

MINUTES OF MEETING
OF THE
BOARD OF DIRECTORS
September 9, 2021

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, all open to the public, at Belterra Centre, 151 Trinity Hills Drive, Austin, Texas, the District's office within the District, on September 9, 2021 at 4:00 p.m. 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 participated in the meeting and were present at the commencement of the workshop session. Also present at the workshop were Matt Kutac of the law offices of Matthew B. Kutac, PLLC, Andy Barrett with Andy Barrett & Associates, PLLC, Kristi Hester and Kay Olsen of Inframark, LLC, the District's general management and operations contractor, Chris Lane of SAMCO Capital Markets, Inc. ("SAMCO"), the District's financial advisor and Vicki Hahn, paralegal with Winstead PC. In addition, Allen Douthitt of Bott & Douthitt, the District's bookkeeper, attended the meeting by telephone.

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 of the monthly General Manager's Report, which report includes operations updates and a summary of activities since the last regular Board meeting and recommended action items for the regular meeting, and review of the current Accounting Report. During the workshop session, no formal action was taken, but the following matters were discussed in detail:

1. Management and Operations Reports: Ms. Hester reviewed 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") and 210 Re-Use Irrigation System. The following is a summary of activities Ms. Hester reviewed with the Board:

1) Wastewater Treatment Plant:

- a) All facilities were in compliance for the Month of August;
- b) Daily average flows are 342,000 gallons a day, 72% capacity;
- c) A few minor repairs completed, nothing significant;
- d) Discuss on site meeting in October or November; and
- e) Inframark conducted a self-audit at WWTP to review housekeeping items to be addressed by October.

2) Distribution System:

- a) Back order of AMI meters could be received before the end of 2021 budget year;
- b) Schedule install of meters and endpoints in October or November;
- c) Change in pressure planes may have caused flow impact from master meters – working with the PUA to confirm;

3) Collection System: All grease traps are in compliance – inspections are scheduled monthly going forward.

4) Drainage/Ponds:

- a) Section 9A pond (across from the School) vegetation removal is scheduled to be completed this week; and
- b) Some minor work is scheduled during dry weather conditions.

5) Parks – Trails:

- a) Parks committee to schedule meeting to review comments received from trail survey.
- b) Several requests have been received for mowing/landscaping greenbelt and fence lines. A tracker has been set up; and
- c) WLE completed 290 entrance enhancement work.

6) Customer Care Committee:

- a) Touchstone monthly report is included on the Google drive for review;
- b) Need to confirm October public meeting event;
- c) ADA ramp proposal included for recommendation;
- d) Schedule meeting with Triton PR Firm; and
- e) Working with TDS on commercial dumpster audit.

7) Infrastructure Committee:

- a) Provided Asset Management Plan;
- b) Received invoice for WWTP driveway; and
- c) Schedule meeting with Hydropro on collection system data "Smart cover System".

8) **Facility Committee:**

- a) Will need to schedule a meeting to review estimates received on security system and Center design;
- b) Polling Place for November Elections - November 1st to set up by County, election on November 2nd and November 3rd to pack up; and
- c) Centre sign on order - installation not scheduled in October, possibly November.

9) **Other:**

- a) Emergency preparedness plan SB 3 water systems underway due March 1, 2022; and
- b) HB 872 – Customer information now confidential.

Ms. Hester mentioned that the PUA recently changed the pressure plane used to deliver water to the District and due to the change, there has been an issue with meter readings that has resulted in what appears to be a water overage. The commercial meter on 290 is also reverse reading as a consequence Ms. Hester is working with the PUA to resolve the issue.

The Board noted that in the past, WLE would show up the day after Labor Day to mow but they did not come to mow on Labor Day or the day after.

Director Kelly expressed his concern that the odor issues at the WWTP have not improved even though the restaurants cleaned their grease traps and the clarifiers have been cleaned. The Board questioned whether the installation of the blowers in the EQ Basin might improve the smell. Ms. Hester stated that it should help. Director Lucas questioned why monthly grease trap inspections were not happening prior to the inspections where the three restaurants failed, especially when inspections of the grease traps is included in Inframark's base fee. Ms. Hester responded by stating that most operators do a quarterly inspection of the grease traps but she plans to do a monthly inspection until the District gets this issue under control.

The Board noted that WLE proceeded with the proposal they presented to the Board regarding landscaping at the Belterra entrance. The proposal was presented at last month's Board meeting but the Board did not approve the proposal. The Board then discussed whether they should pay the invoice or not.

Director Kelly also brought up the Emergency Response Plan ("ERP") and requested the status. Per Ms. Hester, Inframark has provided information to the CMA engineers to draft the ERP required by Senate Bill 3. She also noted that Inframark's Compliance Department is working on the ERP and it is due in March. The Board requested that it receive the Emergency Action Plan, which it has requested in previous Board meetings, prior to moving forward with the ERP.

The Board discussed that WLE is not following the mowing schedule and noted that some residents have complained that certain areas have not been mowed in two years. Ms. Hester noted that Inframark really does not know when the last time such area was mowed but does not think it has been two years.

With respect to the ADA Ramps, Director Botts noted that WLE's invoice for the ADA ramps combined the District and Hays County No. 2's cost. They then wanted to split the invoice equally, however, the District only has 2 curb cuts. If the invoice is split evenly, the District would

be paying for more curb cuts than were needed so the invoice needs to be split correctly and both districts invoiced separately.

2. Financial Report: The Board called on Allen Douthitt of Bott & Douthitt to present the Accounting Report dated September, 2021. The following is a summary based on his report.

- a) Action items for the Board:
 - Approval of the director and vendor payments;
 - Approval of transfer from BancorpSouth Operating Account (New) to BancorpSouth Manager's Account (New) for \$7,000.00
 - Approval of transfer from TexPool Tax Account to TexPool Operating Account for \$6,329.95
 - Approval of transfer from TexPool Tax Account to TexPool Debt Services Account of \$50,000.00
- b) The month of July was ahead of plan by \$394,000 (\$35,000 favorable revenues, \$9,000 in favorable expenditures and a one-time transfer of \$350,000 transfer from the capital funds to the operating account); Year-to-date the District is behind plan by \$335,000.
- c) July charges to the Joint Maintenance CAP were \$0. Actual charges are \$335,000 more than the monthly billings to date.
- d) June charges to the General Maintenance CAP were \$3,000. Actual charges are \$125,000 less than the monthly billings to date.
- e) Year-to-date the District has a collection rate of 99.12% on property taxes.

The board then discussed that a true up payment is needed and will be made to Inframark because the District is over the Joint Maintenance CAP. It was noted that the Finance Committee would like to ask that a portion of the General Fund Balance be specifically assigned to fund capital expenditures so that the District has a dedicated reserve in addition to its six-month reserve. However, the Board noted that they would like to designate where the money will be allocated.

3. Committee Reports, Recommendations and Assignments:

- a) Finance Committee: The Finance Committee reviewed the budget.
- b) Infrastructure Committee: Director Botts stated that the Infrastructure Committee discussed the WWTP's fuel sources during an emergency. They requested Inframark make the conversion to a dual fuel source their top priority so that the District is never again in the position of a potential overflow due to electric failure or gas shortage during a severe weather event. He noted that the overflow situation in February was due to the failure of the generators, which was caused in part by the fuel source.

Director Robison would like to discuss this issue with Phil at Inframark. The Board again noted that it has not received the Emergency After Action Plan from Inframark that it has been requesting since the incident. Ms. Hester stated that she put the report that Todd Burrer at Inframark gave at the AWBD conference on the Google Drive but the Board wants a plan that is specific to the District, not a general plan like Todd Burrer gave at the AWBD conference. Director Kelly requested that getting this plan completed needs to be a higher priority.

Director Dally noted that the Infrastructure Committee would like to do a risk assessment at the WWTP. The committee is concerned about the recent shut down of the colonial gas pipeline due to hackers and wants to ensure that the District has taken all possible steps to mitigate such a possibility with respect to the WWTP. The Board also wants a letter sent to Mr. Barton Prideaux at Texas Community Propane ("TCP") stating that it is not acceptable that the propane tanks were not topped off in February and the Board feels the overflow issue could have been prevented if sufficient fuel had been available. Director Botts thinks TCP breached their contract with the District by not topping off the propane tanks. Mr. Kutac noted that he had no issue with raising the issue, but that TCP would likely argue that the event in February is considered a force majeure or an "Act of God", which is a defense to a breach of contract.

- c) Customer Care Committee: The Customer Care Committee would like to schedule an October public meeting event to discuss security issues in the District. Ms. Hester noted that Hays County WCID No. 2 ("Hays County No. 2") is planning to hold a meeting in October to discuss the trail extension. Ms. Hester expressed her concern that if the District schedules a public meeting event in October, it would be confused with Hays County No. 2's meeting to discuss its trail extension project. The Board agreed that it would schedule the public meeting event on a later date.

Ms. Hester noted that there were 32 disconnect notices sent out but all customers paid so there were no disconnections.

- d) Parks Committee: The Parks Committee had no updates.

The Board adjourned and agreed to re-convene at 5:00 for the regular Board Meeting.

REGULAR MEETING - 5:00 P.M.:

The Board convened the regular meeting at 5:00 PM. All members of the Board present remained for the regular meeting, and all consultants present for the workshop remained present for the meeting. Lauren Barzilla with CMA Engineering, Inc., the District's engineers, and Josh Fort, with WLE, the District's landscape service provider joined the meeting. All directors present when votes were taken voted on all matters unless an abstention is set out in any such item.

- 4. Public Comment: Matt Kutac reviewed the following rules for public comment; (i) comments are limited to 3 minutes per person; and (ii) the Board cannot dialog or take any actions

during public comment and is limited to statements of fact, recitation of current policy, clarifying questions and requesting that items be added to a future Agenda. Mr. Kutac called for public comment. Hearing none, the Public Comment session was closed and the Board proceeded to the next item of business.

5. The Public Hearing Setting the Tax Rate for 2021 was opened. Mr. Kutac called for public comment. Hearing none, the Public Hearing was closed.

6. Consent Items:

a) Minutes: The Board of Directors reviewed the Minutes from the August 12, 2021 Regular Meeting and the August 26, 2021 Special Meeting.

b) Accounting Report: The September 9, 2021 Accounting Report and related disbursements, including the Monthly Financials, Cash Activity Report, Cash/Investment Activity Report, Monthly Tax Collection Report, Budget Comparison, Check Register and wires, Bond Reporting and Budgets and other financial reporting.

Upon a motion by Director Dally, seconded by Director Robison, with Director Botts abstaining, the Minutes from the August 12th and August 26th Board Meetings and the September 9, 2021 Accounting Report and related disbursements were approved.

It was noted that the WLE invoice regarding installation of plants at the Belterra entrance needed further discussion later in the meeting, and after further discussion, upon motion by Director Dally, seconded by Director Lucas and unanimously carried, the Board removed the WLE invoice for landscaping at the Belterra entrance from the disbursement approval given to Bott & Douthitt earlier in the Board meeting.

7. Reports: If necessary, review and discuss reports not completed during the Board Workshop Session.

Josh Fort of WLE presented the irrigation report. He discussed an irrigation repair proposal and noted that it was approximately \$9,000 because it had been 4 or 5 months since irrigation repairs had been approved by the Board. Mr. Fort then addressed the confusion with respect to the approval by the Board of the installation at the Belterra entrance. Mr. Fort explained that he thought the installation project was approved. Director Botts noted that, in the last meeting, Mr. Fort informed the Board that it was better to plant the plants in the fall when the weather was cooler so, even with the confusion, he was not sure why WLE proceeded. He also expressed the Board's opinion that it does not want to pay again to replace the plants if they die due to the heat. Mr. Fort responded that the plants should be fine as long as they are watered. The Board then questioned if Mr. Fort would have to pay for the installation, out of his pocket, if the District refuses to pay the invoice. Mr. Fort stated that he was not sure but he would take responsibility for the error. The Board asked about a one-year warranty and questioned whether WLE would honor such a warranty. Mr. Fort responded that he thought WLE would honor a warranty but he was not sure. The Board then returned to the discussion regarding why the irrigation repairs had not been approved for 4 or 5 months considering the repairs were within Inframark's approval limit. Ms. Hester and Mr. Fort will do some research to determine why the irrigation repairs were not approved and give the Board an answer at the next meeting.

Director Lucas returned to the discussion regarding the Labor Day mowing schedule. Mr. Fort stated that WLE's invoice for September will reflect that the District was only mowed three times in September.

Upon motion by Director Lucas, seconded by Director Kelly and unanimously carried, the Board approved WLE's irrigation proposal for approximately \$9,000.

Upon motion by Director Botts, seconded by Director Lucas and unanimously carried, the Board approved the ADA curb cut proposal by WLE not to exceed \$4,500.

Upon motion by Director Botts, seconded by Director Kelly and unanimously carried, the Board decided to table payment of the WLE invoice for the Belterra entrance installation and referred it to the Parks Committee for discussion and then return to the Board with their recommendation.

Upon motion by Director Botts, seconded by Director Dally and unanimously carried, the Board approved cutting the wildflowers now.

8. Engineering and Development Items: Lauren Barzilla of CMA presented the **General Engineering Report** as follows:

I. **Potential action items for the meeting:**

- a) Approval of site development plans for Belterra Active Adult – Lot 3G-1.

II. **Commercial Tract Development:**

- a) The grease trap plans that have been approved to date are: Sky Cinema, Stiles Switch BBQ, Pieous Pizza, Torchy's Tacos, Jersey Mike 's, Dunkin Donuts, The League/Fork & Spoon, Simply Pho, Backspin, and Hotel.
- b) The site plans that have been approved to date are Hat Creek, Chase Bank, Chick-fil-A, Building Y, IHOP, Belterra Multifamily, Pad S, Hotel, Pad X2
- c) Plans currently under review - Lot 3G-1 Site Plan;
- d) There are no grease traps currently under review; and
- e) Water LUE determination review – none.

III. **Pad X:**

- a) The contractor finished all punch list items and the outstanding administrative items have been completed.

IV. **Lot 3G-1:** The site plan has been reviewed and all comments have been addressed. The site plans are available for the Board to review.

V. **Commercial Water Usage Tracking:** the Commercial Water Usage Summary is available for the Board to review.

After her review, the Board discussed dog parks and their Resolution opposing dog parks. Ms. Barzilla noted that the Belterra Active Adult requested a Pet Relief Station. The Board discussed the drainage issues and requested that CMA ensure all drainage issues are addressed.

Upon motion by Director Botts, seconded by Director Kelly and unanimously carried, the Board approved the request for a Pet Relief Station at the Belterra Active Adult.

Ms. Barzilla then moved on to the **WWTP and 210 Reuse Irrigation Engineering Report** as follows:

- I. **Potential action items for the meeting:**
 - a) Recommendation of Award for Belterra WWTP Weir Overflow; and
 - b) Approval of Task Order 67, Amendment No. 2 – For Belterra Wastewater Treatment Plant Overflow construction phase services.
- II. **EQ Tank Blower Replacement:** Design Updates are available to the Board.
- III. **Belterra Wastewater Treatment Plant Weir Overflow:**
 - a) Design Updates are available to the Board.
 - b) Recommendation of Award for Project. The bid is the morning of September 9, 2021. The bid tab and letter of recommendation of award will be available to the Board for review; and
 - c) Approval of Task Order No. 67, Amendment No. 2 for an additional \$19,000 for construction phase services if the contract is awarded
- IV. **Wastewater Summary:**
 - a) Average Daily Wastewater Usage (July 2021) = 346,200 gpd
 - b) 75% of Permitted Capacity= 375,000 gpd
 - c) Number of consecutive months over 75% - 0
 - d) 90% of Permitted Capacity= 450,000 gpd
 - e) Number of consecutive months over 90% - 0

Wastewater Treatment Plant Project Status - September 2021				
Project	Status	Budget Amount	Amount Billed	Project Status
Drum Screen Replacement Project - CMA Task Order 60	100%	\$ -	\$ 680,233.00	Project was complete June 2021
EQ Blower Replacement - CMA Task Order 65	7%	\$ 125,000.00	\$ 29,400.81	The pre-construction meeting was held on 8/31/2021. The submittals are being received and reviewed. Final completion is scheduled for January 16, 2021. I will provide the project schedule once it is received.
Weir Overflow - CMA Task Order 67	0%	\$ 80,000.00	\$ 26,502.50	Bids will be received on September 9, 2021. I will be prepared to recommend award of the contract at the Board meeting.
EQ Tank Rehab and Diffuser Installation - Inframark	100%	\$ 25,000.00	\$ 360,174.00	Project was complete June 2021
Replacement of Dissolved Oxygen meters at the EQ Tank and the MBR - Inframark	0%	\$ 36,000.00	\$ -	No progress
Drip Field Inspection - Inframark	0%	\$ 20,000.00	\$ -	No progress

Ms. Barzilla noted that she received a single bid of \$166,400 for the Weir Overflow project. The Board discussed the risk of overflow at the WWTP and that it is low risk unless there is another “once in a lifetime” storm like the one in February. The Board acknowledged that all construction costs are high now due to Covid shortages. Mr. Kutac recommended that to the Board publicly bid all projects now due to the higher prices.

Action Items for Engineering:

- a) Upon motion by Director Botts, seconded by Director Dally and unanimously carried, the Board rejected the bid on the Weir project;
- b) Upon motion by Director Botts, seconded by Director Lucas and unanimously carried, the Board decided to table the Weir project for now.

However, they requested that the money originally budgeted should stay in the budget as a placeholder. The Board also requested that Ms. Barzilla bring the project back to the Board in January of 2022; and

- c) Upon motion by Director Botts, seconded by Director Robison and unanimously carried, the Board accepted the engineering reports.

9. Financial Items: The Board approved the following items:

- (a) Upon motion by Director Dally, seconded by Director Robison and unanimously carried, the Board adopted the Resolution Approving the Operating Budget for the fiscal year ending September 30, 2022;
- (b) Upon motion by Director Dally, seconded by Director Robison and unanimously carried, the Board adopted the Resolution Approving the Debt Service Budget for the fiscal year ending September 30, 2022.
- (c) Upon motion by Director Dally, seconded by Director Robison and unanimously carried, the Board approved the Order Setting Tax Rates for 2021, authorized filing and posting of same provided that the Tax Rates are changed to \$0.8290 total tax rate, \$0.2893 Operating and Maintenance Tax Rate and \$0.5397 Debt Service Tax Rate.

The Board also discussed that it would like it noted that the Board lowered the tax rate from last year's tax rate of \$0.86 per \$100 appraised value to \$0.829 per \$100 appraised value for this year, 3.1¢ savings from last year.

10. Management and Operations Items:

- (a) Emergency Response Plan and After Action Plan were discussed earlier in the meeting and Ms. Hester confirmed that Inframark is still working on the Plans;
- (b) The Board acknowledged receipt of the Affected Utility Notification Letter from the TCEQ dated August 16, 2021.

Action Items:

- (i) Upon motion by Director Botts, seconded by Director Dally and unanimously carried, the Board authorized the expenditure of \$2,481.90 for Terrain to make stucco repairs and foundation plastering repairs on the east side of Belterra Centre;
- (ii) Upon motion by Director Botts, seconded by Director Kelly and unanimously carried, the Board approved the expenditure of \$5,083.55 for Eads Epsco to repair a valve assembly; and
- (iii) Upon motion by Director Robison, seconded by Director Botts and unanimously carried, the Board approved the monthly General Manager's Report.

11. Rules, Policies, Agreements and Compliance Requirements:

(a) Upon motion by Director Dally, seconded by Director Lucas and unanimously carried, the Board acknowledged receipt of the Arbitrage Rebate Calculation Report dated August 23, 2021.

(b) The Board reviewed and acknowledged receipt of the Public Notice from the Lower Colorado Regional Water Planning Group that it will hold a pre-planning public meeting to obtain public input on the development of the 2026 Regional Water Plan and the 2027 State Water Plan.

12. Water Supply Agreements: Mr. Kutac noted that there are no updates with respect to the water supply agreements.

13. District Calendar and Schedule: Ms. Hester confirmed that she will schedule all necessary committee meetings. A special meeting of the Board will be scheduled for September 16 to discuss the irrigation and landscaping RFPs. The regular workshop and meeting will be scheduled for September 9, 2021. A special meeting of the Board will be scheduled for September 16th to discuss the RFPs for landscaping and irrigation services.

14. Executive Session: No executive session was required.

15. Adjournment: There being no further business to conduct, upon motion by Director Lucas, seconded by Director Kelly and unanimously carried, the Board adjourned until further call.

APPROVED AND ADOPTED on the 14th day of October 2021.




Daniel B. Robison, Secretary