

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 Hays County Water Control and Improvement District No. 1 (sometimes referred to herein as the “District”) met in regular session, open to the public, at Belterra Centre, 151 Trinity Hills Drive, Austin, Texas, the District’s office within the District, for the purposes stated herein, on December 14, 2023 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

All members of the Board participated in the meeting and were present at the commencement of the meeting. Also present at the meeting were Matt Kutac of the Law Offices of Matthew B. Kutac, PLLC, Lonnie Wright, Beth Wright, John Taylor, Chris Sanchez and Sally Gomez 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.

1. Public Comment: Mr. Kutac called for public comment, hearing none, the Board proceeded to the next item.
2. Consent Item: The Board reviewed the Minutes of the November 9, 2023 Regular Meeting. Upon motion by Director Lucas, seconded by Director Kelly, and unanimously carried, the Board approved such Board Minutes.
3. Management and Operations Items: Ms. Wright reviewed MOC’s Management Report. In addition to the report, Mr. Wright reviewed Sunscape’s landscaping report with the Board and presented Sunscape’s irrigation repair proposals.
 - a) FEMA/TDEM: No action was taken by the Board.

- b) Management Records: The Board deferred this item to the January meeting.
- c) Belterra Center: No updates were provided.
- d) Relocation Project: It was noted that there is one female duck and the group handling the relocation is currently working on finding a home for it.

Standing Items:

- e) Customer Service: No action was taken by the Board.
 - f) Policy Violations: No action was taken by the Board.
 - g) Customer Communications: No action was taken by the Board.
 - h) Authorization of Recommended Expenditures: See below.
 - i) Action Items/Management and Operations:
 - a. Upon motion by Director Botts, seconded by Director Lucas and unanimously carried, the Board approved Sunscape's proposal number 28160 for \$2,855.37 for Pecan Park pump head irrigation repair.
 - b. Upon motion by Director Botts, seconded by Director Kelly and unanimously carried, the Board approved Sunscape's proposal number 28165 for \$1,415.58 for replacing 3" valve located in the 100 Acres behind Medina Hills Ct. Such cost to be split with HCWCID No. 1.
 - c. Upon motion by Director Botts, seconded by Director Kelly and unanimously carried, the Board accepted the General Manager's Report.
4. Engineering and Development Items: Ms. Barzilla of Burgess & Niple reviewed the General Engineering Report and the WWTP and 210 Reuse Irrigation Engineering Report and discussed the following in more detail:
- With respect to Lot 3G-1 (Active Adult), B&N found another item that needed to be added to the punch list.
- With respect to Lot 1B-2 (Urgent Care Site Plan), even though the plan has been conditionally approved, B&N noted that a reclaimed water service agreement will need to be completed and signed and final completion will not be approved until everything is completed.
- a) Drip Irrigation Facilities: No action was taken by the Board.
 - b) Well Permit: No action was taken by the Board.
 - c) Reclaimed Water Fire Hydrant: No action was taken by the Board.

- d) Additional Water Infrastructure: Ms. Barzilla spoke about a recent meeting between representatives of the WTCPUA, the District and HCWCID No. 2. There is an opportunity for areas in HCWCID No. 2 with residents reporting low pressure problems to be connected to a higher pressure plane. If that plan is successful, it may address the problem and render a potential water tank unnecessary. Ms. Barzilla recommends that she continue to prepare the water model with a few revisions to the scope just to confirm that reconnecting to a higher pressure plane would address all the water pressure issues throughout the District and throughout HCWCID No. 2. The scope of the Task Order would change but the “not to exceed cost” would remain the same. She is recommending that she continue to work under the original Task Order on the water model to avoid losing any time in the event reconnecting to the higher pressure plane does not solve the issues. Mr. Kutac noted that the faster the water model is completed, the faster any pressure issues can be addressed. The Board discussed why the WTCPUA took the District off the original pressure plane. It was noted that at the meeting with the WTCPUA representatives, the WTCPUA took the position that reconnecting the District’s system to the higher pressure plane would not be possible. The Board asked Mr. Kutac to inform the WTCPUA that moving the District to a lower pressure plane has cost the District money to address the issue. The Board then discussed the scope of the change needed to the Task Order. Mr. Kutac also recommended completing the new scope of work under the existing Task Order, but billing the additional scope items separately to HCWCID No. 2 because they will not involve the District. He also noted that nobody is certain that the newly proposed solution will solve the pressure issues completely, so he agrees that the original scope of work under the task order should proceed.
- e) District Systems: No action was taken by the Board
- f) Action items/Engineering:
- a. Mr. Kutac discussed an Assignment and Release of Unused Capacity Under the Non-Standard Retail Water and Wastewater Service Agreement with ERG Belterra and a Partial Assignment and Assumption of Non-Standard Retail Water and Wastewater Services Agreement assigning the Agreement for Lot 3F-1 to 3JS Village, LLC (“Partial Assignment”). During the discussion, Mr. Kutac noted that Endeavor agreed to release the unused capacity if the District executed the Partial Assignment.
- Upon motion by Director Botts, seconded by Director Kelly and unanimously carried, the Board approved the Partial Assignment.
- Upon motion by Director Kelly, seconded by Director Robison and unanimously carried, the Board approved the Assignment and Release of Unused Capacity Under Non-Standard Retail Water and Wastewater Services Agreement and the president’s signature thereon contingent upon B&N’s approval of the numbers and Mr. Kutac’s confirmation that there are no remaining unsatisfied obligations on the part of Endeavor.
- b. Upon motion by Director Botts, seconded by Director Robison and unanimously carried, the Board approved the amendment to the existing Task

Order to address the costs associated with connecting to the higher pressure plane. They also noted that since only residents in HCWCID No. 2 would benefit then the costs for this solution would be born solely by HCWCID No. 2.

- c. Upon motion by Director Robison, seconded by Director Botts and unanimously carried, the Board accepted the Engineering Report.
5. Financial Report: Director Lucas reviewed the Accounting Report with the Board in Mr. Douthitt's absence. Director Lucas reviewed the December 14, 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.
- a) Administrative: No action was taken by the Board.
 - b) Approval of Accounting Report: Upon a motion by Director Dally, seconded by Director Robison, the Board approved the Accounting Report and the related disbursements and transfers.
 - c) Action Items/Financial: Director Lucas noted that TML rejected the claim for damages to the playscape that was damaged when a tree fell on it. The Board discussed that TML is a risk pool and not insurance. Mr. Kutac gave some background on how the District selected TML to provide coverage. The Board requested that MOC obtain some insurance quotes from different carriers.
6. Administrative, Legal and New Business:
- a) Director Election: Mr. Kutac confirmed that the required postings with respect to the Director's Election were posted on the District's website in accordance with the statutory requirements. Mr. Kutac reviewed the candidate filing deadlines with the Board and reminded the Board that the District will enter into election agreements with the Hays County Elections Administrator to conduct the election. In addition, upon motion by Director Botts, seconded by Director Robison and unanimously carried, the Board adopted an Order Calling Directors Election in connection with the upcoming May 2024 Director election.
 - b) Holiday Gifts: Mr. Kutac reviewed the legal requirements related to holiday gifts with the Board reminding them that they can only accept gifts with a value of less than \$50. He added that Board members should not request or accept services from any vendor for prices below market value. He noted that Board members should contact him if they have any questions concerning gifts.
 - c) Membrane Claim: Mr. Kutac informed the Board that he met with Mr. Lackey regarding this claim and that Mr. Lackey will give a report to the Board in January or February.
 - d) Agenda Format: The Board discussed the revised Agenda format for this meeting and Director Botts asked that the Board review the change and be prepared to give

any comments to the format at the January meeting.

- e) Belterra Centre/Polling Location: The ad hoc committee has not met yet but will do so in the New Year and will make recommendations to the Board at that time.
- 7. Water Supply Agreements: Mr. Kutac stated that he was told that LCRA may be making changes to their Drought Contingency Plan in March or April and that such changes will flow down to the WTCPUA and then to the District. Consequently, he will bring recommendations to the Board after LCRA and WTCPUA have adopted those changes.
- 8. District Calendar and Schedule: The Board's next meeting is tentatively scheduled for January 11, 2024.
- 9. Executive Session: No Executive Session was required.
- 10. Adjournment. Upon motion by Director Lucas seconded by Director Botts and unanimously carried, the Board adjourned until further call.

APPROVED AND ADOPTED on the 11th day of January 2024.




Daniel Robison, Secretary