

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 November 14, 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 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. Members of the public included Rob McClelland and Walter Almon.

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

Mr. McClelland introduced himself as the Director of Business Development for BPI Partners, an environmental consulting and engineering firm. He is a resident of the District. Mr. McClelland passed out additional information on the company and explained that they provide environmental services which align with the TCEQ standards. In addition, they help Municipal Utility Districts solve any problems they may have with the TCEQ.

Let the record reflect that Director Lucas arrived.

Mr. McClelland continued noting that his company could provide recommendations for improvements to the detention ponds and could work with the District's engineer on pond issues by reviewing the original design specifications and then providing a proposal to the Board. He also noted that there is a lot of debris around the ponds. Director Botts asked Mr. McClelland to reach out to MOC and to the District's engineer. He would like to get some references for their business. Director Dally agreed that he would like to see some proposals for one or two ponds and mentioned that the pond across from the Belterra Centre will soon be scheduled for major work. It was noted that a proposal would help with determining a budget, at a minimum.

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

2. Financial Report: Mr. Douthitt reviewed the November 14, 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 Dally, seconded by Director Lucas, the Board approved the Accounting Report and the related disbursements and transfers.

3. Consent Item: The Board reviewed the Minutes from the October 10, 2024 Regular Meeting.

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

4. Landscaping Report:

- a) Landscaping Report:

Mr. Trevino reviewed the landscaping report with the Board. During the report, he noted that Sunscape completed some punch list items. Sunscape installed winter color. It is not popping the way Mr. Trevino wants so he will be keeping an eye on it. Sunscape began bi-monthly mowing at the beginning of November and applied the first treatment to the Johnson grass. They will be doing a second treatment in two weeks and will see if it worked next Spring. Mr. Trevino also mentioned that Sunscape spread winter rye in several bare areas because Bermuda grass would not have had time to germinate before spring. Mr. Trevino stated that they replaced the fence on Wellington where the fallen tree had damaged it. There is a resident that asked the District to trim a limb off near the roof of her house. Now she is asking for a Cedar tree, in the greenbelt, to be removed because it is choking out an Oak tree. Mr. Trevino looked at the Oak tree and does not think it is in danger at this time. The Board asked Mr. Trevino to relay to the resident, as per District policy, that Sunscape can remove the cedar tree. However, it will be at the resident's cost.

Mr. Trevino then noted that Sunscape has a proposed contract increase (3% for landscaping and 12% for irrigation) which is proposed to begin in January. Director Dally replied that the Finance Committee discussed the increase. Mr. Kutac noted that he does not remember a CPI increase in Sunscape's agreement. Mr. Trevino replied that the increase is proposed to help cover costs that Sunscape has incurred. With respect to irrigation, the increase is higher because he would like to increase the number of hours Arturo is working on irrigation in the District. Currently, Arturo is working in the District about 20 hours per month and Mr. Trevino would like to see that increased to 40 hours per month. Director Botts replied that if the increase is 12% for irrigation, he would like to amend the Sunscape Landscaping Agreement to reflect that Arturo will be working in the District for a minimum of 40 hours per month. The Board handed the issue over to the Finance Committee to discuss and then bring back to the Board next month.

Mr. Trevino stated that Arturo is reporting pressure issues in areas of the reclaimed water irrigation system that are at a higher elevation. Mr. Trevino and Arturo spoke to Ms. Barzilla. Two options were suggested: (i) inline booster pumps, which may be cost prohibitive because they are expensive; and (ii) changing some of the heads to low pressure heads and splitting some of the zones so instead of having 20 heads in a zone, there would be 10 heads in the zone. They are not 100% sure that the second option will work. The low-pressure issue is at the end of Sawyer Ranch Road. Per Mr. Wright, the issue is due to elevation. He could turn up the pressure at the WWTP but that could potentially cause other issues. Mr. Trevino clarified that the location is mainly down the Boulevard and Sawyer Ranch. Mr. Trevino noted that the low-pressure in that area is not a new issue. The Board requested that Mr. Trevino, Ms. Barzilla and Mr. Wright get together to work on a proposal for the different options. The Board questioned if they needed to do anything to correct the issue or if this is an issue for HCWCID No. 2 to solve. Mr. Kutac replied that HCWCID No. 2 is in charge of irrigation frequency but this is an infrastructure issue. Mr. Trevino noted that the irrigation is functional but it is not spraying as far away. The Board asked Ms. Barzilla to include this issue in her HCWCID No. 2 Engineering Report.

b) Action Items/Landscaping:

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

5. Management and Operations:

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

With respect to the Temporary Membrane Plant, Mr. Wright reviewed pictures and noted that the tank is down 10 feet. It is a slow process but it is coming along.

Mr. Wright mentioned that when he asked Superall about a contract, Superall replied that if the District is not happy with the product, there is nothing requiring them to continue to use

it, and they can cancel at any time. Mr. Kutac asked Mr. Wright whether Superall will sign a basic agreement to ensure they have insurance, state the pricing, and confirm statutory verification requirements. Mr. Wright replied that Superall would do so.

Mr. Wright stated that they have changed labs from Aqua Lab to East Texas so that they can see live results.

The Board reviewed the picture of the greenbelt trees overhanging the fence on Littleton. Director Dally reminded the Board that when he had a greenbelt tree overhanging his fence, and he had to pay for trimming the tree. Mr. Wright mentioned that MOC could remove the tree at a cost of \$1,000 to \$1,500. The Board discussed whether the tree is a potential hazard. Mr. Wright responded that it is not a hazard unless we have another ice storm and it breaks off. The Board then discussed the likelihood of another ice storm as bad as the one we had. The Board determined that if they paid to remove the tree, it would set a bad precedent. Mr. Kutac responded by reminding the Board that the District has a Tree Policy and if the District removes this tree, it would be contradictory to its own policy. The Board determined that it would not pay to remove the tree.

Ms. Wright received a quote to power wash and paint the Belterra Centre. For power washing and painting/staining the front and sides of the Belterra Centre, the cost would be \$5,000. For power washing and painting/staining the entire building, the cost would be \$10,000. Ms. Wright mentioned that the District would not need a variance to power wash because this is for repairs to the building. The Board discussed painting as opposed to staining.

Upon motion by Director Botts, seconded by Director Dally and unanimously carried, the Board authorized power washing and staining the entire exterior of the Belterra Centre for \$10,000.

Director Kelly returned to the discussion concerning reclaimed water irrigation pressure and the possibility of leaks. Per Mr. Wright, it is a balancing act to get enough pressure to the Fire Station but not enough to blow out other areas of the system. Mr. Wright believes that the right balance will be attained.

With respect to cleaning the tank when the Temporary Membrane Plant has completed emptying the tank, Mr. Wright noted that a truck will come and they will squeegee the walls. After the walls are cleaned, they will pressure wash the walls. He is hoping the tank will be empty within the next four weeks. Mr. Wright explained that they are hoping to clean the smaller tank once a year. The Board discussed algae on top of the tank. Mr. Wright mentioned that they can use a little chlorine solution, which is allowed per the TCEQ, to take care of the algae. He also noted that there is a little air compressor inside the tank which is forcing the algae to the edges of the tank. Mr. Wright will check on the price of a pontoon aerator.

With respect to election day, it went smoothly. There were no issues.

Director Lucas noted that the open lot is getting a lot of weeds. Danly is supposed to keep it clean. He asked MOC to reach out to Danly.

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

6. 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 Urgent Care, Ms. Barzilla initially thought they were complete but when she looked at the as-builts, she noticed that their wastewater cleanout was not entirely located within the easement, so she requested that the owner prepare a new easement including the portion that was outside of the existing easement. She is recommending the Board approve the Utility Easement for Unit 2, Belterra 1B-2 Condominium.

Upon motion by Director Botts, seconded by Director Kelly and unanimously carried, the Board approved the Utility Easement for Unit 2, Belterra 1B-2 Condominium.

With respect to the potential water system improvements, the Joint Committee met and discussed more options. Director Botts stated that the Joint Committee reviewed the option of building a 1 million gallon tank or a 4.2 million gallon tank. After a complete review, they realized that it would be more cost effective to build a 4.2 million gallon tank. Their reasoning is that if they build a 1 million gallon tank and then determine that it is not enough to correct the pressure issues and they need to build a second tank, it would be more expensive than if they built the 4.2 million-gallon tank now. Director Botts also mentioned that they are not certain that the WTCPUA will move forward on their proposed projects in time to help the District. Director Kelly questioned how the WTCPUA can move forward with providing service to Marisol Springs, but not address the District's requests as promptly. Mr. Kutac replied that, while he did not know the details of the Marisol Springs arrangement, often the developer pays to construct the water line and then they convey that water line to the WTCPUA. Mr. Kutac noted that the Joint Committee looked for potential ways to reduce costs for the potential system improvements. He noted that if HCWCID No. 1 and HCWCID No. 2 (collectively "Districts") build a water tank, they will lose approximately 5 acres of 210 irrigation area based on current estimates, and that the Joint Committee discussed compensating for a portion of that lost 5 acres by entering into easements with the school district or the HOA. Director Botts stated that the Joint Committee's recommendation is to proceed with a 4.2 million gallon tank. The Joint Committee will need to meet with the Financial Advisor and Bookkeeper to discuss how it would be best to pay for the improvements. Director Dally mentioned that he had a District customer come by during the election. She lives on the high point on Manchester. Director Dally asked the customer if she had low water pressure issues and she told him that she did. He believes that the District should ask customers if they have low water pressure issues. The Joint Committee would like to survey the water customers so that the District can get clarity on how many customers are impacted by low water pressure issues, and get a better impression of the frequency. Since building the water tank is an expensive project, they would like to explain the issues to the customers and let them respond. The Board reviewed

the preliminary project comparison chart provided by Mr. Kutac. The Board noted that the WTCPUA is not willing or able to provide a timeline on their proposed projects.

Mr. Kutac informed the Board that he will be preparing a memo to the Board periodically to update the Directors on what the Joint Committee is working on and what options they are discussing so that all of the Directors have the same information as the Joint Committee.

Upon motion by Director Lucas, seconded by Director Botts and unanimously carried, the Board approved Pay Application No. 3 for CTX Proscapes for \$2,576 for Drip Field Repairs.

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

7. Administrative, Legal and New Business:

a) Property Acquisition: Mr. Kutac mentioned that the acquisition of the director lots is moving along. He received the surveys and the appraisals, which came in at approximately \$22,000 per tract. The title company should be issuing an updated title commitment soon. Sheets & Crossfield will send out notices to the previous directors with an offer for their property. If there is no response, then they will move forward with condemnation filing. Mr. Kutac noted that it may be a little premature to move forward with the Resolution Authorizing the Use of Eminent Domain but he would like to have it signed and completed when Sheets & Crossfield need it. Upon motion by Director Kelly, seconded by Director Lucas and unanimously carried, the Board approved the execution of resolutions authorizing the use of eminent domain contingent upon approval by Sheets & Crossfield.

b) Kubota Warranty Claim: There was no update on this item.

c) Website: With respect to changing website provider, Mr. Kutac reminded the Board that there is an issue with the domain name and it had been suggested that they obtain a new domain name and redirect the old website to the new domain name. Mr. Kutac stated that HCWCID No. 2 would prefer not to redirect the website and asked that Mr. Kutac try to obtain the current domain name through the GoDaddy brokerage service.

Upon motion by Director Botts, seconded by Director Lucas and unanimously carried, the Board authorized the District's Attorney to continue working with the brokerage and if he cannot obtain the domain name, ask Touchstone to redirect to the new domain until such time that the District's Attorney has completed the brokerage deal.

d) Other Legal and Administrative Matters:

(i) Joint Resolution Regarding Potential Joint Facilities: With respect to the potential water tank project, Mr. Kutac would like to keep both Boards informed

without violating confidentiality and Attorney/Client privilege. With that in mind, he has drafted a set of documents stating that the Districts have a common interest and that whatever information is shared between the Districts will be and remain privileged and confidential. He explained that this approach would present the best chance of keeping information concerning the potential project privileged and confidential. He reviewed the Joint Resolution Regarding Potential Joint Facilities, the Joint Representation Agreement and the Common Representation Letter which (i) acknowledges that Mr. Kutac represents both Districts in this matter; (ii) provides that each District agrees to keep shared information confidential; and (iii) waives any conflict of interest associated with common representation related to the project.

Upon motion by Director Botts, seconded by Director Kelly and unanimously carried, the Board approved the Joint Resolution Regarding Potential Joint Facilities, the Joint Representation Agreement and the Common Representation Letter and authorized the President to sign all three documents.

(ii) Cell Tower: Mr. Kutac stated that the District received an e-mail from Tower Co. They are a group that locates and constructs cell phone tower locations for various mobile companies including T-Mobile, Verizon, AT&T and local 911 types. A cell phone tower in the District would improve cell phone coverage in the District. If the District agreed, the company would require a 60'x 60' space for a foundation and an easement. The company will not discuss compensation until they know that the District is interested. Compensation could be monthly lease or a one-time payment for an easement. It was also noted that they can make the cell phone tower look like a tree in the hopes of it blending in, but that it will need to be approximately 150 feet tall. Mr. Kutac recommends having the District's engineer identify some potential sites for discussion at the next meeting.

8. Water Supply Agreements: No update.

9. Executive Session: Upon motion by Director Lucas seconded by Director Robison and unanimously carried, the Board adjourned to executive session at 5:54 p.m. to consult with legal counsel regarding Item 4(c) on the posted meeting notice. The Board reconvened at 6:35 p.m. and it was noted that no action was taken during executive session.

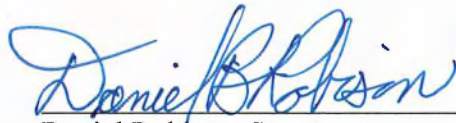
Upon motion by Director Botts, seconded by Director Kelly and unanimously carried, the Board approved the Risk and Resiliency Assessment in compliance with America's Water and Infrastructure Act ("AWIA").

Upon motion by Director Botts seconded by Director Lucas and unanimously carried, the Board approved the Emergency Response Plan in compliance with the AWIA.

10. District Calendar and Schedule: The Board's next meeting is tentatively scheduled for December 12, 2024.

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 12th day of December 2024.



Daniel Robison, Secretary

(DISTRICT SEAL)

