

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 October 10, 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, 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.

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 August 29, 2024 Special Joint Meeting and the September 12, 2024 Regular Meeting.

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

3. Landscaping Report:

a) Landscaping Report:

Mr. Trevino reviewed the landscaping report with the Board. During the report, he noted that Sunscape will begin bi-monthly mowing in November. Mr. Trevino mentioned that Sunscape mowed the Nutty Brown easement and someone is throwing grass trimmings and branches over the fence. The Board asked that Mr. Trevino give MOC the address so they can write a letter to the resident. Mr. Trevino also noted that they will work on replacing the flowers in the monuments.

b) Action Items/Landscaping:

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

Let the record reflect that Director Lucas arrived at the meeting.

4. Management and Operations:

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

The Board discussed the proposed Superall enzyme treatment for the District's lift stations. Director Botts recommends that the Board approve the use of the enzymes and mentioned that the HCWCID No. 2 committee members are recommending it to their board as well. The enzymes should save the District money by allowing MOC to reduce the wet hauls and utilize sludge boxes and dry hauls. They had stopped using the sludge boxes due to the odor they were emitting. Director Botts noted that the Superall costs would be a shared cost and he is recommending a 50/50 split with HCWCID No. 2. He is recommending a 50/50 split because HCWCID No. 1 commercial customers likely introduce more grease into the system, so even though there are more overall connections in HCWCID No. 2, it is only fair to split it equally. That would give HCWCID No. 2 about a 2 percent discount.

MOC is using the Drip Fields but Mr. Wright mentioned that Mr. Sanchez would like to fine tune their use with the contractor. Mr. Sanchez added that MOC has used every Drip Field and they are all working. He would like to do one cycle to every zone every day.

Ms. Wright stated that MOC received a letter with respect to a pool deposit return that was overlooked. Ms. Wright has made changes so that it will not happen again. She apologized for the error.

There was some damage by Fun Abounds when they installed the shade canopy in the park. Ms. Wright presented Sunscape Proposal No. 31257 for \$4,065.23 (\$800 of that for irrigation repair) to repair the damage.

Upon motion by Director Botts seconded by Director Robison and unanimously carried, the Board approved the Sunscape Proposal No. 31257.

Ms. Wright mentioned that the Parks Committee and Sunscape had recently inspected the trails. During the ride along, they discussed adding wildflowers to an empty field. However, if wildflowers are to grow, the irrigation would need to be turned off to avoid grass overtaking them. Ms. Wright wanted direction from the Board. The Board stated that they would prefer irrigation and grass. Director Botts added that if the District moves forward with the water tank project, that land would be needed for 210-irrigation.

The Board then returned to the Superall enzyme discussion. They discussed the costs of a sludge box and tankers and the potential savings if they use the enzymes on those costs as well as the savings on maintenance costs. It was noted during the discussion that the wastewater plant odor is worse when MOC uses sludge boxes.

Upon motion by Director Botts, seconded by Director Lucas and unanimously carried, the Board authorized use of the WWTP enzyme system as proposed, contingent upon (1) review and approval of a contract for the enzymes by the District's Attorney; and (2) HCWCID No. 2's approval to use the enzyme system.

Ms. Wright reviewed MOC's holiday hours. MOC will be closed for Thanksgiving on November 28th and November 29th, for Christmas on December 24th and 25th and for New Year's Day.

With respect to the AWIA report, it is in progress. MOC is working on the report.

Director Botts asked MOC if it is possible for them to manage the irrigation in the bluebonnet field (approximately 5 acres) on Wellington for a four-month period to allow the bluebonnets to grow but not over irrigate to where the bluebonnets do not grow and the field ends up all grass. Mr. Wright stated that that should not be an issue. Ms. Wright asked the Board if they wanted to add more seed to that area. The Board replied that they do not want more seed.

Director Kelly asked if MOC has heard anything regarding watering restrictions. Ms. Wright replied that they have not heard anything. The District is still in Stage 2. Mr. Kutac reminded the Board that during Stage 2 under both the WTCPUA and LCRA drought contingency plans, everyone has to turn their irrigation systems off from November through February. The Board discussed notifying the residents. Ms. Wright stated that notifying the residents would be a good idea. Director Botts requested that MOC work with the District's Attorney on wording.

Upon motion by Director Kelly seconded by Director Robison and unanimously carried, 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.

Director Botts informed the Board that he and Samantha Bethke, the President of HCWCID No. 2 had recently met with Scott Roberts, the President of the WTCPUA. Mr. Roberts told them that the WTCPUA has planned infrastructure installation in the next two years. The planned infrastructure raises the question of whether to move forward with the water tank system. Director Botts recommends moving the issue to an ad hoc committee made up of the Presidents from both HCWCID No. 1 and HCWCID No. 2 as well as a Finance Committee member from each district. Director Dally agreed to be on the ad hoc committee on behalf of the District's Finance Committee. Director Botts stated that the District's attorney informed him that if the District does not move forward with the water tank, it would probably not be feasible to finance the design costs previously authorized through a bond issuance. Ms. Barzilla mentioned that she met with the WTCPUA general manager and engineer. She confirmed that they have three projects planned that should help with the pressure issue in both Districts. Ms. Barzilla noted that the WTCPUA is planning to add an additional line along 290 within the next two to three years. The line will connect to others developments in the area, which would alleviate some of the demand on the pressure plane. Director Botts added that the WTCPUA is planning to put flow meters to monitor the pressure on the WTCPUA side of the meter, and if it does not meet the requirements, the WTCPUA would be required to correct the issue. He also noted that Mr. Roberts suggested that the District convert from a whole sale water provider to a retail water provider. The Board decided that they could discuss this suggestion at a later date. Ms. Barzilla added that the WTCPUA spoke about adding a generator at the pump station that would allow them to continue to provide water if there is a loss of power. They did not have a generator at that pump station during a recent power outage that resulted in low water pressure. The WTCPUA also talked about adding pump improvements and an additional line for the storage tank that serves the District. This led to a discussion by the Board on how long it takes to fill the WTCPUA's water tank. Director Lucas questioned whether the District should proceed with installing a very expensive water tank if the WTCPUA is working on new infrastructure that would alleviate the pressure issues in the Districts. He also noted that it appears that the WTCPUA's additional infrastructure and the District's water tank, if they proceed, would be completed around the same time.

Ms. Barzilla reviewed new water model results with the Board. The water model showed that HCWCID No. 2 has more low water pressure issues but the District is not immune. The Board asked how frequently the District is having water pressure issues. Ms. Barzilla responded that swathe model indicated potential low-pressure issues during the early mornings when everyone is waking up and irrigation systems are still working. The Board discussed that it would like to be consistent with HCWCID No. 2 on whether to proceed with the water tank project. Director Botts asked that the ad hoc committee discussed earlier vet the new information and then bring their recommendation to the Board. Mr. Kutac wants to Board to consider what happens if HCWCID No. 2 proceeds with a water tank and the District does not. Also, before moving forward, HCWCID No. 2 would need to know what size tank is needed and they cannot determine that if they do not know if the District plans to proceed as well.

With respect to the Urgent Care, Ms. Barzilla mentioned that their connection was unauthorized but they are diligently working on the punch list. MOC conducted necessary customer service and backflow preventer inspections and they passed. Mr. Kutac noted that

he would normally recommend disconnection but since it is a health care provider, he recommends giving them 10 days to correct. They asked for a grace period. Ms. Barzilla has a Task order to increase B&N's retainer for the Urgent Care plan review. She has already sent an invoice to the Urgent Care. The Board discussed what action they should take.

Upon motion by Director Lucas, seconded by Director Robison and unanimously carried, the Board approved giving the Urgent Care an additional 7-day period, until October 21, 2024, for the Urgent Care to complete the punch list and determined that they will table the discussion on a fine until the next Board meeting.

Upon motion by Director Kelly, seconded by Director Robison and unanimously carried, the Board approved B&N's Task Order No. 5 for the Urgent Care plan review.

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 October 10, 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.

- a) Approval of Accounting Report: Upon a motion by Director Kelly, seconded by Director Dally, the Board approved the Accounting Report and the related disbursements and transfers.
- b) Capital Expenditures: Mr. Kutac explained that the Board approved raising the partial assignment of fund balance for capital costs from \$3 million to \$3.5 million at last month's meeting. He just wanted the Board to acknowledge receipt of the Resolution. The Board acknowledged receipt.

7. Administrative, Legal and New Business:

- a) Amended District Information Form: Ms. Kutac reviewed the Amended District Information Form with the Board and explained that it had been amended to include the new tax rate set by the District. Upon motion by Director Dally, seconded by Director Lucas and unanimously carried, the Board approved the Amended District Information form.
- b) Property Acquisition: Mr. Kutac heard from Sheets & Crossfield's regarding their work to acquire the original director lots within the District and HCWCID No. 2 for wastewater operations and irrigation purposes. Sheets & Crossfield may need signatures from the President and may need checks signed in connection with obtaining the director lots. Mr. Kutac reviewed a Resolution authorizing certain actions and expenses related to acquisition of real property. Upon motion by Director Kelly, seconded by Director Lucas and unanimously carried, the Board approved the Resolution authorizing Director Botts sign documents and approve payments only in relation to the acquisition of the former director lots.

- c) Kubota Warranty Claim: At the last meeting, the Board authorized Lance Lackey to investigate potential claims with respect to the membrane issue. Part of that authority included engaging a consulting expert to review photographs and other materials. Mr. Kutac contacted Dennis Lozano, a professional engineer at Malone Wheeler, who has experience with membrane plants and is qualified to review materials and serve as a consulting expert on this matter. Mr. Kutac stated that he would provide a further update at a later date
- d) Inframark: Mr. Kutac mentioned that he has not heard from Inframark about paying the remaining invoices. If he hears from them, he will let them know that litigation counsel for the District has advised the District not to pay any remaining invoices until the membrane issue is resolved.
- e) Website: With respect to changing the website provider, Mr. Kutac explained that there is an issue with the domain name. When Inframark entered into the agreement with GoDaddy for the domain name, it was registered to Kristi Hester and not the District. In 2019, Inframark renewed the registration for the domain name for five years. The five years expires in July 2025. Mr. Kutac asked if Kristi Hester could help but she declined since she is no longer with Inframark. Mr. Kutac also requested permission to contact current Inframark employees to inquire about account access credentials, but Inframark was not able to locate them. Mr. Kutac has spoken directly to GoDaddy and drafted a letter regarding transfer the account to the District. However, they are unwilling to do so. Mr. Kutac noted that the District can wait until the registration expires and then attempt to obtain the domain name assuming that Inframark does not renew it. The Board discussed changing the domain to .gov or .net but noted that it would be very expensive to change all of the signs in the District. Director Lucas suggested using a new domain name to redirect traffic to the original website until this issue is resolved. Director Botts agreed to work with Sean McGillicuddy from HCWCID No. 2 on a solution and will come back to the Board.

8. Water Supply Agreements: No update.

9. District Calendar and Schedule: The Board's next meeting is tentatively scheduled for November 14, 2024.

Director Dally reminded the Board that the election is scheduled for November 5th. He also noted that the Board approved an Election Policy for use of the Belterra Centre and implemented rules for parking and signs in 2022. Director Dally asked the Board if they would like for him to represent the District at the Belterra Centre during voting hours. He noted that last year he helped with parking and to ensure that handicapped voters could park and get to the front of the line. The Board acknowledged that they would like Director Dally at the Belterra Centre on November 5th. Director Botts also agreed to help Director Dally.

10. Adjournment. Upon motion by Director Lucas seconded by Director Botts and unanimously carried, the Board adjourned until further call.

APPROVED AND ADOPTED on the 14th day of November 2024.



Daniel Robison, Secretary

(DISTRICT SEAL)