

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") met in regular session, which included a monthly workshop session and regular meeting, all open to the public, at Belterra Centre, 151 Trinity Hills Drive, Austin, Texas, the District's office within the District, on October 10, 2019, and 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

WORKSHOP SESSION 3:30 P.M.:

All members of the Board were present at the commencement of the workshop session with the exception of Director Robison who entered the session during the discussion of the General Manager's Executive Summary below. In addition, Kristi Hester and Lisa Adkins of Inframark, the District's general management and operations contractor, Matt Kutac of the law offices of Matthew B. Kutac, PLLC, Andy Barrett of Andy Barrett & Associates PLLC, Judy McAngus, paralegal with Winstead PC, and Lauren Barzilla with CMA Engineering ("CMA"), the District's engineers, were present for such workshop.

The purpose of the workshop session was to review details pertaining to the consent items and agenda items on the posted Agenda for said meeting, hear updates on committee reports, review the current monthly General Manager's Report and Executive Summary (see **EXHIBIT "A"**), which report and summary includes operations updates and a summary of activities since the last regular Board meeting, review the current monthly Financial and Bookkeeper's reports (see **EXHIBIT "B"**), including an updated check register, and review the current monthly CMA WWTP and 210 reuse irrigation engineering report (see **EXHIBIT "C"**) and the separate general engineering report (see **EXHIBIT "D"**). No formal action was taken during the workshop session of the meeting, but the following matters were discussed in detail:

- Lisa Adkins reviewed the Financial & Bookkeeper's Reports which included August 1, 2019 to August 31, 2019 reporting and a current check and wire listing. She noted that the tax collections report reflected a total of 99.91% collected in 2018 taxes through the end of August. In addition, Ms. Adkins reviewed the District and WWTP profit and Loss budget performance, operating fund budget revenues to budget comparison chart, maintenance cap tracking of Inframark expenses for regular District operations and the separate WWTP operations, joint facilities billing reports for the WWTP operations, balance sheets for all accounts, cash balance over-all report, and investment activity report dated October 10, 2019. Ms. Adkins also reviewed the Check Register with the Board and the proposed wire transfers.
- Ms. Hester was asked to review Inframark's Executive Summary. Ms. Hester reviewed and updated the Board with respect to operational matters at the District's wastewater treatment plant ("WWTP"), the 210 Irrigation System and Drip Fields, Distribution System, Drainage/Pond matters, Parks/Trails, on-going construction, Belterra Centre, Infrastructure Committee matters and miscellaneous other updates. Under item 2) Re-Use Water System of the summary, Ms. Hester noted that Inframark was recommending an expenditure of \$6,500 to cover the cost of the third of three total VFD replacements for the irrigation pumps. Ms. Hester noted that the Infrastructure Committee had met to discuss the rate structure for reuse water and reviewed the committee's initial findings. It was discussed that they would review such matters more closely during the months of December and January. She noted that the plan would be to review all current allocations vs. usage and come up with recommendations and proposed new agreements, if needed, to go into effect by early next Spring. She noted that she was also checking Inframark's billing system to insure, if the proposed plan includes a tiered rate structure for reuse water, that Inframark's system could handle that and any proposed changes that might be presented by the committee. With respect to the Distribution System under item 3), the Board requested that Ms. Hester give them a summary of how many AMI meters have been installed, how many are on hand and available for installation, a time-line as to when they will be installed, and how many remaining AMI meters need to be ordered and installed to complete the entire AMI upgrade project. With regard to any funding request Inframark proposes in the Executive Summary monthly presentations, Director Lucas noted that he would appreciate the inclusion of a notation confirming that the requested costs are included in the existing operating. Under the Collection System update in item 4), Ms. Hester recommended an expenditure of \$3,500 (included in the operating budget) for a spare pump for the Drury lift station and in addition, an estimated \$12,000 to cover manhole survey pavement regrade road repairs in the District. She also noted that she was able to get the transfer switch repair (associated with the collection system) done for \$9,000 rather than the estimated \$15,000, with the repair being scheduled for the following week. With regard to item 6) Parks and Trails – updates were provided and it was confirmed that, following a review by the Parks Committee, that the committee is recommending replacement of benches at the Duck Pond. It was noted that one of the existing benches may be able to be repurposed at a different location. With respect to item 8)A, the Board took a look outside the front entrance and discussed the possibility of installing an iron fence at an estimated cost of \$5,764 around the side patio area of Belterra Centre to use as an ATV storage area, allowing for easy access to Inframark employees and the

various committee members of the Board who use such equipment to access the Belterra parks, trails, on-going projects, facility construction, etc. Ms. Hester continued through the remainder of her report noting, among other things, customer service related matters that Inframark was in the process of handling

- Kristi Hester next moved to a review of the Inframark General Manager's Report. Ms. Hester noted that the average consumption per residential household during the last billing cycle was 16,672 gpd, down from 18,658 gpd for the similar September 2019 reporting cycle. In addition she noted that the water accountability factor for the prior month's reporting cycle was 109.2% (up from 103.3%) and a running average of 98.20% over the past 24 months. Ms. Hester noted that the Type I Re-Use flow went down from 10,549,000 in August to 6,559,000 in September. Ms. Hester reported that the WWTP was operating at 100% compliance.
- Lauren Barzilla with CMA presented the District Engineering report noting mainly that CMA was continuing to work on the next bond application report and that with the proposed approval of Pay Applications 7 and 8 under the Cottages at Belterra Village, Phase 2 project, which includes final retainage, and also the anticipation that the final true up costs for shared facilities would be determined and included in an amended Joint Facilities Agreement between the District and Hays County Water Control and Improvement District No. 2 ("HCWCID No. 2") by the next Board meeting, CMA should be ready to finalize the costs for the District's last bond issue. Matt Kutac proposed that once we have a final listing of items to be included in the final bond issue, that he work on securing a sign off from the developers to insure that they will not be requesting any unforeseen, or additional reimbursements. Ms. Barzilla reviewed CMA's proposed Task Order Amendment No. 30 and Task Order No. 50, as well as Pay Application Nos. 7 and 8 under the existing CC Carlton Contract with the Board, noting that such items would be taken up during the formal Board meeting that follows. Andy Barrett noted that there was no response from the Texas Commission on Environmental Quality ("TCEQ") as relates to the Grafton Lane open space drainage issue.
- Lauren Barzilla next presented with CMA's WWTP and 210 Reuse Irrigation Engineering report and gave a thorough update of the status of construction of the 210 Expansion Project for the Belterra Remainder of Reuse Treated Effluent Irrigation Facilities to Serve the Belterra Subdivision ("WLE 210 Reuse Contract"). In addition, she reviewed Pay Application No. 7 and Change Order No. 7 to the WLE 210 Reuse Contract. Ms. Barzilla explained possible site plan revisions regarding the WWTP membrane replacement (drum screen project) noting that she, Andy Barrett and Matt Kutac will be meeting with the TCEQ staff to review the plan (addition of impervious cover, an additional building, sidewalks, etc.- all part of the proposed public bid aspect of the project). Some Board members expressed concerns over the additional costs that may be caused by the necessity of obtaining TCEQ approval of such matters.
- Director Botts announced that the workshop was adjourned.

REGULAR MEETING - 5:00 P.M.:

Directors Botts, Kelly, Robison, Dally and Lucas, along with Kristi Hester, Lisa Adkins, Matt Kutac, Andy Barrett, Judy McAngus and Lauren Barzilla remained for the regular portion of the Board meeting. All directors present when votes were taken voted on all matters unless an abstention is set out in any such item. Also, Logan Brown and Chris Calvisi with Weigelt

Enterprises, Inc., (“WLE”), the District’s landscape service provider, were present for portions of the regular meeting.

1. Director Botts called for public communications and comments. There being none, he proceeded to the next item of business.

2. Director Botts called on Ms. Barzilla to continue with the presentation of CMA’s WWTP and 210 Reuse Irrigation Engineering report and any needed action items. Ms. Barzilla noted that though there are costs involved in bidding the project, including the CZP approval through the TCEQ, approval of a site plan revision through the City of Dripping Springs, engineering costs for preparing the bid package and perhaps additional inspections and oversight on CMA’s part, sum total which most likely will not exceed \$50,000, it had been determined that the whole purpose of bidding the project had to do with getting the job done correctly, efficiently in anticipation of a substantial cost savings that appeared could be worked out with the contractor through the initial Membrane installation contract.

3. The Board reviewed the consent agenda items. Upon motion by Director Dally, seconded by Director Lucas and unanimously carried, the following items were approved:

- Minutes of the September 5, 2019 special meeting;
- Minutes of the September 12, 2019 regular meeting;
- Minutes of the October 3, 2019 special meeting;
- Financial and Bookkeeping Report, including: District annual calendar, tax collection report chart, profit and loss budget performance charts, monthly revenue vs. budget comparison chart, maintenance cap tracking charts, joint facilities report, cash balance sheets and reports, investment activity report, cash balance trend chart, check register, wires, investment report, bond related reporting and certain other financial reporting.

4. In connection with CMA’s District Engineering Report, Ms. Barzilla requested and the Board unanimously approved the following engineering items by the following motions and seconds:

a. Upon motion by Director Botts, seconded by Director Kelly, the Board approved CMA Task Order 39 Amendment regarding the preparation of the Bond Application No. 9 for an additional budget of \$11,000 and a revised total of \$61,000 (attached as **EXHIBIT “E”**);

b. Upon motion by Director Kelly, seconded by Director Botts, the Board approved CMA Task Order 59 for construction phase services for the Belterra Village Multifamily project in an estimated amount of \$36,000 (attached as **EXHIBIT “F”**);

c. Upon motion by Director Dally, seconded by Director Lucas, the Board approved Pay Application No. 7 under the CC Carlton Industries, Ltd. (“CC Carlton”) contract for The Cottages at Belterra, Phase 2 Public Utility Improvements (“The Cottages - Phase 2”) in the amount of \$10,530.00 (attached as **EXHIBIT “G”**);

d. Upon motion by Director Kelly, seconded by Director Botts, the Board approved Pay Application No. 8 and final pay application under the CC Carlton contract for The Cottages – Phase 2 in the amount of \$51,209.20 (attached as **EXHIBIT “H”**);

e. Upon motion by Director Kelly, seconded by Director Botts, the Board approved Pay Application No. 7 under the WLE 210 Reuse Contract in the amount of \$418,527.84 (attached as **EXHIBIT "I"**);

f. Upon motion by Director Kelly, seconded by Director Botts, the Board approved Change Order No. 7 under the WLE 210 Reuse Contract in the amount of \$36,230.31(attached as **EXHIBIT "J"**); and

g. Upon motion by Director Kelly, seconded by Director Lucas, the Board approved CMA's recommendation (attached as **EXHIBIT "K"**) of substantial completion of Areas 3 and 4 under the WLE 210 Reuse Contract, which included certain punch list items that WLE was working on to complete. It was confirmed that the WLE 210 Reuse Contract, once finally complete, would have a 2 year warranty on the work performed under such contract.

In addition as related to engineering matters, Matt Kutac noted that it had been determined, since the last regular Board meeting, that the water quality pond adjacent to Golds Gym (near the Cottagers at Belterra Village) was a reimbursable facility and that the pond would need to be maintained by the District. Following a discussion and motion by Director Botts, seconded by Director Kelly and unanimously carried, the Board approved the acceptance of a Dedication Deed (attached as **EXHIBIT "L"**) from M/I Homes of Austin, LLC as Grantor conveying Lot 15, Block A of The Cottages at Belterra Villages to the District, upon which such pond is located.

In addition, Lauren Barzilla noted that CMA had reviewed and approved the draft permit that TCEQ had released in connection with the renewal of the District waste discharge permit and that they were continuing to monitor the progress of the permit renewal and would keep the Board posted on such matter. Matt Kutac inquired into the required publications and Ms. Barzilla noted that she would confirm such publications with Robby Callegari.

Upon motion by Director Lucas, seconded by Director Dally and unanimously carried, the Board approved both CMA's general engineering report and CMA's WWTP and 210 Reuse Irrigation engineering report as presented.

5. The Board recognized Chris Calvisi with WLE who reviewed landscape services improvements that have taken place since the Board's last regular meeting including routine services and additional services including, but not limited to, trimming of tree limbs that encroached upon the sidewalks and completing a tree audit to identify dead trees for removal. He also noted that they are in the process of doing an audit of the flower beds (to determine which beds have areas that need to be filled in, which plant materials that have died off, etc.) and will have proposals for both projects to review with the Parks Committee at an upcoming meeting. It was noted that following such a review, the Parks Committee would work bring back recommendations to the Board for further consideration. Director Kelly noted that he and Director Robison had wondered why a 50' to 100' swath of District property along Hwy. 290 didn't look like it was maintained, even though WLE had maintained it in the past for several years. Director Kelly agreed to get with WLE to identify such location, and ensure that it was maintained in accordance with the WLE contract. Mr. Calvisi did note that it was possible the area in question had been disturbed by the recent WTCPUA pipeline project, and that WLE crew members did not know to maintain the area after completion of such project.

Logan Brown with WLE noted that he feels WLE will soon be complete with Areas 3 and 4 under the WLE 210 Reuse project and that Areas 7, 8 and 9 will be revegetated soon. He noted that WLE most likely will only need about ½ of the water for revegetation of Areas 7, 8 and 9 by comparison to that needed for the much larger Areas 3 and 4. He indicated that Area 6 had a lot of trees to be cleared and removed but that he would expect Area 6 to be ready for revegetation in about 4 to 6 weeks. He also noted that the TxDot mixture of grasses of the Central Texas region would continue to be used for revegetation of such areas and that the ground should be warm enough for the mixture to continue to grow. He noted that WLE was hoping to close out the project at around the end of November.

6. With regard to an update from the developers, there were none present to report. Matt Kutac took the opportunity to confirm with the Board that the Second Amendment to Non-Standard Retail Water and Wastewater Services Agreement between the District and ERG Belterra Ltd., (“ERG”) (“Second Amendment”) as approved by the Board at its October 3, 2019 special meeting, had been forwarded to ERG. He reminded the Board that the Second Amendment related to ERG’s release of water capacity that is not used for the commercial project. A fully executed copy of such Second Amendment will be attached as **EXHIBIT “M”**.

7. With respect to the Interlocal Cooperative Agreement for Law Enforcement Services as proposed with the District, Hays County, Hays County Constable for Precinct and HCWCID No. 2, Matt Kutac noted that the final version of the agreement, as approved and executed by the District and HCWCID No. 2, was being placed on the Commissioners Court agenda for approval and that once Mr. Kutac had received the executed agreement back from the County Attorney he would update the Board.

8. Director Botts asked that the Board revert back to the engineering discussion and expressed his concern over MI Homes location of a proposed dog park in an open space area within The Cottages of Belterra, Phase 2. Director Botts stated that his main concern that the area proposed for such dog park is adjacent to an existing water quality pond, and that storm water from the open space area will flow directly into the pond. He further explained that the pond is a retention-irrigation pond, and that the irrigation fields for the ponds are located in an open space area utilized by Belterra residents for recreation. Upon motion by Director Botts, seconded by Director Lucas and unanimously carried, the Board directed Matt Kutac to reduce such concerns to a letter to be forwarded to MI Homes of Austin, LLC. In addition, Lauren Barzilla was requested to review the plans submitted to CMA to determine whether the open space area had been designated as a Dog Park as none of the Board members recall that being the case. A copy of the letter sent to MI Homes is to be attached as **EXHIBIT “N”**.

9. With regard to General Management related action items, Kristi Hester summarized the action items needed in the earlier presentation of Inframark’s Executive Summary during the workshop session,- which items were all approved unanimously:

Under Item 2)c) by motion of Director Kelly, seconded by Director Botts, the Board approved an expenditure of \$6,500.00 for replacement of the third (and last) CDF replacement at the WWTP;

Under Item 4)a) by motion of Director Dally, seconded by Director Botts and unanimously carried, the Board approved Inframark’s recommendation for the purchase of a spare pump for the Drury lift station in the estimated amount of \$3,500.00;

Under Item 4)b) by motion of Director Kelly, seconded by Director Botts, the Board approved an estimated amount of \$12,000 for pavement regrades around manholes such work to be performed by Lone Star Paving; and

Under item 6)c) by motion of Director Kelly, seconded by Director Lucas, the Board approved the order of 2 new park benches from T.F. Harper & Associates LP in the estimated amount of \$3,500.

The Board requested that Ms. Hester bring back some additional proposals which would include screening (whether additional fencing or other screening such as landscape alternatives, etc.) for the Board to consider as related to the initial proposal under item 8)a) of the Executive Summary for the installation of an iron fence around the side patio for ATV storage at Belterra Centre(which would be used for both the District's and Inframark's ATVs). Ms. Hester noted that Inframark had agreed to pay ½ of the cost of the original estimate of \$5,764.00 and that Inframark's cost sharing would be limited to \$2,882.00.

Lisa Adkins requested approval to open a new Capital Projects Fund Account with Bancorp to be used for the upcoming Series 2020 Utility Bond issue. Following a motion by Director Dally, seconded by Director Botts and unanimously carried, the Board approved the opening of such new account.

In addition, Ms. Adkins requested that the Board authorize an update of the Inframark approved signatures to those employees of Inframark readily available to execute such checks as needed on the District Manager's account at Bancorp South. Following a motion by Director Botts, seconded by Director Dally and unanimously carried, the Board authorized such update.

In addition, Ms. Hester brought 2 customer accounts to the Board's attention with regard to adjustment requests for which the reported leaks/repairs were handled by customers with proper backup to support such requests being provided to Inframark. No formal action was necessary as Ms. Hester was merely directed to follow the written policy on both adjustments.

Also, Ms. Hester requested Board approval to send one delinquent account to collections in the amount of \$181 and upon motion by Director Kelly, seconded by Director Lucas, such account was authorized to be sent out for collections.

Upon motion by Director Botts, seconded by Director Kelly, the General Manager's Report and Executive Summary Report were both approved.

10. Matt Kutac explained legislation in the 86th session that required a minor adjustment to the Board's existing public comment policy. Following a review of such minor changes, upon motion by Director Kelly, seconded by Director Dally and unanimously carried, the Board approved an Amended Order Establishing Public Comment Policy, copy attached as **EXHIBIT "O"**. In addition, Mr. Kutac noted that such legislation also required a change to the District's existing rules and regulations (District Rule 2.2(h)) regarding public participation in Board meetings and following a motion by Director Kelly, seconded by Director Dally and unanimously carried, the Board approved an Order Adopting Amended Rules and Regulations, copy attached as **EXHIBIT "P"**.

11. Matt Kutac explained some minor adjustments that were needed to the existing Service Rate Order and reviewed the modifications with the Board mainly regarding a recent

purchase water adjustment (reduction) related to rates charged by the West Travis County Public Utility Agency (“WTCPUA”) that are passed through to the District’s customers. Following a discussion and motion by Director Botts, seconded by Director Kelly and unanimously carried, the Board approved an Order Adopting Amended Service Rate Order, copy attached as **EXHIBIT “Q”**.

12. Matt Kutac took the opportunity to explain policies relating to conflicts of interest and potential conflicts of interest including, without limitation, review of filing requirements and acknowledgment of applicable affidavits and disclosure forms. It was noted that copies of such disclosure forms are readily available at each Board meeting, and that only one or two conflicts of interest had ever been identified throughout the history of the District. As a matter of good practice, however, he recommended that the Board review potential conflicts of interest during the budget-making process each year, and that budget items with respect to which any conflict might exist should be voted upon separately. The Board agreed with such recommendation.

13. Mr. Kutac updated the Board with respect to other minor changes in the recent Legislation Session. Also with respect to the upcoming May 2, 2020 Directors Election, the Board briefly reviewed a summary of information regarding such Directors Election, which such information is now required to be posted on the District’s website. It was noted that Judy McAngus would coordinate with Inframark to handle such posting under an Elections tab on the district’s joint website shared with HCWCID No. 2 (www.haysweid.org).

14. With regard to the proposed updates to the current amended Joint Facilities Agreement between the District and HCWCID No. 2, it was noted that the Joint Infrastructure Committee would be meeting again in advance of the regular November Board meeting and would hope to bring a final proposed form of such amended agreement to the Board for its review and approval at the earliest possible date as soon as the final true up figures are released from CMA and reviewed by the committee and its consultants.

15. With regard to WTCPUA matters, Matt Kutac noted that he would be attending their meeting scheduled for the following Thursday to state the District’s position with respect to potential WTCPUA wholesale contract policies. Also, with respect to the Belterra front entry landscape, that had been disturbed by the contractor for the WTCPUA Hwy. 290 waterline expansion project, it was agreed that some additional improvements had been made to get the entry landscape back to the way it was prior to the WCTPUA’s project and that the parties had agreed to take a wait and see approach to give the grass some additional time to grown in.

16. Returning briefly to the WLE 210 Reuse Contract and the current fees charged to reuse customers, Director Botts inquired as to whether a letter had been sent as discussed at the last regular meeting to notify 210 reuse customers that usage would need to be curtailed to some degree. It was confirmed that the letter had not gone out due to the reduction of flows from the Type I Reuse flow (from 10,549,000 in August back down to 6,559,000 in September). With heavy irrigation demands anticipated to decline for the remainder of the year, the Board confirmed its earlier discussion in the workshop to revisit reclaimed rates and existing contracts in December/January and then take action on any needed changes in early Spring.

17. The Board confirmed the date of its next workshop session and regular meeting as Thursday, November 14th at 3:30 p.m. and 5:00 p.m., respectively. It was noted that Ms. Hester would coordinate any needed committee meetings.

There being no further business to conduct, Director Lucas moved that the meeting be adjourned, which motion was seconded by Director Kelly and unanimously approved, and the Board adjourned until further call.

APPROVED AND ADOPTED this 14th day of November, 2019.


Daniel B. Robison, Secretary

