

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 February 13, 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 except Director Lucas. Also present at the meeting were Matt Kutac of the Law Offices of Matthew B. Kutac, PLLC, Vicki Hahn, paralegal with Winstead PC, Chris Lane of Samco Capital, the District’s Financial Advisor, 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, and Jesse Trevino and Greg Alford of Sunscape Landscaping, the District’s landscape and irrigation contractor. Allen Douthitt of Bott & Douthitt, the District’s Bookkeeper attended the meeting by telephone. In addition, members of the public included Walter Almon.

1. Public Comment: The Board called for public comment. Mr. Almon was recognized and noted that he is interested in being on the Board if there is an opening and that he believes he is qualified as he is a licensed Mechanical Engineer and is familiar with water and wastewater facilities.

The Board called for additional public comment. Hearing none, the Board moved to the next item on the agenda.

2. Consent Item: The Board reviewed the Minutes from the January 9, 2025 Regular Meeting and the February 10, 2025 Special Meeting.

Upon motion by Director Dally, seconded by Director Robison with Director Botts abstaining, the Board approved such Meeting Minutes.

3. Landscaping Report:

- a) Landscaping Report:

Mr. Trevino reviewed the landscaping report with the Board. Mr. Trevino mentioned that we are expecting a freeze next week so there is not much growth. Mr. Trevino went on to review the projects that were completed by Sunscape in January.

Let the record reflect that Director Lucas arrived.

Director Lucas noted that the flowers are not looking good. Mr. Trevino acknowledged that and mentioned that Sunscape may amend the soil next time to see if that helps because he also noticed that the Snapdragons did not pop at all.

- 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.

Mr. Wright mentioned that the Active Adult Apartments initially worked with Inframark on impact fees. However, the WTCPUA has increased impact fees since Active Adult was provided with an initial estimate. As a result, there appears to be a discrepancy in that amount and the amount the District must pay the WTCPUA under its most recently adopted impact fee schedule. Mr. Douthitt stated that the difference is approximately \$40,000. He noted that if the fees change prior to hook up, the customer is responsible for paying the current fee. MOC sent the Apartments an invoice for \$40,000 because the District has to pay that amount to the WTCPUA as a pass-through. Mr. Wright noted that Active Adult has requested a payment plan. Per MOC, they can put the payment plan on the water bill. The Board discussed the time period for a payment plan. Mr. Douthitt recommended that it be paid as soon as possible since the District has to pay the full amount now. Mr. Kutac suggested a separate agreement for the payment plan to have Active Adult acknowledge that the charges will go on their water bill each month, and if they do not make the payments, service will be disconnected.

Upon motion by Director Lucas, seconded by Director Robison and unanimously carried, the Board authorized MOC to include the charges on the water bill, to be

split over six months. In addition, the Board authorized Mr. Douthitt to pay the full amount of the discrepancy to the WTCPUA at this time.

Mr. Wright reviewed quotes from K-3BMi and WWTS for basin cleaning and mentioned that both prices were similar. He recommends using whichever vendor can put it on their schedule first. The total cost would be approximately \$50,000. When asked how long it will take to clean the basin, Mr. Wright replied that he is hoping the contractor can complete in two days. Mr. Kutac asked MOC to discuss this cost with HCWCID No. 2 as well.

Upon motion by Director Kelly, seconded by Director Botts and unanimously carried, the Board authorized the District's Operator to proceed with the most advantageous bid for basin cleaning based on timing.

With respect to the drainage pond, 35 reirrigation heads were replaced after the last big rain event. Most of them were at the commercial pond.

Mr. Wright mentioned that he received a quote from Freedom Enterprises for a generator for the Belterra Centre. The quote to install is for \$35,000. Mr. Wright asked for a second proposal but he received the same price. While a dedicated generator is not a necessity, it would be beneficial to be able to answer District phone calls during a power outage. Mr. Wright then noted that MOC could provide generator on an as-needed basis to run most, if not all of the building. He just needs a connection. A connection would probably cost a couple of thousand dollars.

Upon motion by Director Robison, seconded by Director Dally and unanimously carried, the Board authorized MOC to have a generator connection installed at a cost not to exceed \$5,000.

Ms. Wright mentioned that there was an issue with a culvert and obscene graffiti written on it. She has asked Sergeant Mayes with the Sheriff's Department to ask the patrols to keep an eye on the culvert. The Board asked if they could put rebar over the culvert, but it was noted that the rebar would capture debris and it could potentially cause maintenance issues. The Board then determined to let Sergeant Mayes handle it.

Ms. Wright mentioned that a resident has requested the right to add a name plate (in memory of a loved one) on the bench directly across from the Belterra Springs Apartments. The Board discussed that there have been previous requests and they have declined those requests because the District would not be able to accommodate all of the requests they could potentially receive. There are also questions about who would be responsible for maintaining the nameplates and benches. The Board determined not to grant this request.

Ms. Wright mentioned that the tablets that the Directors have are very old and the software cannot be updated. The Board discussed getting new tablets. The buy back for the old tablet is approximately \$50 and to buy a new tablet is approximately \$440.

Mr. Kutac mentioned that the tablets are District property and would have to be declared a surplus before the District can dispose of it. It was noted that the District could return the tablets to the Apple Store. Mr. Kutac then noted that he would recommend against the Directors buying the old tablets to avoid the appearance of impropriety.

Upon motion by Director Botts, seconded by Director Lucas and opposed by Director Robison, the Board authorized MOC to purchase 5 new tablets for the Board. Director Robison noted that his objection is that he does not like Apple tablet and would prefer Android.

Upon motion by Director Lucas, seconded by Director Botts and unanimously carried, the Board authorized the District's attorney to draft a Resolution Declaring the iPad tablets a surplus.

Ms. Wright asked about paint colors with respect to the previous authorization to paint the Belterra Centre. The Board confirmed that it would like to use paint colors consistent with the other areas within the community.

Ms. Wright then reviewed multiple Sunscape Proposals. Director Kelly mentioned that the Parks Committee has put flags in the median on Belterra Drive where they would like to plant approximately 25 trees. The Parks Committee wants to make a presentation at next month's meeting with respect to this plan to plant trees in the median. They have spoken to Sunscape and Moon Valley. Director Lucas asked what is giving rise to the idea to add trees. Director Kelly noted that it is for aesthetic improvement of the right-of-way. Director Robison stated that he thinks that 25 trees may be too many. He would like the District's engineer to determine how much reclaimed water irrigation is in the area and discussed the location where the Parks Committee would like to plant the trees. Mr. Kutac noted that HCWCID No. 2 had requested a Joint Parks Committee meeting regarding common areas and asked if the District would be interested in a Joint Parks Committee meeting. Director Botts requested that this item be tabled until the next meeting. The Board asked that a Joint Infrastructure and Joint Parks Committee meeting be set to let both committees address this item. After they have addressed, they would then take the item to the Finance Committee for consideration due to the expense of adding reclaimed water irrigation.

Ms. Wright then discussed Sunscape's proposal to remove the Chinaberry tree growing in the retention pond located across from Lexington Dr., along Trinity Hills.

Upon motion by Director Dally, seconded by Director Botts and unanimously carried, the Board approved Sunscape Proposal No. 30688 to remove the Chinaberry Tree growing in the Retention Pond for \$608.13, Sunscape Proposal No. 30449 to install 6 inches of Kiddie Mulch at the Drury Lane Park for \$6,928.37 and Sunscape Proposal No. 30687 to remove the Willow Trees growing in the waterway at Trinity Hills Drive and Littleton Dr. for \$1900.40.

With respect to the canopy work, Mr. Kutac mentioned that he believes the canopy work is included in Sunscape's contract. If it is Pecan Park, then the contract states that an 8' canopy has to be maintained.

It was also mentioned that MOC will meet with Mr. Trevino to check Sunscape's landscaping contract to see if clearing the fence line is included.

With respect to e-Bikes, the Customer Care committee is meeting to discuss the issue the 1st week of March. The Board is concerned that someone walking or running will get hit by a heavy eBike in a blind sight area. Mr. Kutac noted that if there is a problem with eBikes in pedestrian areas, it could potentially be a safety issue and a potential liability for the District. Ms. Lane noted that the City of Dripping Springs has banned eBikes from two of its parks and she believes that they limited the speed limit for eBikes. She also mentioned that, when making this decision, the City Council discussed pedal and pedal assist eBikes. Mr. Kutac stated that he could look into a potential alternative interpretations of the statute, but that enforcement might be difficult from a practical standpoint. The Board then discussed banning eBikes in common areas and other real property owned by the District. The Board ultimately determined to table the issue for now and have the District's attorney and Sergeant Mayes come up with some ideas. It was also suggested that something be added to the newsletter asking the eBike riders to be courteous to the pedestrians in the District. When asked if this was a big issue, Ms. Wright replied that MOC has received a lot of complaints from residents about eBikes. Ms. Wright also mentioned that there are a lot of people commenting on Facebook about the eBikes.

Upon motion by Director Lucas seconded by Director Botts 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.

The Board discussed that the survey with respect to low water pressure was sent to the customers via e-mail and it was posted on the District's website. A total of 118 responses were received for both Districts. It was noted that less than 10% of the customers responded, 66% of the responses were from HCWCID No. 2's residents and 33% were from the District. Both Districts had customers that reported water pressure issues. The District does not know if the commercial customers have low water pressure issues because they were not surveyed. The Board reviewed a chart that the District's engineer prepared the most likely areas of low pressure based on modeling, as well as the low water pressure issues that were reported by the survey. Responding customers stated that they had moderate, severe or noticeable low pressure issues and some reported losing water completely. The Board then discussed proceeding with the proposed water tank design, noting that there are still a lot of questions to be resolved. The Board would like to ensure that the District coordinate with the with the WTCPUA with respect to filling the tank. Ms. Barzilla noted that she does not believe the WTCPUA is against the District having a water tank. Mr. Kutac noted that before proceeding with the potential water tank, a lot of coordination with the WTCPUA would be

needed to ensure that they have no operational issues with filling the water tank or amending the WTCPUA contract with respect to the delivery point, etc. It was noted that even if the District does not proceed with constructing the water tank now, they would already have the design plan in place if they decide to build in the future. It was also noted that coordination between the District and HCWCID No. 2 will also be required with respect costs, responsibility and administration. With respect to the loss of some of the 210 irrigation area if a water tank is constructed, it was noted that the school has reclaimed water irrigation lines that they are not using. The Board discussed that it might be possible to ask the school to use their reclaimed water irrigation area in exchange for irrigating and maintaining that area. It would save the District money if it proceeds with constructing the water tank because the District would not need to install as much new 210 irrigation area.

Upon motion by Director Lucas, seconded by Director Dally and unanimously carried, the Board authorized the District's engineer to move forward on the design phase of the proposed water tank.

Upon motion by Director Dally, seconded by Director Botts and unanimously carried, the Board authorized the President of HCWCID No. 2 to approach the school district about converting their irrigation system to a District system.

With respect to the non-functioning air release valve at the ESD, Ms. Barzilla noted that MOC will be replacing it.

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

6. Financial Report: Mr. Douthitt reviewed the February 13, 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, Bond Payments, Budgets and other financial reporting.

In addition, Mr. Douthitt noted that the District received two checks from FEMA, one for \$207,000 and another for \$24,000, both related to reimbursement for storm debris cleanup costs. He will review to see if any of the money is owed to HCWCID No. 2 for shared costs.

Upon a motion by Director Dally, seconded by Director Lucas, the Board approved the Accounting Report and the related disbursements, transfers and bond payments.

7. Administrative, Legal and New Business:

- a) Property Acquisition – Tract 1 and Tract 2: The final offer letters have been sent out. Mr. Kutac told the Board to expect to have a condemnation hearing in probably April or May.
- b) Kubota Warranty Claim: Mr. Kutac will update in Executive Session.

- c) Website: Mr. Kutac noted that hopefully, this item can come off the Agenda for next month. The Memorandum of Understanding is ready for HCWCID No. 1 and HCWCID No. 2 to sign. Inframark can now access the GoDaddy account and all that is needed is for Mr. Douthitt to verify the invoices and amounts payable. Mr. Douthitt replied that he has not been able to verify the amounts because he asked Inframark to clarify but has not heard from them. Mr. Douthitt also mentioned that there were a couple of invoices dated 2024 which is after Inframark was no longer working for the district.
- d) Possible Cell Phone Tower: The company has selected another site for the cell phone tower and will not continue to pursue a site in the District.
- e) Travel Expense Policy: Mr. Kutac explained that the daily amount for meals and incidentals under the existing travel policy has not been updated in many years. Ms. Hahn looked up the current rate on the GSA, which is \$80 per day.

Upon motion by Director Botts, seconded by Director Kelly and unanimously carried, the Board approved the Order Adopting the Updated Code of Ethics, Travel Expense Policy, which increases the travel expenses to \$80 per day. In addition, the Board asked that the Travel Expense Policy be reviewed on an annual basis.

- f) B&N Increase: The Board discussed the proposed increase in engineering rates. Director Lucas reminded the Board that the Finance Committee met with Ms. Barzilla and Mr. Callegari to review the rates. Director Lucas also spoke to Mr. Douthitt and asked if the rates were comparable to the other districts that he works with and he confirmed that the rates B&N is recommending is reasonable. Their rates are following inflation. Mr. Kutac mentioned that the original Engineering Agreement was executed in 2010 and when it was negotiated, the District allowed a limit on liability. Mr. Kutac does not like would not ordinarily recommend including a limitation of liability for the District, but given the long-standing relationship between the District and B&N, he spoke to B&N about increasing the limit. The new liability limit for Task Orders for services under \$50,000 is \$150,000 and for services over \$150,000, the liability is the greater of \$1.5 million or three times the fees paid under the Task Order.

Upon motion by Director Lucas, seconded by Director Dally and unanimously carried, the Board approved the Amendment to the 2010 Engineering Services Agreement and authorized signature.

- g) Record Retention: Mr. Kutac mentioned that he moved offices and has old draft documents and notes. The Board discussed how long the records needed to be retained. They requested that the documents be shredded if they were past the retention date.
- h) Re-Election of Officers: In light of Director Bott's intentions to move in the coming months, he thought it would be a good time to step down as President. The Board discussed who should replace Director Botts as President.

Upon motion by Director Lucas, seconded by Director Kelly and unanimously carried, the Board elected Director Dally as President, Director Lucas as Treasurer and for the remainder of his term, and Director Botts as Assistant Secretary.

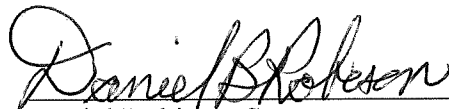
8. Executive Session: The Board adjourned to executive session at 6:04 p.m. to consult with legal counsel regarding Items 7(b), 7(c) and 7(d) on the posted meeting notice. The Board reconvened at 6:19 p.m. and it was noted that no action was taken during executive session.

Upon motion by Director Botts, seconded by Director Dally and unanimously carried, the Board authorized Dennis Lozano to have access to the Bird Nest program in connection with his review of the potential warranty claim related to the Kubota membranes.

Upon motion by Director Botts, seconded by Director Lucas and unanimously carried, the Board authorized the District's attorney to negotiate any disputed amounts with Inframark based on Mr. Douthitt's review of the invoices.

9. Water Supply Agreements: No update.
10. District Calendar and Schedule: The Board's next meeting is tentatively scheduled for March 13th.
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 13th day of March 2025.


Daniel Robison, Secretary

(DISTRICT SEAL)

