

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 January 9, 2025 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, Vicki Hahn, paralegal with Winstead PC, Lonnie Wright, Chris Lane of Samco Capital, the District’s Financial Advisor, 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, and Jesse Trevino of Sunscape Landscaping, the District’s landscape and irrigation contractor. Allen Douthitt of Bott & Douthitt, the District’s Bookkeeper attended the meeting by telephone.

1. Public Comment: The Board called for public comment. Hearing none, the Board moved to the next item on the agenda.
2. Consent Item: The Board reviewed the Minutes from the December 12, 2024 Regular Meeting.

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

3. Landscaping Report:

a) Landscaping Report:

Mr. Trevino reviewed the landscaping report with the Board. Mr. Trevino mentioned that all of the flower beds are filled in. There is some new color but some of it has not bloomed yet. Sunscape completed stump grinding on 13 trees. Mr. Trevino also noted that Sunscape mowed the highway frontage and graded, smoothed the ruts and are going to add new decomposed granite to the trail.

b) Action Items/Landscaping:

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

4. Management and Operations:

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

Ms. Wright mentioned that the Board had issued a fine for \$2,500 to 141 Kensington Lane at the last Board meeting for unauthorized use of the Greenbelt while they were working on a fence repair. The owner contacted MOC and asked if the District would reduce the fine. He lives in North Carolina and rents the property. He is happy to pay for any damages that were incurred. The Board noted that the \$2,500 fine is consistent with the other fines they have issued with respect to unauthorized use of the Greenbelt. The fine stands. The Board asked MOC to have the HOA remind people about the Greenbelt rules when they are asking residents to make repairs in order to comply with HOA rules. Ms. Wright stated that she gave Marsha at the HOA a list of the rules but now Marsha is no longer with the HOA. Ms. Wright stated that she will set up a meeting with the new HOA representative.

Ms. Wright mentioned that the AWBD Winter Conference is in Austin on January 24th and January 25th. Ms. Wright also mentioned that the Case Conference will be in Corpus Christi this year from June 26th to June 28th. She asked the Directors to let her know if they want to attend and she will sign them up.

b) Operations: Mr. Wright presented the Operations Report noting that they are continuing to draw down the effluent holding tank. It is down to 7 feet.

Mr. Wright stated that with respect to the rock wall that needed repair on 122 Holly Ct., MOC received a couple of bids for the repair.

With respect to the Superall Agreement, it has been fully executed. Mr. Wright discussed the specifics of the EPA guidelines and that it is exempt from all testing with the EPA. However, it would be subject to TCEQ testing.

The Board acknowledged MOC's draft response to the cybersecurity assessment noting that due to concerns related to security and confidentiality, details would be discussed with Mr. Kutac in Executive Session.

Ms. Wright mentioned that, once the weather is better, MOC will have the outside of the Belterra Centre painted as requested by the Board. The cost will be under \$5,000 and Ms. Wright asked if she could approve under her authority.

Upon motion by Director Botts, seconded by Director Kelly and unanimously carried, the Board approved the purchase of a television monitor at a cost not to exceed \$5,000 to facilitate committee meetings in the kitchen area and view the documents they are discussing on screen.

Upon motion by Director Dally, seconded by Director Kelly and unanimously carried, the Board approved the rock wall repair at 122 Holly Ct. at a cost not to exceed \$9,750.

Director Botts then discussed that there is a trend with ebikes riding in the common areas of the District and he asked if MOC had received any complaints. Ms. Wright stated that MOC has received a lot of complaints. Mr. Kutac noted that ebikes are treated similarly to nonelectric bicycles under state statutes, but that the District has prohibited them on natural surface trails under the current District Rules. Director Kelly mentioned that some ebikes do not have pedals and questioned whether they would be considered bicycles. It was noted that if they do not have pedal assist, they are not a bicycle and should not be allowed on any of the trails due to the concern that they could spark a fire. The Board determined to refer this matter to the Joint Customer Care Committee for review and recommendations. The Board would also like Sergeant Mayes to attend the Joint Customer Care Committee meeting to discuss, if he is available.

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

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

With respect to the Pecan Park Pond Improvements, Ms. Barzilla reviewed the maintenance recommendations and noted that as of 2011, it was recommended that when groundwater seepage is present, there should be anywhere from 3" to 12" of water in the bottom of the pond.

With respect to the Reuse Irrigation pressure issues, Sunscape tested the air release valve and it needs to be replaced. Replacing the air release valve will not solve all of the reuse irrigation system pressure problems but it will be of benefit.

With respect to B&N's requested rate increase, Ms. Barzilla met with Director Dally and Director Lucas to discuss the rates. The last time B&N's rates were increased was in 2020. Director Dally requested that this item be added to the Agenda for next month's meeting. It was noted that the Finance Committee will give its recommendation next month. Director Lucas asked Mr. Douthitt if the rates being proposed were in line with other district's engineering rates. Mr. Douthitt replied that the proposed rates are very fair and in line with other engineers he works with on other districts. Ms. Barzilla then mentioned that they are not interested in adding a rate escalator into their contract but they would like a review of the rates every two years.

The Board then discussed that there are six acres of land at the school that could possibly be used for irrigation. The Board asked that Ms. Barzilla reach out to the school to see if the District could use that acreage for irrigation. Mr. Kutac added that the District would need an easement to use that acreage.

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

6. Financial Report: Mr. Douthitt reviewed the January 9, 2025 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 stated that he finally received the tax levy for 2024. For the year, it looks like the tax levy is just above the budget numbers, and the District will hit the total on the tax revenue side. Mr. Douthitt also mentioned that he sent the paperwork to Maxwell, Locke & Ritter to work on the audit.

With respect to the audit, the Board discussed that the next regular Board meeting is on February 13th but the audit is due on February 12th. The Board determined that it will call a special meeting to review the audit on February 10th at 4:00 p.m.

- a) Arbitrage Rebate Calculations: With respect to the Arbitrage Rebate Calculations, the Board asked that only the first two or three pages of the report be added to the Board Packet and the full documents be uploaded to the Google Drive. Mr. Kutac informed the board that he has reviewed the Arbitrage Rebate Calculations and there are no issues. Upon motion by Director Lucas, seconded by Director Kelly and unanimously carried, the Board acknowledged receipt of the Arbitrage Rebate Calculations for the Interim Computation Period for the Series 2015 Unlimited Tax Bond, for the Series 2020 Unlimited Tax Refunding Bond and the Series 2020 Unlimited Tax Bond.
- b) 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.

7. Administrative, Legal and New Business:

Director Botts informed the Board that he plans to move during the year. He has a new grandchild and has bought a home nearby. He will stay on the Board until his home in Belterra is sold, which will probably be in June. He would like the Board to start thinking about a replacement for him sometime in July.

- a) Property Acquisition – Tract 1 and Tract 2: No update.
- b) Kubota Warranty Claim: Mr. Kutac will update in Executive Session.
- c) Website: Mr. Kutac noted that he previously spoke to the Board about paying the outstanding Inframark invoices in order to obtain Inframark's help in acquiring the District's domain name. Inframark ran into problems because Ms. Hester's e-mail address was not the address used to set up the domain name as originally thought. Inframark tried to reset the password but the e-mails from GoDaddy were not coming to Inframark. Mr. Kutac was able to determine the names of former employees of Inframark who might have been the original registrants of the domain name. Mr. Kutac has passed these names to the attorney at Inframark and they will try re-instate those e-mail addresses to receive an e-mail from GoDaddy. If Inframark receives the e-mail, then there is nothing left for the District to do. If they do not receive the e-mail, the District could look into acquiring the domain name through the broker. If neither of those options work, the District can try going to GoDaddy with a supporting Affidavit from Inframark. Inframark is proposing that the District pay the first half of the outstanding balance and then verify the credentials to obtain the domain name. Once the credentials are verified, then the District would pay the remaining half of the outstanding balance. Mr. Kutac reminded the Board that he had mentioned putting the credentials in escrow but after he thought about it, he feels that it would be a conflict of interest for him to be the escrow agent. He suggested that the District could escrow the funds with another lawyer or title company. Mr. Kutac asked that Mr. Douthitt send him what he believes to be the outstanding Inframark balance so that he can relay that amount to Inframark.

Upon motion by Director Botts, seconded by Director Lucas and unanimously carried, the Board authorized Mr. Kutac to move forward with paying the first half of the outstanding Inframark balance and after confirmation that the required credentials have been received to transfer the domain name to the District, to pay the outstanding remaining balance.

Upon motion by Director Lucas, seconded by Director Botts and unanimously carried, the Board authorized the President to sign the Memorandum of Understanding with Inframark.

- d) Possible Cell Phone Tower: No update.
- e) Action With Respect To Other Legal And Administrative Matters: The Board would like to request that Texas Community Propane pay one-third of the cost for a


new gate and main gate at the WWTP site. These two gates are used by MOC and Sunscape as well. The Board would like a swing gate there and requested that MOC put in a better gate. Mr. Wright reminded the Board that there are two other gates that are not used that often and recommended security measure for those gates. In addition, the Board requested that MOC do fence perimeter checks periodically.

8. Executive Session: Upon motion by Director Robison, seconded by Director Botts and unanimously carried, the Board adjourned to executive session at 4:55 p.m. to consult with legal counsel regarding Items 4(f) and 7(b) on the posted meeting notice. The Board reconvened at 5:17 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 approved proceeding with the security measures recommended by MOC with a cost totaling approximately \$148,638 (\$123,000 plus a 20% contingency fee), contingent upon HCWCID No. 2's approval of such security measures at their next Board Meeting. Such security measures were identified in the MOC report.

9. Water Supply Agreements: No update.
10. District Calendar and Schedule: The Board's next meeting is tentatively scheduled for February 10th for a special meeting to review the audit and February 13, 2025 for the regular Board Meeting.
11. Adjournment. Upon motion by Director Lucas seconded by Director Botts and unanimously carried, the Board adjourned until further call.

APPROVED AND ADOPTED on the 13^h day of February 2025.


Daniel Robison, Secretary

(DISTRICT SEAL)

