

MINUTES OF MEETING
OF THE
BOARD OF DIRECTORS

THE STATE OF TEXAS §

COUNTY OF HAYS §

HAYS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1 §

The Board of Directors (the "Board of Directors" or "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 November 9, 2023, at 4:00 p.m. The roll was called of the members of 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, Lonnie Wright, Beth Wright and Chris Sanchez of Municipal Operations and Consulting, LLC ("MOC"), the operations and management contractor for the District, Lauren Barzilla of Burgess & Niple, the District's engineers, Vicki Hahn, paralegal with Winstead PC, Chris Lane with Samco Capital, the District's financial advisor, Jesse Trevino and Greg Alford of Sunscape Landscaping, the District's landscapers. In addition, Allen Douthitt of Bott & Douthitt, the District's bookkeeper and Andy Barrett of Andy Barrett & Associates attended the meeting by telephone. In addition, members of the public included Walter Almon.

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: Ms. Wright reviewed MOC's Management Report. In addition to the report, Ms. Wright discussed the following items, in more detail, with the Board.

The resident leading the Duck Relocation Project estimated that there are 48 ducks now because someone dropped off more ducks.

Ms. Wright mentioned that there is a pothole in the District and that MOC has called the county today.

Ms. Wright mentioned that the staging area for the winter storm debris cleanup looks amazing and that this is the one that the District is splitting the cost with HCWCID No. 2

Mr. Wright gave the Operations Report going into detail with respect to the membrane replacement project.

Mr. Wright mentioned that all of the ponds are able to pump water at this time. He noted that some residents near one of the ponds are happy and some are not because they feel it is causing runoff onto their property. The Board discussed that one of the residents lives on Canterbury which backs up against the pond. The resident is complaining about the mosquitos. Mr. Sanchez pumped the water out of the pond yesterday afternoon but with the rain, it has water in it again. It was noted that the ponds are supposed to drain in 72 hours. Director Robison thanked MOC for letting the Board know that there is an issue and offering solutions to correct the issue.

2. Landscaping Report: Mr. Trevino reviewed the landscaping report with the Board. Mr. Trevino noted that Sunscape is moving to the winter mowing schedule. He also noted that the deer have eaten some of the plants that were recently planted and Sunscape is planning to replace those plans. Mr. Trevino then noted that Mr. Merrick is no longer with Sunscape. Sunscape has hired a new irrigation manager but he is going through the onboarding process so it will be a little while before he starts. Mr. Trevino mentioned that there are some outstanding irrigation invoices that need to be approved. All of them concern the 210 areas. Ms. Wright noted that she and Mr. Trevino thoroughly reviewed the invoices to be approved and that Mr. Trevino went through the invoices and added maps. The Board asked that Mr. Trevino meet with the Parks Committee before he puts mulch down this year. Mr. Trevino confirmed that he will do that.

3. Financial Report: Mr. Douthitt reviewed the Account Report dated November 9, 2023.

Mr. Douthitt stated that he, Director Dally, Director Lucas, Ms. Wright and Mr. Wright met yesterday and determined that they will need to make some end of year adjustments. Mr. Douthitt mentioned that there is an invoice for Adventure Playgrounds for approximately \$14,561.05 that he would like to get approved today.

Mr. Wright informed the Board that there were extra Badger endpoints but no meters. MOC will return the endpoints because they were ordered by Inframark and not needed.

With respect to the outstanding Inframark invoices, Ms. Scales from Inframark called to follow-up on the status of receiving payment. Mr. Kutac noted that he sent Inframark a letter listing the documentation still required by the District before payment will be made.

Per Mr. Douthitt, the District will void the check for the Badger endpoints for \$13,267.80 and would like to add the final 50% payment to Adventure Playgrounds for the Dorset Playground. The Adventure Playgrounds work was already repaired.

4. Committee Reports: No updates were given.

The Board moved on to discuss the following items from the Agenda:

With respect to 11(e) of the Agenda, the Board would like to establish a committee to discuss the format of the Board meetings which currently includes a Workshop and the regular meeting. It was noted that the Workshop format is probably not needed anymore. Director Botts recommends establishing an ad hoc committee to review and give a recommendation. Director Botts and Director Kelly would be the two Directors on the committee. During the discussion, it was suggested that if the Workshop is determined to be irrelevant that perhaps the meetings should start at 5:00 so that more members of the public can attend. Director Botts would like for the committee to meet with Mr. Kutac and Ms. Hahn to discuss.

With respect to 11(f) of the Agenda, the Board would like to establish an ad hoc committee made up of Director Dally and Director Robison to review the current Belterra Centre election policy and make recommendations on allowing the use of the Belterra Centre as a polling location for all election days, excluding early voting. Director Dally noted that if he is not part of the official polling crew, he can represent the District and enforce the District's Election Policy which he can't do if he is part of the polling crew.

With respect to 11(g), the Board discussed the confidentiality of the Sheriff's patrol schedule and that the confidentiality of the schedules was requested by the Sheriff for the safety of his deputies. Director Botts noted that the Joint Management Committee assured the Sheriff that the patrol schedule would be kept confidential. The Board was advised of that assurance during the August 31, 2023 special meeting. The Sheriff assured the Joint Committee that he would provide a quarterly report for the Board.

With respect to the General District Engineering Report, the Board had time remaining in the Workshop so the Board recognized Ms. Barzilla and requested that she begin her engineering report. Ms. Barzilla stated that she would be recommending approval of St. David's Site Plan during the regular meeting. She also noted that she is seeking conditional approval of the Belterra Urgent Care Lot 1B-2 Site Plan. It was mentioned that the Urgent Care will be connected to a private reclaimed water service line owned by Danley. She also noted that the reclaimed water comes from the District's WWTP and that the reason the Urgent Care is going through a private service line because everyone in the District does not have access to the District's main line. Anything past the meter is considered private. Ms. Barzilla also mentioned that Danly pays for reclaimed water through their master meter. Mr. Kutac stated that the Urgent Care tract may not be covered by the Danley agreement and may need to be added. Mr. Kutac is concerned about the irrigation use and would recommend that the agreement be modified to give the maximum usage and requiring that Danly consent before the Urgent Care can connect. He would like to provide a separate reclaimed water service agreement. Ms. Barzilla noted that the Urgent Care has already paid a tap fee and

wants conditional approval. She also mentioned that Pad ZZ and Lot 3G-1 (Active Adult) are not using water yet but once they are connected, their names will be added to Item II.B. of the engineering agenda.

With respect to the Joint Engineering Report, the contractor evaluating the drip fields has requested that his estimate of \$2,000 be increased to a not to exceed \$4,800.

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, except Mr. Trevino and Mr. Alford who left after they completed the landscaping and irrigation report. All directors present when votes were taken voted on all matters unless an abstention is set out in any such item.

5. Public Comment: Mr. Kutac called for public comment, hearing none, the Board proceeded to the next item.
6. Consent Items:
 - a) Minutes: The Board of Directors reviewed the Minutes of the October 12, 2023 Regular Meeting. Upon motion by Director Robison, seconded by Director Kelly, and unanimously carried, the Board approved such Board Minutes contingent upon adding the November 5, 2024 election to Paragraph 11(f).
 - b) Accounting Report: The November 9, 2023 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 Lucas, the Board approved the Accounting Report, the related disbursements and transfers adding the final payment to Adventure Playgrounds for \$14,561.05 and voiding the Badger Meter check for \$13,267.80 for the meters that Mr. Wright is returning.
7. Reports: Reports were completed during the workshop session. No action was taken by the Board.
8. Engineering and Development Items: Ms. Barzilla of Burgess & Niple presented on the following items from the General Engineering Report which is posted on the Google Drive.
 - a) Drip Field Irrigation Repair: Ms. Barzilla stated that Proscap would like to increase their proposal from \$2,000 to \$4,800 to evaluate the cost estimates for the drip field repairs.
 - b) Renewal of Well Operating Permit: Ms. Barzilla did not have an update but informed the Board that she will be checking the status.

- c) Reclaimed Water Fire Hydrants: No updates to report.
- d) Water Storage Tank: Ms. Barzilla recommended approval of Task Order 77 for the Water Storage Site Modeling and Opinion of Probable Cost for the additional water infrastructure. Ms. Barzilla went on to explain that the Task Order is for the following:

Creating water models to size water storage facilities for an average day scenario and provide OPC's for the following scenarios. The scope will also include preliminary site layouts for each of the below scenarios:

- i) One water storage site for Hays County WCID Nos. 1 and 2 assuming there is no supply from WTCPUA for a period of four days.
- ii) One water storage site for Hays County WCID Nos. 1 and 2 assuming there is a limited supply from WTCPUA. The purpose of this scenario would be to size the water storage tanks to offset the difference in flow between the Districts peak and the low supply from WTCPUA.
- iii) Two water storage sites, one for each District, assuming there is no supply from WTCPUA for a period of four days.
- iv) Two water plant storage, one for each District, assuming there is a limited supply from WTCPUA. The purpose of this scenario would be to size the water storage tanks to offset the difference in flow between the Districts peak and the low supply from WTCPUA.

Mr. Kutac mentioned that if the WTCPUA allows the District to permanently switch back to the old 1420 pressure plane, the District might consider putting this project on hold. He also noted that HCWCID No. 2 authorized up to \$20,000 for the water modeling at the last meeting and Ms. Barzilla is going to present a final Task Order at their next meeting.

Director Botts requested a quarterly Joint Infrastructure Meeting to discuss the water tank project on November 29th.

Mr. Wright also added that it is likely that the WTCPUA will give the District a discount if they do not have to provide the pressure plane. The amount is unknown. The Board then discussed what the long term costs of water tank maintenance and how much benefit the District would derive from the additional water infrastructure. Mr. Wright responded that the additional water tank infrastructure would benefit water pressure issues across both Districts. It was also noted that the water pressure issues hurt the residents and restaurants in the District when there is a Boil Water Notice.

e) Action Items:

- i) Upon motion by Director Lucas, seconded by Director Botts and unanimously carried, the Board approved Task Order No. 77 for \$60,000.
- ii) Upon motion by Director Kelly, seconded by Director Dally and unanimously carried, the Board approved the increase in Proscapes' proposal from \$2,000 to a not to exceed \$4,800 for the evaluation of the drip fields.

- iii) Upon motion by Director Botts, seconded by Director Kelly and unanimously carried, the Board approved Lot 1D-1 St. Davids' Site Plan.
 - iv) Upon motion by Director Kelly, seconded by Director Robison and unanimously carried, the Board approved the Urgent Care Lot 1B-2 Site Plan.
 - f) Upon motion by Director Lucas seconded by Director Robison and unanimously carried, the Board accepted the Engineering Report.
9. Financial Items: There were no additional Financial Items discussed.
10. Management and Operations:
- a) FEMA/TDEM Update: In progress.
 - b) Records Storage: No action was taken by the Board.
 - c) TDS Solid Waste Collection Contract: No update was given.
 - d) Belterra Centre Repairs: No update was given.
 - e) Duck Relocation Project: No update was given.
 - f) Reclaimed Water Service Agreement for Belterra Townshomes: The Board reviewed the proposed Belterra Townshomes' Reclaimed Water Service Agreement.

Standing Items:

- g) Committee Matters: No action was taken by the Board.
- h) Customer and Billing Matters: No action was taken by the Board.
- i) Requests for Use of Belterra Centre: No action was taken by the Board.
- j) Violations of District Policy: Ms. Wright requested guidance on how to handle water restriction violations now that the District is in Stage 2. Ms. Wright asked the Board if MOC should continue the nightly drives throughs the District for water conservation plan enforcement, or if they should scale back now that the District is in Stage 2 of the watering restrictions. She noted that HCWCID No. 2 decided not to continue the nightly drive throughs and to re-set the violations so that the customers start over at violation number 1. The first violation would not incur a fine but the second violation will incur a fine. The Board agreed and requested that if the violations increase again, that Ms. Wright bring it to the Board's attention so they can re-evaluate.
- k) Recommendations for Non-Compliance with Agreements: No action was taken by the Board.

- l) Customer Communications: No action was taken by the Board.
- m) Action items: See below.
- n) Acceptance of General Manager's Report: See below.

Ms. Wright asked the Board if they wanted to set a standard rule that if a customer is issued a notice of violation for watering restrictions, but can produce an invoice or documentation proving that their system was repaired, the violation would be waived. The Board agreed.

Ms. Wright mentioned that they are recommending replacing the dead trees at the WWTP. The quote is from SCG Landscapes for 12 (45 gallon) Leyland Cypress and 5 (45 gallon) Mexican Sycamore trees for a total of \$16,071.38 for the trees, installation and irrigation amendments. It was noted that the trees might help with odor control from the WWTP. The Board would like to request that HCWCID No. 2 split the cost. Ms. Wright stated that she would speak to the HCWCID No. 2 Board at the next meeting.

Ms. Wright then noted that Sunscape had submitted proposals which include 4 mainline and 4 irrigation repairs totaling \$22,294.91 and noted that the repairs in the 210 irrigation area will be split with HCWCID No. 2.

Ms. Wright requested that the Belterra Centre be closed for half a day on Wednesday, November 22nd, all day on Thanksgiving, December 25th, December 26th and January 1st.

Ms. Wright also informed the Board that the Sheriff's Department has been outstanding and that they stop by the Belterra Centre frequently and have been great in communicating with MOC.

Mr. Wright discussed the turbidity issue and reviewed Page 28 of his report. He noted that he believes the issue lies with the past membrane problems and assured the Board that MOC will watch the numbers and keep reporting.

Mr. Wright recommends that four Fortress locks be added at the WWTP. He passed out a copy of the Locksmith Services' proposal.

Mr. Wright mentioned that MOC needs to ability to control two of the stormwater stations better and recommends installation of timers that cost \$74.00. He would like to put these timers at each Lift Station. He explained that when there is a rain event, Mr. Sanchez has to manually turn off the system or it will run for three or four days.

Action Items:

- i) Upon motion by Director Botts, seconded by Director Lucas and unanimously carried, the Board approved resetting the watering restriction fines with the first violation being a warning and subsequent violations incurring fines.
- ii) Upon motion by Director Botts, seconded by Director Lucas and unanimously carried, the Board approved the SCG Landscape proposal for the trees at the WWTP contingent upon HCWCID No. 2's paying one-half of the cost.

- iii) Upon motion by Director Botts, seconded by Director Dally and unanimously carried, the Board approved the Sunscape proposals for the 4 mainline and 4 irrigation repairs totaling \$22,294.91.
- iv) Upon motion by Director Botts seconded by Director Dally and unanimously carried, the Board authorized that the Belterra Centre be closed a half day on Wednesday, November 22nd, all day on Thanksgiving, December 25th, December 26th and January 1st as requested. They also request that Ms. Wright notify customers as soon as possible and post these dates on the District's website.
- v) Upon motion by Director Dally, seconded by Director Kelly and unanimously carried, the Board approved Locksmith Services Inc.'s proposal for \$2,725 for installation, at the WWTP, of four keyless entry deadbolt locks that are wi-fi supported.
- vi) Upon motion by Director Kelly, seconded by Director Robison and unanimously carried, the Board approved installation of timers at the Lift Stations at a cost not to exceed \$500 per Lift Station.
- vii) Upon motion by Director Botts, seconded by Director Kelly and unanimously carried, the Board approved the Belterra Townhomes' Reclaimed Water Service Agreement for 1,200 gpd of reclaimed water.

Upon motion by Director Kelly, seconded by Director Robison and unanimously carried, the Board accepted the General Manager's Report.

11. Administrative and Legal Items:

- a) Pond Mowing Agreements with Sunscape and MOC: The Board discussed the amendments to the Sunscape and MOC agreements with respect to pond mowing and again noted that the amounts were not equal. Mr. Kutac pointed reservations expressed by Mr. Trevino, but noted that Sunscape ultimately agreed to a higher reduction. Upon motion by Director Botts, seconded by Director Robison and unanimously carried, the Board approved the reduction in the Sunscape Agreement of \$1,000 per month.
- b) Membrane Warranty Claim: Mr. Kutac noted that he has not heard back from Kubota regarding the warranty issue. He thinks it is time to look at getting a litigator if the District is planning to pursue legal action in connection with the membranes that failed. He noted that Bryan at Kubota informally stated that Kubota will not cover the membranes under the warranty, but that Kubota has not provided any formal response. The Board noted that Kubota has been very responsive to the District but may not want to jeopardize their working relationship with others by formally stating the reason they will not cover the membranes under warranty. Mr. Wright then added that Basin 3 has all new membranes, Basin 2 has a mix of old and new membranes and Basin 1 has 400 new membranes.
- c) Litigation: Mr. Kutac reminded the Board that they had engaged Mr. Lance Lackey in the past for general litigation matters. He stated that he would like to talk to Mr. Lackey to determine if Mr. Lackey can handle the membrane matter. Upon motion by Director Botts seconded by Director Lucas and unanimously carried, the Board authorized Mr. Kutac to discuss this matter with Mr. Lackey and with HCWCID No.

2 at a cost not to exceed \$5,000 and if Mr. Lackey is not able to take the matter on at this time, Mr. Kutac is authorized to discuss with other litigators.

- d) Amended District Information Form: Ms. Hahn reviewed the Amended District Information Form with the Board and explained that it had been amended to include the new tax rate set by the District as well as updating the Notice to Purchaser with new requirements as set forth in HB 2815 enacted during the 88th Legislative Session. Upon motion by Director Botts, seconded by Director Kelly and unanimously carried, the Board approved the Amended District Information form.
 - e) Agenda Format: The Board would like to appoint an ad hoc committee of Director Botts and Director Kelly to review the Board Meeting Agenda format and make recommendations to the Board.
 - f) Policy for Use of Belterra Centre for Polling Location: The Board would like to appoint an ad hoc committee of Director Dally and Director Robison to review the District's Election Policy and make recommendations to the Board.
 - g) Policy for Access to Confidential Information: The Board determined that the Board members all agreed that the Sheriff's Department's patrol schedule should be confidential and therefore did not need to take any action.
12. Water Supply Agreements: No update.
13. District Calendar and Schedule: The Board's next meeting is tentatively scheduled for December 14th.
14. Executive Session: No Executive Session was required.
15. Adjournment. Upon motion by Director Lucas seconded by Director Botts and unanimously carried, the Board adjourned until further call.

APPROVED AND ADOPTED on the 14th day of December 2023.




Daniel Robison, Secretary