr. Kutac noted that in conjunction with the recent closing and issuance of the District's final series of new money bonds, it was timely for the District to adopt an Amended District Information Form to reflect the new total amount of bonds the District had issued. Upon motion by Director Dally, seconded by Director Lucas and unanimously carried, the Board approved said Amended District Information Form and authorized that it be filed with Hays County and the Texas Commission on Environmental Quality.

e. The Board confirmed receipt of a July 27, 2020 notification from the WTCPUA of an adjustment to the wholesale water rates, noting that such minor increase in the base fee was consistent with the District's contract with the WTCPUA.

6. Management and Operations Items:

With regard to General Management related action items, Kristi Hester requested, and the Board unanimously approved, the item below by the following motion and second.

a. Upon motion by Director Kelly, seconded by Director Botts, the Board authorized the expenditure of \$7,689.00 for sidewalk repairs by CRS.

The Board decided to further review Inframark's \$70,000 recommendation relating to collection system repairs as discussed earlier in the Workshop Session so no action was taken with regard to such matter at this time.

7. Standing Items:

With regard to standing management and operation items, it was noted that there was no action to be taken. The Board, did however, review updates and reviewed the proposed new website and Facebook page that Ms. Hester and the Customer Care Committee had been working on with Touchstone District Services, and it was noted that the site most likely will go live just within the next few weeks. It was further noted that although the main page to the hayswcid.org site gets to both the District's and Hays County WCID No. 2's data – a simple click on the District name gets you straight to the District's information. In addition, it was noted that the District's Facebook account contains information that pertains to the District. It was noted that Director Dally is working on a proposed summary of property tax relief that has been provided by the District over the past few years, which he would run by Matt Kutac and Director Lucas for comments and then work with Kristi Hester as to having same posted on the website, the District's Facebook account and also included in the next District newsletter.

Following a discussion and upon motion by Director Botts, seconded by Director Dally and unanimously carried, the Board approved the General Manager's Report..

8. Rules, Policies and Agreements:

In connection with various rules, policies and agreements, the following updates were provided:

a. Matt Kutac reviewed a proposed form of Order Adopting Amended Water Conservation and Drought Contingency Plan, calling for any comments from the public. Hearing none and following a brief discussion and motion by Director Botts, seconded by Director Dally and unanimously carried, the Board approved said Order, a copy of which is attached hereto as **EXHIBIT "K"**.

b. With regard to the use of Belterra Centre by Hays County WCID No. 2, it was reported by Directors Botts and Robison that it appeared that the Infrastructure Committee of Hays County CID No. 2 would be recommending a flat per month usage fee of \$1,800 to its Board following a recent joint meeting with the District's Building Committee. Following a brief discussion and upon motion by Director Kelly, seconded by Director Botts and unanimously carried, the Board authorized Matt Kutac to prepare an agreement between the two parties, pending Hays County WCID No. 2's formal approval of such amount.

c. With regard to the posted agenda item 7.(c), Matt Kutac confirmed that Maxwell Locke & Ritter LLC was still waiting on a final bit of information as discussed in last week's special meeting before it released a draft report regarding the potentially questionable bookkeeping transactions from the two (2) most recent fiscal years.

9. Water Supply Agreements:

With regard to WTCPUA matters, Matt Kutac noted that there was no action to be taken at this time.

10. District Calendar and Schedule.

The Board discussed various committee meetings and it was noted that Kristi Hester would be arranging any necessary Committee meetings. The Board confirmed its next regular meeting to be on Thursday, September 10th (workshop at 4:00 p.m. and meeting slated for 5:00 p.m.). Various committee meetings were discussed and an additional special meeting date of September 3, 2020 was tentatively set (mainly to review an updated Operations Budget for the upcoming fiscal year).

11. With respect to item (4.e) on the posted agenda, Director Botts, seconded by Director Lucas and unanimously carried, the Board retired, along with Matt Kutac, to Executive Session at approximately 6:51 p.m.

12. Following such Executive Session and upon motion by Director Botts, seconded by Director Kelly and unanimously carried, the Board reconvened in public session at approximately 7:06 p.m. It was confirmed that no action was taken with respect to item 4 (e). during the Executive Session and no action was necessary following such session.

There being no further business to conduct, Director Dally moved that the meeting be adjourned, which motion was seconded by Director Lucas and unanimously approved, and the Board adjourned until further call.

APPROVED AND ADOPTED this 8th day of October, 2020.




Daniel B. Robison, Secretary