

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 special 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 29, 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 except Director Lucas who arrived shortly after the meeting started. 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. 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.

Let the record reflect that Director Lucas arrived at the meeting at 4:03 p.m.

2. Proposed FYE 2025 Budget: The Board reviewed and discussed the proposed budget.

Mr. Wright discussed potentially adding enzyme treatment costs to the proposed budget. The enzymes would be a preventative maintenance measure and help control odor at the

WWTP. He noted that the cost would be a set-up fee of \$2,200 per Lift Station (there are 7 Lift Stations) and then \$13,000 a month for chemicals for all 7 Lift Stations. Director Botts noted that there is no contract and the District can cancel at any time if they find the enzyme treatments are not working. Mr. Wright noted that quite a few districts in Houston are using the enzyme treatments and that it should help keep Lift Station maintenance down and may benefit the membranes at the WWTP. The Board discussed that the enzymes are organic and will not hurt the membranes. It was also noted that this is a shared cost with HCWCID No. 2.

The Board decided to remove \$20,000 for manhole recoating because it has been in there for a while, and they do not believe they need it in the budget anymore.

The Board then discussed costs for pond cleaning and which pond to clean first. Mr. Wright stated that his preference would be to clean the Pecan Park wet pond first. The Board asked to add \$100,000 to the budget to clean out the Pecan Park wet pond.

With respect to sidewalks, Ms. Wright noted that MOC has started repairing the sidewalks in stages based on priority. After this year, the cost can probably go back to the standard \$3,000.

With respect to the cost for the wildflowers, the Parks Committee is not committed to keeping the wildflower costs in the budget. They are not sure if the cost is worth it. They feel that the weeds are higher than the wildflowers so you cannot see the wildflowers. The Parks Committee is meeting with the wildflower expert in two weeks and will decide if it is worthwhile after they meet with the expert.

The Board then discussed the Park Master Plan budget. Director Lucas stated that the money in the Park Master Plan was for standardizing the monuments, which was recently proposed by Sunscape, and he would prefer to leave that money in the budget. Director Kelly mentioned that he would like to have the playscapes, seats, tables, etc. in the parks pressure washed this year because they have not been cleaned in several years. The Board determined to add \$11,000 for pressure washing in the 4 parks and would like it added as a yearly expense.

With respect to the Belterra Centre, Ms. Wright reminded the Board that they had mentioned carpeting the Belterra Centre at one point. The Board does not want carpet but asked Ms. Wright to get an estimate on adding more sound proofing to the walls in the conference room and adding that cost into the budget.

The Board discussed setting aside money each year for membrane maintenance since that is very expensive. The District would like to have money in the budget to make membrane repairs when they need to be replaced.

The Board decided to remove the Effluent Hydrant fees because that project is complete.

Mr. Douthitt noted that there is no money set aside in the proposed budget for the water tank project if the District proceeds with that project.

Let the record reflect that Director Kelly temporarily left the meeting at 5:03 p.m.

The Board asked Mr. Kutac to ask Mr. Barrett to help them with a legislative issue this year. Mr. Kutac explained that Mr. Barrett may not provide legislative lobbying services this year. The Board then discussed reducing the retainer for Mr. Barrett if he is not planning on providing legislative services this year. Mr. Kutac mentioned that the District Mr. Barrett's services for the District have more recently focused on state agency and regulatory matters, and that though he might not be participating in the legislative session as a lobbyist, he may still be working on legislative matters with other lobbyists. . The Board requested that Mr. Kutac ask Mr. Barrett to attend an upcoming meeting to discuss the matter.

With respect to engineering fees, Ms. Barzilla mentioned that B&N has not adjusted the engineering fees in a long time. The Board elected to change the engineering fees to \$60,000 in the draft budget.

Let the record reflect that Director Kelly returned to the meeting at 5:24 p.m.

The Board then discussed that the coating on the EQ Basin is peeling in sheets and asked if Mr. Wright would prefer to use concrete. Mr. Wright stated that he would like to have a proper basin because it will help with odor control.

Director Dally then discussed the tax rate and the effect it would have on the budget. If the the District sets the tax rate at the maximum rate, it would be an increase of approximately \$129 per average home. He noted that the District has approximately \$800,000 in debt that is rolling off and the District may not need to assess the maximum rate.

3. With respect to the budget for the for the water tank system, Ms. Barzilla has a Task Order to discuss. She explained that the water tank system would need a geotechnical engineer, a structural engineer and an electrical engineer. Ms. Barzilla is not sure what the exact costs will be, but she has used very conservative numbers. She estimates that the water tank improvements will cost approximately \$581,000 engineering design fees and \$257,000 for construction phase services. She also asked to include an hourly rate because she would need to coordinate with the WTCPUA outside of the typical permit process and has no way to know how many meetings would be needed. She believes total costs for engineering would be approximately \$838,000 plus the hourly fees. The Board then discussed that last week, many residents and customers did not have water and some had pressure issues. The Board then discussed whether it should approve that full \$581,000 or if they should approve a Task Order for a not to exceed cost of \$100,000. Some of the Board members feel that with the growth in Dripping Springs, the WTCPUA will continue to have water supply problems and the District will eventually need a water tank to ensure it has enough water pressure. Director Lucas has questions that he would prefer be answered before he approves the project. Director Dally would like to discuss other options. Mr. Kutac mentioned that there were 64 complaints in the District, some of which were residents and some of which were commercial. He stated that the prep school had to shut down because they did not have water. Mr. Kutac noted that the District's position is that this is a WTCPUA issue in that the District is only able to supply pressure at the level delivered by the WTCPUA. However,

customers of the District are reporting the issues to the District as they have no direct communication with the WTCPUA. It was noted that when the District first became aware of the water pressure issues and approached the WTCPUA, the WTCPUA asked if the District had proof of any complaints. After this latest decrease in water supply pressure, the District at least has a record of customer complaints. The Board returned to the Task Order for the water tank system. It was again noted that with the latest water issue, many people had water pressure issues.

4. Executive Session: Upon motion by Director Botts seconded by Director Lucas and unanimously carried, the Board adjourned to executive session at 6:21 p.m. to consult with legal counsel regarding Item 3 on the posted meeting notice. Upon motion by Director Botts, seconded by Director Lucas and unanimously carried, the Board reconvened at 6:41 p.m. and it was noted that no action was taken during executive session.
5. Adjournment. Upon motion by Director Botts seconded by Director Lucas and unanimously carried, the Board adjourned until further call.

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


Daniel Robison, Secretary

(DISTRICT SEAL)

