

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 August 8, 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, Vicki Hahn, 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, Chris Lane of Samco Capital, the District’s financial advisor and Jesse Trevino of Sunscape Landscaping, the District’s landscapers. Allen Douthitt of Bott & Douthitt, the District’s Bookkeeper attended the meeting by telephone. In addition, Brandy Dorris, a resident in the District and Marsha Hove of the Belterra Community Association (“BCA”) also attended the meeting.

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

Ms. Hove informed the Board that the BCA is moving forward with the pickle ball court and requested that the Board give the BCA a signed document stating that the District has approved the pickle ball court. Mr. Kutac clarified that the District issued a variance to the BCA waiving the requirement that the BCA go through the District’s approval process for the pickle ball court, they did not give approval. Ms. Wright provided a copy of the approved variance to Ms. Hove.

2. Consent Item: The Board reviewed the Minutes of the July 11, 2024 Regular Meeting.

Upon motion by Director Robison, seconded by Director Botts, with Director Lucas abstaining since he was not present at the July 11th Board Meeting, the Board approved the Board Minutes.

3. Landscaping Report:

- a) Landscaping Report:

Mr. Trevino reviewed the landscaping report with the Board. Mr. Trevino noted that he has submitted two Sunscape proposals. One proposal is for lifting the tree canopy in Pecan Park up to 8' to 12' because it is hanging low over the playscape. The second proposal is for a clogged culvert near Dorset Park. It is approximately \$4,000 for both proposals. Director Botts noted that he is concerned with the budget and mentioned the costs that the District has incurred in repairing the WWTP. Mr. Wright then noted that there are repairs needed to the irrigation system as a result of the membranes that recently had to be replaced at the WWTP, and that many irrigation heads will need to be replaced. He has asked Sunscape to inspect and repair the irrigation heads, on time and materials, so that the 210-irrigation system is running smoothly. He noted that the District has sufficient drip and spray irrigation capacity available while the repairs are underway. Director Kelly stated that he feels lifting the canopy on the trees can wait, but the culvert needs to be unclogged.

Upon motion by Director Botts, seconded by Director Dally and unanimously carried, the Board approved Sunscape's Proposal Number 30456 for \$1,520.32 to clean-out the culvert near Dorset Park.

The Board then discussed weed control and the wording in Sunscape's contract with respect to weeds. The Board noted that there was still Johnson grass and daisies. Director Kelly stated that it is not possible to get rid of all of the Johnson grass. Mr. Trevino clarified that the contract says weed control not weed free. The pre-emergent and post-emergent is broad-leaf control product and does not cover all weeds. The Board asked Mr. Trevino to speak with Mr. Seger about weed control and having a weed control method to cover all weeds.

- b) Action Items/Landscaping:

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

4. Management and Operations Items:

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

Mr. Wright mentioned that the membranes are all installed and the WWTP is running exactly as it should be with the exception of the 5.25 million gallon tank which needs to be cleaned. Mr. Wright discussed that there are three options for removing effluent prior to getting the tank cleaned out. Although the effluent is already treated, Mr. Wright suggests secondary treatment until the tank has been cleaned. The first option is that they can run the effluent through the WWTP. However, he would prefer not to do that because he does not want to overwhelm the membranes. The second option is pumping and hauling which would cost approximately 8 cents a gallon and would be pretty expensive considering that 4 million gallons needs to be pumped and hauled. The third option is to use a third party portable treatment plant. MMBR has a portable wastewater treatment plant on a trailer and they can treat the effluent with the portable tank and then send it to the District's disposal system. He would recommend the third option. The Board inquired as to whether the irrigation heads need to be repaired in all 210 irrigation areas before the water can be sprayed through it. Mr. Wright noted that Sunscape is already working on repairing the heads, using contract rates. The Board and Mr. Wright estimated that it will take approximately 4 months to drain the tank using a portable wastewater treatment plan. Mr. Kutac noted that the purpose of the tank is to provide effluent storage and reduce the possibility of discharge under permit conditions. He further explained that if the tank is not emptied and cleaned prior to the first hard freeze, the District might be required to discharge. He recommends that the District review the tank level in two months, and if the project is not on track, consider supplementing removal of the wastewater by pumping and hauling.

Upon motion by Director Botts, seconded by Director Kelly and unanimously carried, the Board authorized MOC to enter a contract with MMBR to utilize their temporary membrane plant at a cost not to exceed \$100,000. If \$100,000 is not a realistic amount, the Board instructed that MOC stop the project and return to the Board for additional review and discussion. In addition, the Board asked that MOC bring a progress report to the Board in two months.

The Board returned to discussing repair of the irrigation heads repaired on the 210 irrigation and discussed how much treated effluent can currently be utilized in the drip fields. Mr. Wright mentioned that MOC can irrigate approximately 100,000 gallons of treated effluent per day onto the drip fields. Their plan is to use the Drip Fields. Mr. Kutac stated that he would prefer that the Board approve a "not to exceed" amount for Sunscape to repair the irrigation heads.

Upon motion by Director Botts, seconded by Director Kelly and unanimously carried, the Board authorized Sunscape to proceed with repairing the 210 irrigation heads on a time and materials basis at a cost not to exceed \$25,000.

Mr. Wright then mentioned that the District received a letter from the Texas Department of Public Safety expressing their concerns regarding potential cyberattacks targeting public infrastructure. Mr. Wright received a proposal for \$6,000 from Clarity Consulting Corporation ("Clarity") for a Cyber Security & Operational Assessment. Mr. Kutac asked if Clarity does penetration testing to identify material vulnerabilities. Mr. Wright responded that they do and that they use a proprietary system.

Upon motion by Director Botts, seconded by Director Kelly and unanimously calTied, the Board approved Clarity's proposal.

With respect to the proposal from Fun Abounds for installation of the canopy in the park, Mr. Wright noted that the price to install the canopy has increased to \$10,850 because, due to the trees, Fun Abounds cannot get a drill rig in to drill the holes. Mr. Wright noted that the only other option would be to use 5.5'x 5.5' spread footers that go 4' into the ground which increased the price substantially. The Board asked why Fun Abounds cannot use an auger and Mr. Wright replied that it is because of the rock. The Board then discussed options for the canopy if they decide not to approve the increase in price. The options included using the canopy somewhere else in the District, moving the Playscape, etc. The Board determined that none of the additional options were viable.

Upon motion by Director Lucas, seconded by Director Dally and unanimously calTied, the Board requested that MOC attempt to negotiate the price downward but ultimately, if MOC cannot get the price reduced, the Board approved the additional cost of not to exceed \$10,850.00 to install the canopy.

Ms. Wright then mentioned that a resident on TolTington has received a second fine for violation of the drought contingency plan.

With respect to the 290 expansion, Ms. Wright noted that she received a call from Kat at the BCA asking if the District has a committee that could work with them to discuss the consequences of the expansion on the District. The Board then discussed creating a committee to work with the BCA. Mr. Kutac stated that Director Bethke from HCWCID No. 2 Board has expressed interest in the proposed 290 expansion and recommends that the District approach her about meeting with the BCA regarding the 290 expansion.

Mr. Wright also mentioned that Brandi from the Belterra Springs Apartments called and asked if they could get a 30 days extension to pay the fine because she would like her boss, who will be here next month, to attend the Board meeting to address the matter.

Upon motion by Director Lucas, seconded by Director Dally and unanimously calTied, the Board authorized a 30-day extension.

Ms. Wright also noted that with respect to the alarm, they are still waiting on one part but everything else in the BelteITa Centre has been completed.

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

5. 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.

With respect to the Lot 1B-2 Urgent Care, Ms. Barzilla noted, in the engineering report, she was asking for final acceptance of the Lot 1B-2 Urgent Care. Unfortunately, the Urgent

Care has not completed all the requirements, so Ms. Barzilla is asking for conditional approval. In order to complete the project, the Urgent Care has to complete the punch list items, supply a Maintenance Bond, sign Reclaimed Water Service Agreements, and MOC needs to verify that they have paid all of the fees due.

Upon motion by Director Botts seconded by Director Kelly and unanimously carried, the Board gave conditional approve for the Lot 1B-2 Urgent Care subject to their completion of the items listed above.

Mr. Kutac reiterated that the Urgent Care still needs to sign the Reclaimed Water Service Agreement before they are connected to the system.

Upon motion by Director Kelly, seconded by Director Botts and unanimously carried, the Board authorized execution of a Reclaimed Water Service Agreement a maximum capacity of 6,500 gallons per day for Lot 1B-2 Urgent Care.

With respect to Trail Improvements, Ms. Barzilla reviewed the schematics of three culverts that have erosion on the downside. Ms. Barzilla noted that Sunscope provided Proposal No. 30461 to address the issues. The Sunscope Proposal details the following:

Culvert	Price	Scope of Work
Culvert No. 4	\$12,800.44	Removing existing RipRap, install proposed RipRap, reinstall existing RipRap per plan and install 63 square yards of 12" RipRap on filler fabric
Culvert No. 5	\$10,699.07	Removing existing RipRap, install proposed RipRap, reinstall existing RipRap per plan and install 43 square yards of 12" RipRap on filler fabric
Culvert No. 7	\$8,824.20	Removing existing RipRap, install proposed RipRap, reinstall existing RipRap per plan and install 25 square yards of 12" RipRap on filler fabric

The Board discussed how long the original RipRap lasted and how long it will last based on weather conditions. Ms. Barzilla responded that that the lifespan of the RipRap depends on the weather conditions and the size and placement of the RipRap. Director Botts asked if the culvert was unsafe to use. Ms. Barzilla responded that the culvert is safe but erosion occurs, the sidewalks and culvert could fail. The Board then discussed whether sufficient funds were in the budget to cover the project. Ms. Barzilla informed the Board that the engineering fees would show up in the FYE 2024 budget, but the construction costs would show up in the FYE 2025 budget because work would not begin until after October 1.

Upon motion by Director Kelly, seconded by Director Robison and unanimously carried, the Board approved the District's engineer to work with Sunscope and approved Sunscope Proposal No. 30461 to repair and upgrade the three culverts for \$32,323.71. In addition, the Board authorized the engineering fees for the District's engineer to work with Sunscope on this project.

With respect to the additional water infrastructure, Ms. Barzilla informed the Board that the Directors for HCWCID No. 2 requested that she put together a list of pros and cons to help them understand the impact of the proposed improvements. Ms. Barzilla noted that as water flows through the pipes, pressure decreases the further away you get from the water source even if you are at the same elevation. She then reviewed a water model pressure table pointing out the number of residential and commercial businesses in the District that could experience decreased pressure issues based upon the pressure delivered by the WTCPUA. The Board expressed frustration that the WTCPUA has not improved the water pressure it delivers to the District. Mr. Kutac stated that the WTCPUA is responsible for providing water at a pressure of 35 psi under the service agreement with the District under normal operating conditions, and that the WTCPUA's notifications typically reference high irrigation demand as the reason for low pressure. He recommended that, as the retail service provider, the District should look at all options. The Board requested that Ms. Barzilla also look into a possible in-line booster pump solution and she confirmed that she will do that and let the Board know her findings. Ms. Barzilla noted that she is close to reaching the not to exceed cost on her Task Order.

Upon motion by Director Botts, seconded by Director Robison and unanimously carried, the Board authorized an additional \$2,000 for the District's engineer to explore the in-line booster pump transmission option.

With respect to the Xeriscaping policy, Director Botts mentioned that at the last meeting, they spoke to Mr. Kutac about sending a letter to the BCA to request that they not authorize any additional xeriscaping due to potential impacts on District facilities. He also noted that HCWCID No. 2 had not authorized sending the letter on its behalf. Mr. Kutac stated that he has drafted the letter but he has not sent it yet. Ms. Barzilla stated that she has not been able to get any data with respect to xeriscaping and impervious cover. Mr. Kutac reminded the Board that the requirements for impervious cover are in the Development Agreement between the District and the City of Dripping Springs. Ms. Barzilla will call her office in Arizona to see if they have any data with respect to xeriscaping and impervious cover but she is not sure whether sufficient data exists. Mr. Kutac would recommend that if Ms. Barzilla cannot find sufficient data to form a conclusion that the District send a letter to the BCA stating that due to insufficient data on the potential impacts to District facilities, the District is unable to support changes to the existing policies.

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

6. Financial Report: Mr. Douthitt reviewed the August 8, 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. Mr. Douthitt also mentioned that he is still working on the draft budget for the upcoming fiscal year and will present it once he has received further input on anticipated projects and expenses.

- a) Approval of Accounting Report: Upon a motion by Director Dally, seconded by Director Lucas, the Board approved the Accounting Report and the related disbursements, transfers and additional wire to MMBR for the membrane work.
- b) Certified Tax Rolls: The Board acknowledged receipt of the 2024 certified tax rolls from the Hays Central Appraisal District.
- c) Financial Advisor Presentation on Certified Tax Rolls: Ms. Lane of Samco presented the certified 2024 tax data from Hays Central Appraisal District and reviewed the tax rate summary worksheet and recommendation on proposed tax rate. During her presentation, she noted that the District has a solid reserve. She mentioned that there is some confusion at the Texas Comptroller's Office with respect to the unused increment and how it is calculated in the TNT Worksheet, but the District is not expected to use the unused increment so it should not be a concern for the District. The Comptroller's Office may revise the TNT Worksheet next year. Director Dally mentioned that the District is having a debt roll-off every year noting that Ms. Lane has not increased her fee in years and she is doing a lot of good work for \$2,500 a year. He would like to recommend that the District increase her fee.
- d) Proposed Notice on Public Hearing to Set Tax Rate: The Board reviewed the draft Water District Notice of Public Hearing on Tax Rate and noted that even if the Board approves posting the Notice at the maximum rate, it can still lower the rate after it determines its Budget for fiscal year end 2024.

Upon motion by Director Lucas, seconded by Director Dally and unanimously carried, the Board approved publishing the Notice of Public Hearing with the maximum tax amount of \$0.6999.

7. Administrative, Legal and New Business:

- a) Property Acquisition: Mr. Kutac noted Sheets & Crossfield are moving forward and will attempt to notify the prior Board members that the District is planning to exercise its eminent domain authority to acquire the original director lots within the District and HCWCID No. 2 for wastewater operations and irrigation purposes.
- b) Kubota Warranty Claim: Mr. Kutac reviewed Kubota's product warranty denial letter with the Board.
- c) Solid Waste Disposal: Mr. Kutac passed along HCWCID No. 2's desire to stay with Texas Disposal Systems ("TDS"). Mr. Kutac reminded the Board that TDS agreed to change their proposed 4% rate increase to 3% and increase the number of bags or bundles that are allowed for pick up to 3 instead of 2. Director Botts recommended that the District stay with TDS as well. The length of the new contract with TDS is proposed to be for five years.

Upon motion by Director Botts, seconded by Director Robison and unanimously carried, the Board authorized negotiation and execution of the contract with TDS,

subject to the approval of the terms by the District's legal counsel.

- d) Stage 1 of the DCP: Mr. Kutac explained to the Board that during Stage 1, residents in the District are not allowed to pressure wash and it has been suggested that the Board grant a variance.

Upon motion by Director Botts, seconded by Director Dally and unanimously carried, the Board approved a variance for Stage 1 to allow pressure washing contingent upon HCWCID No. 2 approval of the same variance.

- e) Additional legal matter: The Board requested that Mr. Kutac speak with Mr. Barrett and request that he lobby on behalf of the District to increase the yearly per diem maximum because when the legislature passed an increase for the meeting per diem last session, they did not increase the yearly per diem maximum. Mr. Kutac stated that he would speak to Mr. Barrett, but he was unsure whether Mr. Barrett would be lobbying during the upcoming legislative session.
8. District Calendar and Schedule: The Board's next meeting is tentatively scheduled for September 12, 2024.
9. Adjournment. Upon motion by Director Lucas seconded by Director Botts and unanimously carried, the Board adjourned until further call.

APPROVED AND ADOPTED on the 12th day of September 2024.


Daniel Robison, Secretary

(DISTRICT SEAL)

