

MINUTES OF MEETING
OF THE
BOARD OF DIRECTORS
November 10, 2022

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 10, 2022 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, Kay Olsen and Jesse Black of Inframark, LLC, the District's general management and operations contractor, Lauren Barzilla of Burgess & Niple (formerly CMA Engineering, Inc.), the District's engineers, Chris Lane of Samco Capital, the District's financial advisor, Vicki Hahn, paralegal with Winstead PC and Jesse Trevino and Sinjon Merrick 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. Walter Almon, a member of the public attended the workshop.

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. Olsen presented Inframark's General Manager's Report ("GM Report"). Ms. Olsen updated the Board with respect to operational matters concerning the District's wastewater treatment plant ("WWTP") and 210 Re-Use Irrigation System. A copy of the General Manager's Summary Report is attached as Exhibit "A".

With respect to the Proscapè proposal for the drip irrigation pump assembly, Ms. Olsen reported that Mr. Steelman at Inframark feels that Inframark's only responsibility should be to pay for damages caused by atrophy of the equipment. He believes that the District should pay for what he considers to be "wear and tear" and components that otherwise would have exceeded their useful product lives during the period of atrophy. He is suggesting that Inframark pay \$14,185 of the proposal and the District pay the balance of \$21,310.

Ms. Olsen is proposing reduced operating hours for customer service at the Belterra Centre so that Ms. Jackson can work from home 1 day a week. She noted that Ms. Jackson has been keeping a visitor log and presented that log to the Board for review.

Director Kelly raised the issue of the irrigation pressure at Sawyer Ranch by Nutty Brown Road and the Trinity Hills area. He spoke to Sinjon who found an isolated valve that was turned off. Now that the isolated valve has been turned back on, there is more than enough pressure for good irrigation coverage in that area. Sawyer Ranch remains a problem because the valve problem only took care of the Trinity Hills area.

Per Mr. Black - with respect to the membrane maintenance, he is requesting authorization for \$40,000 even though he thinks the cost will only be \$35,000. He will discuss long term storage, preventative maintenance and rehabbing at a future meeting. Right now, they are only doing a condition assessment. Mr. Black also noted that normally there is only a visual inspection of the membranes. During that visual inspection, they also clear any silt. This is a more complex project so they have to take down one basin at a time. Mr. Black noted that while they are removing the membranes for inspection, they will clean the silt, clean the membranes and i replace damaged cartridges that are found during the inspection. Mr. Black also mentioned that part of the cost is due to the need for a crane rental because a crane is required to lift the membranes. Director Botts asked how long it will take to inspect each membrane. Per Mr. Black, it will take three days for each membrane and they will spread the removal of membranes out with a week in between each removal. Director Kelly inquired if the weather will influence that time frame. Mr. Black replied that it would not unless there is a really high wind that might impact the crane. Director Botts asked who initiated sending the membranes to Japan for the condition assessment. Mr. Black responded that the Kubota representative initiated. Mr. Black also noted that \$400,000 was budgeted for the membrane replacement. He then mentioned that Inframark will do this work under two separate invoices so as not to muddy the waters.

Director Robison questioned why the Pond 9A was not included in the pond reports. Ms. Olsen noted that it is an oversight and she will make sure Summer includes it in next month's report.

Director Botts asked if there were any updates with respect to the Lift Station 1 generator. Mr. Black stated that there is no backup generator at this time but he can get one from Houston if needed. Director Botts stated that the District probably should rent one, especially considering that the icy weather could be back this winter. Mr. Black stated that he will look into costs for renting a portable generator.

The record shall reflect that Ms. Lane entered the meeting.

With respect to the Rainbird irrigation system, as requested, Ms. Olsen contacted Chad Geeslin at Terrain and asked him for a quote to meet with Sinjon and discuss the flow sensors and to teach Sinjon how to use them. It was reported that Mr. Geeslin responded and sent a proposal allocating three days to the project. Sinjon has already made progress in making maps showing where the flow sensors are located. After the flow sensors are found, they need to get them operational and transfer them to the IQ4 from the IQ3. Director Botts requested that Sinjon prepare an update for each meeting so that Sunscape's proposal, when it comes, is not a surprise. Sinjon noted that the turbine propels reclaimed water through the Rainbird valves, which makes it hard for the meters to detect a leak. He stated that they are trying to replace the valves with a laser-based technology so this won't be an issue in the future. The laser technology would automatically shut down a line if there is an unscheduled flow. Hypothetically, it is a back-up sensor that would alert the District in the event of a leak. The computer would automatically text alerts to Sinjon and Inframark. Per Sinjon, the alerts are immediate so 12 hours won't go by before a leak is found. It was noted that the expense is a joint expense and would be split with HCWCID No. 2.

2. Financial Report:

Mr. Douthitt reported that the District is still being billed under the Inframark contracts at 2021 rates for the maintenance cap. He also mentioned that he and the Finance Committee discussed moving to a new investment account. Mr. Kutac asked who will confirm that the new investment account would comply with the District's investment policy and collateralization requirements. Mr. Douthitt also noted that compliance would be certified in writing. If not, the District can look at other investment accounts.

3. Landscape Report: Jesse Trevino from Sunscape Landscaping gave the following report:

- a) The full-service turf maintenance of the high visibility areas was performed four times in the month of October;
- b) Full-service bed detail was performed on October 6th and October 20th;
- c) Monthly mowing in the Red Areas was completed on October 14th;
- d) Quarterly mowing areas/Wildflower area – Sunscape spread bluebonnet seeds on October 6th;
- e) There were no work orders for October;
- f) Color installation was performed on October 13, 2022;
- g) Trail maintenance/Raking, Filing Ruts, Spraying Weeds was completed on October 14th; and
- h) Fertilizer Pre and Post Emergents – Round 4 – Re-treated October 28th.

Director Kelly questioned who handles trash removal at the ponds. Mr. Trevino responded that Sunscape usually picks up any regular trash that is laying around. However, it is not in their scope to pick up trash that is brought in by rain. Ms. Olsen stated that she can request Summer pick up the trash under the maintenance cap.

4. Committee Reports:

With respect to Infrastructure matters, Director Dally questioned how Inframark determined that there is wear and tear on the drip skirts. He wondered how there can be wear and tear when they haven't been running for a couple of years.

Sinjon reviewed Sunscape's Proposal No. 24631 and noted that the repairs consisted mainly of repairs to malfunctioning valves. The proposal is for \$8,895.86. He explained that normally, the valves have a 2 to 4-year life span. When Sunscape makes repairs, they completely replace the valve instead of swapping out parts because swapping the parts can cause other issues. Director Botts asked Sinjon to give update at next meeting and give proposal for flushing the valves out. Sinjon noted that to flush the valves, they normally let the water "fly" and debris will usually come out.

Director Botts asked Ms. Olsen about the status of the upgrades to the Belterra Center. She noted that there is not much progress but noted that the carpenter ants have been dealt with.

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 for Jesse Black and Jesse Trevino. All directors present when votes were taken voted on all matters unless an abstention is set out in any such item.

1. 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.

2. Consent Items:

a) Minutes: The Board of Directors reviewed the Minutes from the October 13, 2022 Regular Meeting; and

b) Accounting Report: The November 2022 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 Robison, seconded by Director Dally, the Accounting Report and related disbursements, were approved.

3. Reports: The following reports were given during the regular meeting.

Committee Reports, Recommendations and Assignments:

- a) Facilities Committee: Director Dally noted that election day was a 16-hour day and over 1,000 people came to vote. With respect to the rules regarding signs, etc., they had fairly good compliance with signs.
- b) Infrastructure Committee: No updates.
- c) Customer Care Committee: No updates.
- d) Parks Committee: No updates.

4. Engineering and Development Items: Lauren Barzilla of Burgess & Niple presented the **General Engineering Report** as follows:

I. Potential action items for the meeting: None

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, Lot 3G-1 Site Plan, Pad T and Pad ZZ.
- c) Plans currently under review – St. David's.
- d) Grease traps currently under review – none.
- e) Water LUE determination review – Lot 1B-2.

III. **Commercial Water Usage Tracking**: The Commercial Water Usage Summary is on the Google Drive.

IV. **Lot 3G-1**: Construction Updates:

- a) Public water has not been completed, wastewater connection has not been completed, public utility construction has been slow due to unexpected field conditions – no change.

V. **Pad ZZ**: Construction Updates:

- a) Wastewater is complete, private waterline and storm sewer construction is ongoing.

VI. **Pad T**: Construction Updates:

- a) Payment of fees are the only items remaining, construction is complete and approved.

VII. **Crampton Cove Pavement Repair**:

- a) The contractor is reviewing the contract documents.

VIII. **Trinity Hills Pond Well Permit:**

- a) They have received everything they need and should be emailing the new permit certificates sometime this month.

IX. **St. David's Site Plan:**

- a) The site plan is currently being reviewed.

X. **PEC – Distribution Upgrades Easement Request:**

- a) Discuss updates.

XI. **Hays 1 Water Tracking:**

- a) Approximate Max Daily Usage (September 2022) — Reliable data should be available in the General Manager's Report next month.
- b) Max allowed = 1,221,120 gpd.

Ms. Barzilla noted that the active adult living site ran into some survey issues so they are on hold.

With respect to Mighty Fine, she is still waiting to see if the fees are paid.

With respect to the PEC Easement – Mr. Kutac conveyed the Board's concerns from the October meeting to PEC and informed them that the District is not inclined to agree to cutting trees down to accommodate the electric line upgrade, for various reasons. PEC said they would work with the District on the number of trees cut, but when they sent the revised easement to Mr. Kutac, it still stated that the PEC could cut down any tree they wanted. Mr. Kutac revised portions of the draft easement to require that PEC restore any land they use for access if they damage it because the last time they worked in the district, they left ruts everywhere that the District had to repair. The revised draft also required, among other items, that PEC get approval before they remove any trees. He will get back to the Board with the outcome. Ms. Barzilla presented a map where the PEC easement would be and showed how close some of the easement is to residential homes.

After a discussion, upon motion by Director Kelly, seconded by Director Lucas and unanimously carried, the Board authorized Mr. Kutac to proceed with his negotiations with the PEC and if they can reach an agreement along the lines of the revised draft he proposed to PEC, the Board authorized signature.

Ms. Olsen stated that Phil Henderson is going to adjust the float in the pond but he is backed up and hasn't done it yet.

Ms. Barzilla discussed the commercial water/wastewater agreement with Endeavor and their proposed partial assignment of 333 gpd to the urgent care facility. The number of gallons per day is based on historical use. She thinks they will probably use only 100 gpd.

Upon motion by Director Botts seconded by Director Kelly and unanimously carried, the Board authorized such commercial water/wastewater assignment agreement for up to 333 gallons per day.

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

I. **Potential action items for the meeting:** None

II. **100 Acre 210 Warranty Items:**

- a) Sunscape was authorized to complete this work.

III. **Treated Effluent Fire Hydrant:**

- a) The 210 Beneficial Reuse Permit Amendment is ongoing.

IV. **12" Treated Effluent Line:**

- a) Discuss options for replacement/rehab of the lines.

V. **Wastewater Summary:**

- a) Average Daily Wastewater Usage (September 2022[sic]) = 357,000 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

With respect to the 8' and 12" pipes repair/replacement, Ms. Barzilla noted that they are still working on recommendations. She stated that the price to replace the lines is approximately \$750,000. It was noted that the \$750,000 does not include Burgess & Niple's engineering fees. She also mentioned that she is also evaluating use the liner that was proposed as an alternative.

Upon motion by Director Lucas, seconded by Director Robison and unanimously carried, the Board accepted the Engineering Report.

5. **Financial Items:** No action required.

6. **Executive Session:** With regard to Item No. 10(h) on the posted agenda for the meeting, upon motion by Director Botts, seconded by Director Kelly on and unanimously carried, the Board retired at 5:31 pm., along with Matt Kutac to Executive Session.

7. Following such Executive Session, the Board reconvened in public session at 5:53 p.m. No action was taken during Executive Session.

8. **Management and Operations Items:**

- a) With respect to purchasing a portable generator for the Lift Stations, the Board asked Jesse to get the cost of getting the portable generator and present to the Board.
b) No update was given;

Standing Items:

- c) No action by the Board;
d) Inframark has requested to have their Thanksgiving event on the 18th. Missy reached out to the Facilities Committee to request and they approved;
e) No action by the Board;
f) No action by the Board;

g) No action by the Board;

Action Items:

- i) Inframark's proposal for membrane maintenance. \$40,000 - Upon motion by Director Botts, seconded by Director Kelly and unanimously carried, the Board asked Mr. Black for a breakdown of the costs and would like for that breakdown to include time spent, cost for each item and also to include the engineering expenses involved for inspection. Per Ms. Barzilla, her time is likely to be minimal. The Board asked that this item be presented at the next Board meeting.
- ii) Sunscape's proposal for drip irrigation repairs for \$8,895.86 - Upon motion by Director Dally, seconded by Director Robison and unanimously carried, the Board approved such proposal.
- iii) Regarding ProScape's proposal for repair of the drip skids for \$35,495, Director Botts asked Kay to inform Inframark that if Inframark pays the \$35,495 then the District would assume responsibility for currently unknown damages to the drip irrigation fields caused by Inframark's decision to discontinue their use without District approval. Ms. Olsen stated that she will relay this message to Inframark.
- iv) All American Pump Solutions' proposal for PAX mixer pump No. 1 replacement for \$9,530.00. Upon motion by Director Botts seconded by Director Dally and unanimously carried, the Board approved such proposal.

With respect to the question regarding the visitor log and Ms. Jackson's working from home, the Board asked that Ms. Olsen ask Ms. Jackson to continue running the log through the end of November and then the Board will reassess the request after the new year.

h) With regard to the General Manager's Report, upon motion by Director Lucas, seconded by Director Robison, the Board approved the General Manager's Report.

9. Rules, Policies, Agreements and Compliance Requirements:

(a) Mr. Kutac mentioned that Inframark signed the short form contract amendment removing the maintenance cap from the agreement, removing irrigation services from the agreement and updating the personnel changes. Mr. Kutac also asked to about the status of the requested Letter of Intent from Inframark with respect to a broader amendment with Inframark.

(b) It was noted that the committee met with a few other contractors and is interested in following up with two of them. The committee is hoping to present the Board with a recommendation soon.

(c) Director Dally proposed allowing residents to have certain trees trimmed by the District's contractor, currently Sunscape. He explained that the policy would apply to trees that are on District greenbelt property, and immediately adjacent to a residential lot. The resident would pay a deposit, pay for the contractor's services to cut down the tree and pay for any damage caused by Sunscape in cutting the trees. The Board is concerned that if the resident cuts the tree or hires a contractor that cuts the tree during the wrong time of year, it could cause Oak wilt. The Board noted that there is already Oak wilt behind HCWCID No. 2 so the Board is very concerned. Even if the Board approves the foregoing, the Board will prohibit residents from contracting with the District's contractor to cut trees in the 210 area or even close to irrigation lines due to the risk of damaging the irrigation.

Upon motion by Director Botts, seconded by Director Robison and unanimously carried, the Board authorized the Tree Trimming Policy which would allow residents to contract solely with the District's contractor to cut trees in the greenbelt. The resident is responsible for paying the District's contractor and for paying for any damage caused by the contractor during the cutting of the tree. The Board directed Mr. Kutac to prepare a revised policy consistent the foregoing discussion.

(d) The Board reviewed the Resolution setting the policy for use of the Belterra Centre as a polling location for elections. After a discussion, upon motion by Director Lucas, seconded by Director Botts and unanimously carried, the Board approved such Resolution.

(e) Mr. Kutac suggested that the Board should engage counsel to handle general litigation matters. He recommended Lance Lackey of Lackey & Smith, who had represented the District in prior matters. Upon motion by Director Botts, seconded by Director Lucas and unanimously carried, the Board authorized engagement of Mr. Lackey at a rate of \$400 per hour.

10. Water Supply Agreements: Mr. Kutac noted that the PUA rates decreased in August.

11. District Calendar and Schedule: The Board's next meeting will be December 8, 2022.

12. Adjournment. Upon motion by Director Lucas, seconded by Director Botts and unanimously carried, the Board adjourned until further call.

APPROVED AND ADOPTED on the 8th day of December 2022.




Daniel B. Robison, Secretary

EXHIBIT A

Memorandum for: Hays WCID No. 1 Board of Directors

From: Kay Olsen

Date: 11/10/22

Subject: Board Workshop – Management and Operations Report since 10/13/22

- I. Zach Johnson's Eagle Project (update) – approved by Hays 2 also; Inframark coordinating with Zach to dig post holes at no cost
- II. Wastewater Treatment Plant
 - A. All wastewater treatment samples in compliance with permit for Oct. Total flows of 10.8M gallons; daily average flows of 348,000 gpd at 70% capacity
 - B. Membrane Condition Assessment (update)
 1. Kubota will send membrane samples to Japan for assessment at no cost
 2. All potential subs declined work so Inframark will undertake in-house on Special Project T&M basis, estimated at \$35K; can only drain one basin at a time so will be done in 3 stages over several weeks; next month Inframark will provide estimate to also perform basin cleaning PM while basins are already being drained
 - C. Mixer Pump #2 replacement (update) – ordered in Sept; arriving 11/30
 - D. Mixer Pump #1 replacement (new) – pump has failed; repair not recommended as parts are 3+ months out and expensive; \$9,530 replacement quote attached
- III. Distribution System and Billing
 - A. Water Accountability 89.1% for October
 - B. Digital meter conversion (no update)
 1. 6" meter for Belterra Apartments and 3" meter for DSISD approved by Board in May arrival estimate updated from Fall 2022 to early 2023
 2. Missy extending LCRA deadline to June 2023
 - C. 38 Delinquent Letters mailed; 24 Tags hung; 5 Disconnects
- IV. Collection System
 - A. LS1 generator (no update) – ordered; estimated delivery Aug 2023
 - B. LS1 shade structure (no update) – Multivolt still waiting for parts
- V. Reuse and Drip System
 - A. Tank levels in feet:
10/3/22 – 11.0
10/14/22 – 10.6
10/31/22 – 10.0
 - B. Total 210 flows for Sept = 10.3M gallons
 - C. Sunscape irrigation
 1. Oct Irrigation Reports attached, including Exec Summary
 2. Oct Repair proposal attached, including Maps; next month will provide estimate for flushing
 3. Nutty Brown pressure issues resolved by opening isolation valve
 - D. Drip field repairs (update) –
 1. See attached \$35,495 Proscape quote for drip skid repairs; Inframark proposes funding \$14,185 for repairs due to atrophy, with \$21,310 funded by District for standard wear-n-tear
 2. Extent of field equipment and other repairs won't be known until drip skid is serviced

Current Items Requiring Board Approval:

Vendor	Amount	Budgeted	Description	Work Order #
Inframark	\$40K NTE	\$400K total for Membrane Maintenance	Membrane Condition Assessment	none yet
Sunscape	\$8,895.86	\$35,000 total for Drip Irrigation and Reuse Maintenance	210 valve, decoder and faceplate repairs in Hays 01 & 02	n/a
Proscapes	\$35,495 total, \$14,185 funded by Inframark	\$35,000 total for Drip Irrigation and Reuse Maintenance	Drip field drip skid repair	n/a
All American Pump Solutions	\$9,530.00	No, except \$80K total for General or Unanticipated Repairs/Maintenance	PAX Mixer Pump #1 replacement	n/a

Rules, Policies, Agreements and Compliance Requirements:**11a) Inframark Service Agreement Amendments**

- Inframark sent drafts of 3 Amendments for Hays 01, 1J, and 02 to remove Maintenance Caps, reduce irrigation scope, and update Personnel Charts so accounting adjustments can be made while pricing negotiations continue on more complex items. District Accountant confirming new Base Fee, then both parties can sign.
- Inframark drafting LOI with pricing adjustments for suggested staffing levels