

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 8th of October, 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 both in-person and also 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 Matt Kutac of the law offices of Matthew B. Kutac, PLLC, Kristi Hester of Inframark, the District’s general management and operations contractor, 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, Allen Douthitt of Bott & Douthitt PLLC (“Bott & Douthitt”), the District’s bookkeeper and Chris Calvisi with WLE, the District’s landscape service provider.

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 of the 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, (see **EXHIBIT "A"**), review the current monthly CMA WWTP and 210 reuse irrigation engineering report (see **EXHIBIT "B"**) and the separate general engineering report (see **EXHIBIT "C"**) and review the current monthly Accounting Report (see **EXHIBIT "D"**). During the workshop session, no formal action was taken, but the following matters were discussed in detail:

General Manager's Report: 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 Water System – Drip 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) All facilities are in compliance for the Month of September
- b) Clarifier and EQ Basin Rehab Discussed at Special Meeting 10.5.20
- c) Blower Upgrade Discussed at Special Meeting 10.5.20

2) Re-Use Water System - Drip System

- a) Cleaning of the effluent tank is complete
- b) Pulling effluent pumps for cleaning - reclaimed water customers will be down for approximately 1 week during the switch over to GST

3) Distribution System – Billing

- a) 288 AMI meters installed, 47 users on portal
- b) Installed 12 AMI meters in September

4) Collection System

- a) Golf ball test in 2 areas of collection system scheduled for this week to verify scope of work

5) Drainage/Ponds

- a) Removed the willows from the Aspen creek area
- b) Several ponds are on the schedule for cleaning in October

6) Parks – Trails

- a) All potable water irrigation at the parks have been cut back to once a week watering

- b) Parks committee has verified all areas of the mowing maintenance levels - see attached
- c) Sidewalk repairs are complete - a few new areas have been submitted to the vendor

7) Construction

- a) Several inspections for the commercial development were conducted
- b) 49 construction inspections were completed in September
- c) MI Homes received fines for improper erosion control measures

8) Customer Care

- a) Meeting suggested to review website changes and Facebook posts that are scheduled to go out weekly: topics include Tax Rates, Motorized Vehicles in Greenbelts, Fall Pick Up, Winter Averaging, Storm water and 210 Irrigation Facts, Water Schedule
- b) Fall yard waste cleanup scheduled for the weeks of Nov 16th and Dec 7th

9) Infrastructure Committee

- a) Nothing to Report

10) Facility Committee

- a) WLE removed the dead tree from behind the front sign
- b) Committee is working on bids for LED sign
- c) Committee met with Election Officials on November voting procedures

Following the presentation of such report, the Board requested Chris Lane to provide them with a summary of savings that have been realized through the District's most recent and also past refundings in connection with the District's bond debt. It was noted that with regard to proposed Facebook posts, it would be advisable that any committee wishing to post information on the Facebook page run such proposed wording for the posts by Matt Kutac.

Also Ms. Hester noted that she had included a list of Accounts Receivables on the Board's Google Drive and also mentioned that about ½ of the 150 districts they represent have gone back to normal operations (i.e., customer disconnections for late payments, etc.), but that the Board is still doing very well on its collections with its continued temporary practice during this COVID-19 period of not disconnecting service to customers who may be a little late with their payments. She noted that she would keep an eye out for any changes in AR's and any need for the Board to readdress such matter.

Ms. Hester pulled up a Map of the District which had been updated to identify the various levels of landscaping activity that occurs on the District's greenbelts, parks, trails and open spaces. It was noted that the Parks Committee would be taking a further review of the map since the plan was to use the updated Landscape Map in connection with a proposed Request for Proposal ("RFP") that the Customer Care Committee would be working on. It was noted that the Board had originally planned to finalize and release the RFP in January so that any new landscape

provider(s) would be on board prior to the Spring season. It was noted that CMA would be recommending approval of a related Task Oder during the regular portion of the meeting.

Ms. Hester reviewed two (2) separate items that would need approval during the regular portion of the meeting, that being an irrigation extension project on Holton Drive proposed by WLE in the amount of \$3,610; and the Belterra Enhancements landscape project proposed by Terrain in the amount of \$5,522.

Director Botts questioned the usage of treated water for irrigation on certain District owned properties during the late Fall and Winter and requested that the areas be reevaluated and, if possible, set to water just once a month. Chris Calvisi with WLE confirmed he would handle such request.

Engineering Reports: Lauren Barzilla presented the WWTP and 210 Reuse Irrigation Engineering Report which included a review of a Change Order No. 1 under the existing Excel Construction Services, LLC contract for the Drum Screen Replacements and Site Plan Revision contract, which simply included the increase time to complete the project due to COVID-19 and the Huber Drum Screen manufacturing process being delayed, with no additional costs. In addition, Ms. Barzilla presented and reviewed Pay Application No. 1 which covered initial mobilization, erosion controls and general requirements which, less retainage, is \$14,670. Also, Ms. Barzilla stated that she would most likely have an additional change order for the next meeting that would cover fence relocation under the same project. In addition, there was a brief discussion with regard to the security system, it being noted Ms. Hester will be working with Lone Star Surveillance to fine tune a few components of the system so that its functioning at optimum levels.

In connection with General District Engineering items, Ms. Barzilla updated the Board on the Commercial Tract Development, the Belterra Village Multifamily Project (which project still has a few minor items left on the punch list to be completed prior to acceptance of the public utility phase of the project), the Hotel Site (noting that the hotel has paused construction due to COVID-19 concerns), Pad X (noting that plans have been reviewed and a comment letter issued) and Building S (which was declared substantially complete on October 5, 2020 and noted that, most likely, it would be ready for final completion at the November Board meeting).

Accounting Report: The Board called on Allen Douthitt to present the Bott & Douthitt Accounting Report. Mr. Douthitt reviewed the updated Accounting Report summary for October 8, 2020 as set out herein below:

1) Review Cash Activity Report, including Receipts and Expenditures
Action Items:

- a) Approval of director and vendor payments
- b) Approval of fund transfers
 - From BancorpSouth Operating Account (Old) to BancorpSouth Operating Account (New) – Check #2645: \$235,000.00
 - From BancorpSouth Operating Account (New) to BancorpSouth Manager’s Account (New): \$9,800

- From TexPool Operating Account to TexPool SPA Account: \$8,995.50
- From TexPool Tax Account to TexPool Operating Account: \$12,588.01
- From BancorpSouth Operating Account (Old) to TexPool Operating Account: \$250,000.00

2) Financial Highlights:

- a) The month of August came in ahead of plan by \$63,000. Favorable revenues made up \$35,000 and favorable expenditures made up \$28,000 of the favorable variance
- b) Year-to-date the District is ahead of plan by \$108,000
- c) Through August the actual charges to the Joint Maintenance CAP are \$73,000 less than the monthly billings to date
- d) Through August the actual charges to the General Maintenance CAP are \$65,000 less than the monthly billings to date
- e) Year-to-date the District has collection rate of 99.54% on property taxes
- f) September 1st bond payment made
- g) New Operating and Manager's accounts opened.

In addition, Mr. Douthitt reported that they are still working on clearing up the numerous ACH automated drafts and matters relating to builder deposits and hoped to have that completed by the next meeting. He noted that Positive Pay had been set up and that it will add an additional layer of security to the operations and managers accounts. He noted that the Board had authorized the deposit of \$15,000 into a bookkeepers account but that he would request an additional \$10,000 be added to that account to allow for payments of LCRA or other accounts that would otherwise incur penalty fees if not paid on time, along with refunding of customer deposits.

WLE Landscape Report: Chris Calvisi next reviewed his written report of current landscaping activities, it being noted that WLE would be preparing the beds with new mulch and setting out Fall color in November (including most likely a mix of snapdragons). Also, he noted that he would be coordinating with Kristi Hester, but that they planned to prep the existing wild flower designated sites and seed the areas within the next week. Director Lucas noted that he would like the Parks Committee to review the Fall color plan prior to installation, with Director Kelly noting that he would be forwarding some photos and ideas on to Kristi Hester to pass on to WLE for the Belterra Boulevard front entrance.

Other Consultant Reports: Andy Barrett confirmed he had nothing to report to the Board nor did any other consultants present who had not already given a formal report.

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 Andy Barrett, Chris Lane, Judy McAngus and Allen Douthitt remained on the telephonic call for the regular portion of the Board meeting. In

addition, Chris Calvisi, with WLE, the District's landscape service provider, was on the call for a portion of the meeting and perhaps additional persons might have been present on the dial in number made available to the public.

It was noted that no members of the public were present at Belterra Centre for such meeting. 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. 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. Consent Agenda:

The Board reviewed the consent agenda items. Upon motion by Director Dally, seconded by Director Botts and unanimously carried, the Board approved the following consent items: August 13, 2020 Regular Meeting Minutes (with a minor correction), September 3, 2020 Special Meeting Minutes (as presented), September 10, 2020 Regular Meeting Minutes (with a minor correction), October 8, 2020 Accounting Report including the director and vendor payments, a listing of wire fund transfers, tax collection report and the August 31, 2020 interim financials, including, but not limited to, cash activity report, cash/investment activity report, collateral analysis schedule, monthly tax collections report, budget comparison, maintenance cap spending chart and debt service fund reporting.

3. Reports:

It was noted that there were no committee reports or additional consultant reports for presentation at this meeting.

4. Financial Items:

Matt Kutac recapped a prior report by Allen Douthitt of an issue with builder deposits and noted that there had been an issue with the prior bookkeeper with regard to keeping good accounts of the various builder deposits (amounts requested and received/deposited not matching up to the amounts paid out to other for services that such builder deposits were meant to cover). Matt Kutac noted that he had worked with Daniel Campbell who is still handling certain matters for Endeavor as related to the commercial project within the District and such related deposits. Mr. Kutac noted that he would be sending a formal letter to Mr. Campbell detailing such matters and hopefully being able to resolve any shortfall. Estimated amounts on the following projects were provided as follows: The Multifamily Project and Building S – approximately \$35,968; Pad “C” (hotel site) and Building S approximately \$11,844; Chick-fil-a, I-Hop, old Jason's Deli around \$14,000; Endeavor – around \$7,000 and another \$68,000 that Endeavor just seems to be behind on. Mr. Kutac noted that he and Allen Douthitt were both working diligently to identify the exact amounts due and owing and working on securing payments thereunder.

With respect to item 4(a) on the posted agenda, Director Botts, seconded by Director Robison and unanimously carried, the Board retired, along with Matt Kutac, to Executive Session at approximately 5:20 p.m.

Following such Executive Session and upon motion by Director Botts, seconded by Director Robison and unanimously carried, the Board reconvened in public session at approximately 5:35 p.m. With regard to item 4.(a), upon motion by Directors Botts, seconded by Director Robison and unanimously carried, the Board authorized Matt Kutac to proceed further to request payment from the developers of the listing of unfunded developer deposits.

5. Engineering and Development Items:

By motion of Director Kelly, seconded by Director Dally and unanimously carried, the Board approved Pay Application No. 1 under the Drum Screen Replacement and Site Plan Revision Project.

By motion of Director Botts, seconded by Director Robison and unanimously carried, the Board approved Change Order No. 1 under the Drum Screen Replacement and Site Plan Revision Project., both being detailed in the Workshop discussion herein above.

By motion of Director Lucas, seconded by Director Dally, the Board approved CMA's WWTP and 210 Reuse Irrigation Report and its General Engineering Report.

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 Lucas, the Board authorized the expenditure of \$3,610 for Holton Drive irrigation extension to be performed by WLE.

b. Upon motion by Director Kelly, seconded by Director Botts, the Board authorized the expenditure of \$5,522 for landscape improvements to be performed by Terrain.

c. Upon motion by Director Dally, seconded by Director Botts, the Board authorized a refund of \$822.63 to clear up a mistake made when handling a customer payment plan and drafts from such customer's account.

d. Upon motion by Director Kelly, seconded by Director Lucas, the Board approved an amount not to exceed \$5,000 for CMA to assist with revisions to the existing Landscape Map presented earlier in the meeting.

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

7. Rules, Policies and Agreements:

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

a. Matt Kutac presented a proposed amended Service Rate Order to be effective November 1, 2020 and reviewed red-lined changes to the current order in place highlighting proposed revisions and clarifications proposed by Bott & Douthitt. Following a review and discussion, upon motion by Director Robison, seconded by Director Botts and unanimously carried, the Board approved an Order Adopting Amended Service Rate Order, a copy of which is attached hereto as **EXHIBIT “E”**.

b. Matt Kutac reiterated that in connection with the misappropriation of funds by the District’s previous bookkeeper, his firm, in connection with Maxwell Locke & Ritter, LLC, the District’s auditor, hopes to have a final report for Board review by the end of the month and will be getting with the Board members in connection with setting a proposed special meeting by the end of the month.

c. With regard to the use of Belterra Centre by Hays County WCID No. 2, Matt Kutac summarized the current informal discussions between the two districts (which he had been working on with Director Botts for the District and Director Samantha Bethke for Hays County WCID No. 2). He recapped the most recent proposal that both parties had been presented with whereby Hays County WCID No. 2 would pay ½ cost of the monthly utilities (estimated at a total of \$900, so around \$450 would be their share), plus ½ the costs of certain equipment repair and/or replacement costs going forward (which would include repair or replacement of server system and related server system air conditioning unit, network wi-fi equipment, meeting room furniture, meeting room projector, projector mounting table and appurtenant equipment and meeting room project screen, projector screen mount and appurtenant equipment per details set out in the proposed use agreement). In addition, it was noted that the current form of the agreement included an opt out fee, which Director Bethke believed to be unnecessary. The Board’s current position was that some sort of opt out would benefit both districts.

Director Botts recapped the fact that the District had initially negotiated a proposal with two members of the Hays County WCID No. 2’s Infrastructure Committee (Directors Harris and Kelly) who had agreed to take back a recommendation of \$1,800 per month to the Board and that in their more recent discussion he has worked with Matt Kutac and Director Bethke on reduced costs to Hays County WCID No. 2 that still gave the District some assistance with offsetting its costs of operating Belterra Centre. Director Botts made another proposal whereby Hays County WCID No. 2 would pay an hourly rate, with a stated minimum and maximum charge each month. He stated that whatever the final agreement was, it needed to be fair to both districts.

Mr. Kutac asked if any of the directors had concerns with either proposed alternative, and hearing none, stated that he would present them to the Hays County WCID No. 2 Board. Director Kelly stated that if the Hays County WCID No. 2 Board would like to make a counter proposal, that he would entertain it. However, he indicated the Board had been spending a great deal of time on this issue and that he was not inclined to invest additional extensive time.

8. Water Supply Agreements:

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

9. 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, November 12, 2020 (workshop at 4:00 p.m. and meeting slated for 5:00 p.m.). The Board discussed a possible special meeting date but it was determined that a date would be set at such time as the final report noted in item 7.b. herein above was finalized to review and take further actions regarding such findings.

10. In addition to other financial items discussed earlier in the meeting, upon motion by Director Dally, seconded by Director Lucas and unanimously carried, the Board authorized the additional amount of \$10,000 to be funded to the Manager's Account in addition to the existing \$15,000 previously authorized for such account as requested in Allen Douthitt's Workshop presentation of the Accounting Report.

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

APPROVED AND ADOPTED this 10th day of December, 2020.




Daniel B. Robison, Secretary