

MINUTES OF MEETING
OF THE
BOARD OF DIRECTORS

THE STATE OF TEXAS §

COUNTY OF HAYS §

HAYS COUNTY WATER CONTROL & 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” and “HCWCID No. 1”) met in special session jointly with the Board of Directors of Hays County Water Control and Improvement District No. 2 (“HCWCID No. 2”). The meeting, open to the public was held at Belterra Centre, 151 Trinity Hills Drive, Austin, Texas, the District’s office within the District, on August 29, 2024 at 7:00 p.m. The roll was called for the members of the Board to-wit:

Douglas L. Botts	President
Paul Kelly	Vice President
Daniel B. Robison	Secretary
Bill Dally	Treasurer/Assistant Secretary
Rick Lucas	Assistant Secretary

All members of the Board were present at the commencement of the meeting. In addition, Matt Kutac of the Law Offices of Matthew B. Kutac, PLLC, Vicki Hahn, paralegal with Winstead PC, Lonnie Wright 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 Chris Lane of Samco Capital, the District’s financial advisor.

Also in attendance were members of the Board of Directors of HCWCID No. 2 to wit:

Samantha E. Bethke	President
Lynn J. Lee	Vice President
Sean McGillicuddy	Secretary
William Carroll Kelly IV	Treasurer/Assistant Secretary
Chris Kopperud	Assistant Secretary

All members of the Board of Directors of HCWCID No. 2 were present at the commencement of the meeting except Director Kopperud. The record shall reflect that each of the above members of the Board of Directors of HCWCID No. 2 are herein referred to as a “Director” in the interest of comity, notwithstanding that they are not members of the District’s Board. In addition, the Board of Directors for the District and the Board of Directors for HCWCID No. 2 are referred to as the “Boards” and the District and HCWCID No. 2 are sometimes collectively referred to as the “Districts” herein.

1. PUBLIC COMMENT: Mr. Kutac called for public comment. Hearing none, the Public Comment session was closed and the Boards proceeded to the next item of business.
2. WTCPUA NOTIFICATION: It was noted that last Thursday, the WTCPUA sent a message to the Districts stating that due to high demand occurring during irrigation hours, the water pressure was too low and the WTCPUA was immediately implementing Stage 2. The Districts sent a message out to residents and received many messages regarding low water pressure and no water. There were also a lot of complaints on social media. HCWCID No. 1 received 32 low pressure complaints and 31 complaints of no water via e-mail. HCWCID No. 2 received 15 low pressure complaints and 31 complaints of no water via e-mail. MOC received complaints by telephone and noted that residents were complaining on social media as well. Commercial businesses were affected as well. Mr. Kutac noted that the Districts have been discussing options, including constructing water tank(s) to mitigate the impact to customers. The Finance Committees of both Districts have been discussing the options and financing for such options. Due to the WTCPUA pressure issues last week, Director Botts and Director Bethke requested that the Districts hold a Joint Board Meeting to discuss. The Board discussed that HCWCID No. 1 would like more time to explore the options and financing in more detail as well and weigh the costs to the residents before moving forward with a water tank. The Board of HCWCID No. 2 has been having water pressure issues longer and are interested in getting started on design. At the HCWCID No. 1 special budget meeting, which was held right before this meeting, Ms. Barzilla presented the cost estimate of 7.5 million dollars for one large tank. Ms. Barzilla mentioned that if the Boards decide to construct a large tank, it would involve moving some of the 210 irrigation. Ms. Barzilla received a rough estimate for moving the 210 irrigation lines of approximately \$20,000 an acre with 5-acres expected to be moved at a cost of \$100,000. She would like to get the estimate in writing before relying on those costs. The Board discussed the costs of constructing a smaller tank. Director Botts discussed the Districts' requirements as retail utilities and their fiscal responsibility. Directors Botts mentioned that he requested that Ms. Barzilla put together a Task Order for engineering costs for the water tank. That Task Order includes geotechnical, structural and electrical engineering costs. Ms. Barzilla is not sure what the exact costs will be but she has used very conservative estimates. At this time, Ms. Barzilla estimates that the water tank system will cost approximately \$581,000 for engineering design fees and \$257,000 for construction phase engineering services. She also asked to include an hourly rate because she would need to meet with the WTCPUA and others to coordinate the project and has no way of knowing how many meetings would be needed. She believes total costs for engineering would be approximately \$838,000 plus the hourly fees. Director Bethke asked why the Districts did not build water tanks when the Districts were created. Mr. Kutac responded that water storage tanks were designed at the time but since the LCRA could provide water pressure at that time, the tanks were not needed. He also noted that at that time, the water pressure was too high and pressure reducing valves had to be used. Director Botts noted that the Districts did not have low water pressure issues until the last couple of years. Director McGillicuddy stated that HCWCID No. 2 has had water pressure before last year but it became more apparent during the hot summer. Director Bethke stated that, to her knowledge, the problems in HCWCID No. 2 started in December 2022.

The Boards discussed that the WTCPUA was notified of the pressure issues last year. Though the WTCPUA did discuss a potential solution for some areas within HCWCID No.

2, the WTCPUA declined the Districts' request to be transferred to the Districts' previous pressure plane. Director McGillicuddy also mentioned that originally, only Pinnacle was affected by low water pressure but now the low water pressure issue is more widespread. The Boards noted that if the WTCPUA has no existing plans for new water tanks and does not have funding, it could be a long time before the WTCPUA can solve the problem.

It was mentioned that having a water tank in the Districts could cut down on Boil Water Notices from the WTCPUA, but several Directors from each Board commented that the possibility of avoiding a Boil Water Notice should not necessarily drive the decision. The issue is making sure that everyone has water and has enough water pressure. Director Botts mentioned that this week, there was no WTCPUA warning, there just was not enough water.

The Boards returned to discussing the potential water tank and engineering Task Order. Director Botts noted that, even if the Districts do not proceed with constructing a water tank, he believes the Districts should move forward with the design because then, if needed in the future, the Districts would have a design already in place. The Boards asked how much, on average, adding a water tank would cost each resident. Ms. Lane gave a rough estimate on a per month per average residence basis. Ms. Barzilla mentioned that the first step is to get a survey to locate trees and irrigation heads and start collecting soil samples for the site. She also noted that MOC would probably want an office there so they can manage the water tank. Ms. Barzilla mentioned that the Contributing Zone Plan would also need to be modified and the site may need a detention pond. The site design would include mixed chemical feed system, design pump and hydropneumatic pump, etc. The Task Order is for a total of \$838,000 for the design and construction phase to get to the public bid. When discussing the timeline, Ms. Barzilla then noted that if the Districts wanted hard costs, it would take approximately 6-8 weeks, and the design would take approximately 9 months to one year. Mr. Kutac asked if it is possible to get a survey by the end of October. Ms. Barzilla responded that it would probably take at least 4 weeks to get a survey. Mr. Kutac replied that a survey is needed no matter what option the Districts decide on and he recommended that the Districts authorize the survey and the costs for the geotechnical engineer.

Mr. Kutac then asked what would happen, cost wise, if one district decides not to proceed at that point. Ms. Barzilla replied that the Districts would only pay B&N for completed work. In addition to B&N's completed work, the Districts would have to pay for the other consultants.

The Board then discussed the size of the tank. Director Botts noted that if the Districts build a small tank, they might regret it in 5 years. Director McGillicuddy added that the Districts also need to consider whether the WTCPUA change the pressure planes again in the future. It was again noted that if the WTCPUA does have a plan or comes up with a plan to alleviate the water issues, the water tank project can be halted. Even if that occurs, the Districts would have the design and, if needed, could move forward. They would just need to update the construction costs since the design would already be in place. Director Kelly wants to be able to explain to the customers the reason the Districts are building a water tank. Director Bethke noted that commercial customers having water problems might create additional issues. Ms. Barzilla informed the Board that the tank size could

change, but the engineering fees would be the same whether B&N designs a small tank or a large tank. She reminded the Boards that the estimate of \$581,000 would include the engineering design, permit plan approval, advertising for bids, getting bids for contracts and B&N's recommendation for contract awards. Director Lucas noted that he is more confident approving \$150,000 or \$175,000 for initial engineering, surveying and geotechnical work versus the full \$581,000 estimated for design.

When asked about each district's cost responsibility if the Districts authorized the Tank Order for \$581,000 and then at some point decides not to proceed because they cannot agree on operation of the plant or some other major details, Mr. Kutac replied that each District would be responsible for its share of the costs incurred until that date. He further stated that the Districts would need to come to an agreement on financing the potential project, and what would happen in the event that either District elected not to proceed. The Board asked that Mr. Kutac contact the WTCPUA to see if they have any plan to alleviate the water issues.

HCWCID No. 1 - Upon motion by Director Botts, seconded by Director Robison, with Director Lucas abstaining, the Board authorized \$581,000 for design of the water tank to be shared with HCWCID No. 2, subject to the right of the HCWCID No. 2 to withdraw from the project if it elects not to proceed at a later date.

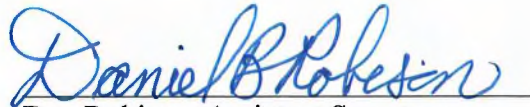
HCWCID No. 2 - Upon motion by Director Bethke, seconded by Director Lee and unanimously carried, the Board authorized \$581,000 for design of the water tank to be shared with HCWCID No. 1 subject to the right of the HCWCID No. 1 to withdraw from the project if it elects not to proceed at a later date.

Both Districts agreed that a written agreement would need to be prepared to more clearly establish the terms and conditions of participation in, and possible termination of, the project.

3. DROUGHT CONTINGENCY PLAN: The WTCPUA, through MOC, requested that the Districts change their irrigation watering schedules so that the WTCPUA's tanks have a chance to refill because they refill at night. The WTCPUA thinks it is not helping the situation that everyone is irrigating at the same time every night when their tanks are refilling. Mr. Kutac mentioned that if the Districts assert that the WTCPUA is not providing the required water pressure under its service agreements with the Districts, then it might be beneficial if the Districts agree to the WTCPUA's request. The Boards discussed that now that the weather will be cooling down and there will be less irrigation in general, they would prefer to change their watering schedule next year. It was noted that they just recently changed the DCP and the watering schedules and they do not want to confuse customers. The Board determined that they will consider the irrigation watering schedule later.
4. HCWCID No. 1 - ADJOURNMENT: There being no further business to conduct for the District, Director Botts moved that the meeting for the District be adjourned, which motion was seconded by Director Lucas and unanimously approved, and the Board of HCWCID No. 1 adjourned until further call.

HCWCID No. 2 - ADJOURNMENT: There being no further business to conduct for the District, Director McGillicuddy moved that the meeting for the District be adjourned, which motion was seconded by Director Bethke and unanimously approved, and the Board of HCWCID No. 2 adjourned until further call.

APPROVED AND ADOPTED by HCWCID No. 1 on this 10th day of October 2024.


Dan Robison, Assistant Secretary

(DISTRICT SEAL)

