

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 September 12, 2024 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, Kimberly Studdard, paralegal with Winstead PC, 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, Jesse Trevino of Sunscape Landscaping, the District’s landscapers and Lance Lackey of Lackey Smith, special counsel to the District. Allen Douthitt of Bott & Douthitt, the District’s Bookkeeper attended the meeting by telephone. In addition, Graham Burket from H30 Water Systems and Jake Taylor from Belterra Springs Apartments also attended the meeting.

1. Public Comment: The Board called for public comment.

Mr. Taylor from Belterra Springs Apartments and Graham Burkett, a contractor for Belterra Springs, were issued a notice of violation of the District’s rules and acknowledged that they accessed District property without the District’s authorization. They are asking to have the fine for the violation reduced. Director Botts explained that the Board would take up the request after public comment was concluded.

The Board again called for public comment. Hearing none, the Board moved to the Item 5(b) on the agenda.

2. Management and Operations – Item No. 5(b): The Board discussed that on a Saturday during the summer, a contractor accessed the Belterra Springs Apartments Complex by driving over the wastewater discharge/buffer zone resulting in damages. The District issued a violation and a fine of \$5,000. Per Mr. Kutac, this is not the full amount that could have been imposed. Mr. Burkett noted that he was the contractor and that he had no other access, other than the buffer zone, to access the property and they needed to drill to make the repair needed. The Board determined that it would discuss this matter with Mr. Kutac in Executive Session later in the meeting.
3. Public Hearing on 2024 Tax Rates: Upon motion by Director Lucas, seconded by Director Robison and unanimously carried, the Board opened the Public Hearing on the 2024 Tax Rate. The Board called for public comment. Hearing none, upon motion by Director Robison seconded by Director Lucas and unanimously carried, the Board closed the Public Hearing on the 2024 Tax Rate.
4. Consent Item: The Board reviewed the Minutes from the August 8, 2024 and August 29, 2024 Meetings.

Upon motion by Director Lucas, seconded by Director Dally and unanimously carried, the Board approved such Meeting Minute subject to the revisions discussed in the meeting.

5. Landscaping Report:

a) Landscaping Report:

Mr. Trevino reviewed the landscaping report with the Board.

b) Action Items/Landscaping:

i) Action Items will be addressed during General Manager's Report.

Before proceeding with the remainder of the agenda, Mr. Kutac mentioned that Lance Lackey of Lackey Smith will be coming to talk about the Kubota Warranty issue and that the Board will retire to Executive Session at that time.

6. Management and Operations Items:

General Manager's Report: Ms. Wright presented the General Manager's Report and Mr. Wright presented the Operations Report.

The Board discussed the Drip Skids and potential repairs. Ms. Barzilla agreed to contact Proscapes to see if the Drip Skids are still under warranty. She will also check on the date they were actually replaced.

The WTCPUA will be implementing a chlorine conversion beginning October 7th and lasting until October 28th. The Board would like to notify the customers of the switch. The switch usually happens because of a supply issue. The Board asked that MOC notify the residents by all means of communication.

With respect to the proposed enzyme treatment for the wastewater system, Director Botts noted that the enzymes are expected to improve the longevity of the membranes and maintenance costs for the Lift Stations, and may also assist with odor control. Director Botts stated that the cost would be shared with HCWCID No. 2. He also mentioned that Director Bethke from HCWCID No. 2 has requested a joint meeting so that their District can get more background.

Upon motion by Director Botts, seconded by Director Lucas and unanimously carried, the Board determined that the matter be tabled until after the joint meeting is held.

With respect to AWIA Compliance, MOC will prepare a confidential in-house report identifying any system vulnerabilities along with proposed remediations and the costs associated therewith.

MOC discussed that they received a request from the Girl Scouts to install 4 bat houses near the Belterra trails as part of project to earn a Bronze Award this month. The Board briefly discussed the request.

Upon motion by Director Lucas, seconded by Director Dally and unanimously carried, the Board approved installation of the 4 bat houses by the Girl Scouts.

MOC noted that the Mail Kiosk on Aspen Drive and the Palisades keeps getting broken into and the Belterra Community Association (“BCA”) had requested the Board’s authorization to install cameras under the existing license agreement between the District and the BCA.

Upon motion by Director Botts, seconded by Director Dally and unanimously carried, the Board authorized the BCA to install security cameras at the Mail Kiosks on Aspen Drive and the Palisades.

7. Engineering and Development Items: Ms. Barzilla of Burgess & Niple reviewed the General Engineering Report and the Joint Facilities WWTP and 210 Reuse Irrigation Engineering Report.

Director Botts noted that he met with Mr. Barrett, Mr. Kutac, Director Bethke of HCWCID No. 2 and Mr. Scott Roberts, President of the WTCPUA. During that lunch they learned that the WTCPUA has a number of projects that have been authorized and that are expected to be completed in the next two years. Director Botts provided a summary of the planned projects described at the meeting, and the Board directed Ms. Barzilla to talk with the WTCPUA engineers to gather more information to be incorporated into the District’s ongoing analysis of potential system improvements. The Board would like to know where the low points are, and they would like Ms. Barzilla to verify with the WTCPUA engineers the details of these projects. With respect to the Task Order for \$581,000 for design of

District water system improvements, Ms. Barzilla is still talking with surveyors or getting proposals. She will need a week to get the paperwork signed and then the survey will be added to the surveyor's queue. She is working with the Geotechnical Engineer as well.

Upon motion by Director Botts, seconded by Director Robison and unanimously carried, the Board authorized the District's engineer to meet with the WTCPUA engineers and also to continue to work with the surveyor and geotechnical engineer on the design work under the existing Task Order No. 3.

8. Executive Session: Mr. Lackey joined the meeting at 5:15 p.m. Upon motion by Director Botts seconded by Director Lucas and unanimously carried, the Board adjourned to executive session to consult with legal counsel regarding Item 8(b), 8(c) and 5(b) on the posted meeting notice. Upon motion by Director Botts, seconded by Director Lucas and unanimously carried, the Board reconvened at 5:50 p.m. and it was noted that no action was taken during executive session.

Upon motion by Director Botts, seconded by Director Lucas and unanimously carried, the Board authorized Mr. Lackey to investigate potential claims against Kubota and Inframark related to failed submerged membrane units.

Upon motion by Director Botts, seconded by Director Dally and unanimously carried, the Board authorized a reduction of the violation fine for the Belterra Springs Apartments to \$3,000 contingent upon acceptance of the contractor's repairs and re-vegetation the damaged buffer zone area by MOC and the District engineers.

The Board returned to Ms. Barzilla, who continued with the Joint Facilities Engineering Report. She noted that the trail improvements are complete, and she is recommending approval of those repairs and will process the invoices through MOC.

With respect to Pay Application No. 2 for \$22,903.68 from CTX Proscapes for Drip Field repairs, Ms. Barzilla recommends approval.

Upon motion by Director Botts, seconded by Director Kelly and unanimously carried, the Board approved Pay Application No. 2.

With respect to xeriscaping, Ms. Barzilla has been unable to find a specific coefficient to determine how xeriscaping will impact existing drainage facilities. She spoke to an engineer in the Burgess and Niple office in Arizona and was able to find run-off coefficients that show the potential impact of xeriscaped yards on the District's drainage system. Mr. Kutac reviewed a proposed letter from the Board Presidents of the District and HCWCID No. 2 to the BCA to address the issue. The Board discussed that the District was not in a position to support large-scale xeriscaping, and suggested that the letter state that HCWCID No. 1 and HCWCID No. 2 do not support a change in the BCA's rules that would allow for large-scale xeriscaping.

Upon motion by Director Kelly seconded by Director Botts and unanimously carried, the Board authorized Director Botts to work with Director Bethke from HCWCID No. 2 to finalize and execute the letter and deliver it to the BCA.

Upon motion by Director Kelly, seconded by Director Botts and unanimously carried, the Board approved the Engineering Report.

9. Financial Report: Mr. Douthitt reviewed the September 12, 2024 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. Mr. Douthitt mentioned that he also would like to send a wire to MMBR for the membrane work.
 - a) Operating Budget: Mr. Douthitt noted that he made a few more changes to the operating expenses, increasing operating expenses for the effluent tank and added \$25,000 to the budget for the reclaimed water fire hydrants. It was also noted that the legal project budget needed to be increased from \$10,000 to \$50,000 to accommodate review of the membrane units. Upon motion by Director Lucas, seconded by Director Dally and unanimously carried, the Board adopted the Resolution Approving the Operating Budget for the fiscal year ending September 30, 2025, with the noted changes;
 - b) Debt Service Budget: Upon motion by Director Dally, seconded by Director Lucas and unanimously carried, the Board adopted the Resolution Approving the Debt Service Budget for the fiscal year ending September 30, 2025 as proposed.
 - c) 2024 Order Setting Tax Rate: Upon motion by Director Kelly, seconded by Director Botts and unanimously carried, the Board approved the Order Setting Tax Rates for 2024, authorized filing and posting of same provided that the Tax Rates are changed to a \$0.6849 total tax rate, reflecting a \$0.2708 Operating and Maintenance Tax Rate and a \$0.4141 Debt Service Tax Rate.
 - d) Truth In Taxation (TNT) Worksheet: The Board reviewed the Truth In Taxation worksheet. Upon motion by Director Botts, seconded by Director Lucas and unanimously carried, the Board approved the TNT Worksheet and authorized signature by the President.
 - e) Approval of Accounting Report: Upon a motion by Director Lucas, seconded by Director Kelly, the Board approved the Accounting Report and the related disbursements and transfers.
 - f) Capital Expenditures: After a brief discussion, upon motion by Director Lucas, seconded by Director Kelly and unanimously carried, the Board approved raising the partial assignment of fund balance for capital costs from \$3 million to \$3.5 million.

10. Administrative, Legal and New Business:

- a) Property Acquisition: Mr. Kutac updated the Board on Sheets & Crossfield's work to acquire the original director lots within the District and HCWCID No. 2 for wastewater operations and irrigation purposes. Sheets & Crossfield is ready to start the process in the next day or two and must have surveys of both of the prior director lots. Upon motion by Director Kelly, seconded by Director Botts and unanimously carried, the Board authorized Sheets & Crossfield to obtain a survey for each of the director lots at a cost not to exceed \$5,000.
- b) Kubota Warranty Claim: This matter was discussed in the previous Executive Session.
- c) Solid Waste Disposal: The Board discussed the renewal of the Texas Disposal Systems ("TDS") agreement. Mr. Kutac reviewed proposed changes that he had submitted to TDS.

Upon motion by Director Botts, seconded by Director Lucas and unanimously carried, the Board authorized execution of the contract with TDS, subject to the approval of by the District's legal counsel of any minor changes proposed by TDS.

- 11. District Calendar and Schedule: The Board's next meeting is tentatively scheduled for October 10, 2024.
- 12. Adjournment. Upon motion by Director Botts seconded by Director Robison and unanimously carried, the Board adjourned until further call.

APPROVED AND ADOPTED on the 10th day of October 2024.



Daniel Robison, Secretary

