

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 special session, open to the public, at Belterra Centre, 151 Trinity Hills Drive, Austin, Texas, the District's office within the District, on September 5, 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

All members of the Board were present at the commencement of the meeting. 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, Judy McAngus, paralegal with Winstead PC, Chris Lane of SAMCO Capital Markets, Inc., the District's financial advisor and Lauren Barzilla with CMA Engineering ("CMA"), the District's engineers, were present for such meeting.

1. Director Botts called the meeting to order at 4:00 p.m. and called for public comment. Hearing none, the Board moved on to the next item on the agenda.

2. The Board next conducted a workshop meeting to review the proposed budget for the upcoming fiscal year and additional related matters. Lisa Adkins of Inframark presented a second draft budget based on the comments from the Board following its initial review back in June.

Matters relating to the AMI meter installation program (as to current inventory and no. of meters in stock) were discussed. In addition, Ms. Adkins explained that the expense split of the joint WWTP costs were included in the draft budget as a 50/50 split with Hays County Water Control and Improvement District No. 2 ("HCWCID No. 2").

With regard to revenue from the District's 210 reuse water customers, Director Botts asked that the Finance Committee review whether perhaps a two tier system might be included in the rates to such customers, which could encourage them to conserve their 210 water use. Also a discussion ensued with respect to possibly somewhat changing the current tiered use system as relates to potable water usage and it was agreed that such matters could be coordinated with Chuck Loy, the rate consultant the District had utilized in the past, and also reviewed in the Finance Committee around February or March of 2020, with an update and any recommendations brought to the Board for further consideration.

With regard to the Inframark Maintenance Caps under the separate District and WWTP joint contracts for services, Kristi Hester explained that should there be a positive balance at the end of the year in the District's fiscal year that had not been expended, Inframark would write a check for that amount to the District (and if on the joint contract, then the District would need to refund HCWCID No. 2's share).

Ms. Adkins explained the relationship between the District's Asset Schedule and proposed budgeted expense maintenance items. It was noted that the Asset Schedule is reviewed with Inframark and CMA and updated annually with the Infrastructure Committee.

With respect to maintenance, it was noted that \$150,000 was proposed for collection system maintenance (including televising, hydro jetting, cleaning and smoke tests of the lines due to the age of the system and recent operational issues) vs. the more typical annual expense of between \$2,000 in past years.

Another large expenditure was reviewed as related to the distribution system, as it was proposed that \$80,000 would be used to purchase a two (2) master meters that would be installed on the District's side of the West Travis County Public Utility Agency ("WTCPUA") existing master meters. It was agreed that the one time installation fee would be worth the cost as a double check against the WTCPUA reads, will provide better water accountability (which is reported monthly in the General Manager's Report) and should help provide an early alert to possible leaks and assist in curbing related maintenance costs.

Ms. Adkins noted that she would finalize a final form of the operating budget for presentation and approval by the Board at the September 12<sup>th</sup> meeting. She additionally reminded the Board that the budget can be amended at any time following placement of such an item on a notice of a posted Board meeting.

3. With regard to WTCPUA matters, Matt Kutac updated the Board with respect to on-going discussions with the WTCPUA staff and its consultants (including Dennis Lozano with Murfee Engineering, the WTCPUA's engineering firm) with regard to the sufficiency of water commitments under the existing contract between the District and the WTCPUA. Mr. Kutac noted that Dennis Lozano had indicated to him that he was working on a recommendation to the WTCPUA Board as to how to proceed. Mr. Kutac noted that it appeared that the recommendation would relate to policies for wholesale customers on a going-forward basis, and at least at this point, it did not appear that that the recommendation would require reevaluating previous usage and LUE determinations.

In addition, Matt Kutac noted that Dennis Lozano had sent an e-mail out recently stating that, each Thursday, the District's water usage was approaching 95% of capacity under the WTCPUA water contract. It was noted that Mr. Kutac, Ms. Hester and Ms. Barzilla reviewed the data together and immediately adjusted park, open space, and HOA irrigation to omit Thursday irrigation while the matter was being reviewed in further detail. Inframark subsequently determined that the WTCPUA's new policy regarding watering days, which is based on addresses within the District, had resulted in nearly 90% of homes watering on Thursdays, as well as the HOA and some of the District parks that use treated water. It was reiterated that Inframark had worked with the HOA and WLE to move large-scale irrigation to a separate day (for the District – Wednesdays and Saturdays) and that last Thursday, the usage was beneath 80% of capacity. Also, Kristi Hester noted that Inframark is now reading the meters on a daily basis and if, for any reason, usage goes above 80% of capacity on any day of the week- including weekends, Inframark receives an alert to stay on top of the situation.

Mr. Kutac discussed various related issues in connection with WTCPUA's final decision with respect to LUE determinations for the Belterra Village commercial project, noting that it would be best for the District to resolve such issue prior to invoicing Endeavor for the LUE fees for their pending multi-family project. The Board discussed the status of agreements with Endeavor with regard to the LUEs assigned, and Mr. Kutac noted that Dennis Lozano indicated that WTCPUA should be considering the matter at its September meeting.

With regard to the new mandatory watering schedule, Ms. Hester noted that thus far Inframark has issued 20 to 30 violations, and that the water schedule has been posted in the District newsletter, sent out with the HOA blast and also included in recent water bills. In addition, Ms. Hester was requested to provide pricing at the next Board meeting that would cover the installation costs of all current AMI meters in stock and a prompt plan for the acquisition and installation of all remaining AMI meters as needed for the system to be fully electronically equipped.

4. With regard to discussion and possible action with respect to the status of the WTCPUA restoration of the Belterra Hwy. 290 entry landscape following WTCPUA water line improvement installation, Directors Robison and Kelly, Park Committee members, noted that they expect more from WTCPUA with regard to restoring the landscape at the entrance to its former condition, prior to construction of the water line improvements. They noted that at a glance it might appear to be getting back to the initial state, but that it needed to be further revegetated, especially on the right side entrance into Belterra. Kristi Hester noted that she had talked to the WTCPUA general manager and also that Dennis Lozano had offered to stop by and look the site over. She stated that she would continue to work with them both on getting the entrance back to an acceptable appearance as soon as possible. It was also noted that though the 210 system has been reinstalled, due to the shortage of the 210 water supply (as a result of the on-going 210 expansion project, which will complete all needed 210 irrigation within Belterra), there is a limited amount of water that can be placed at the entrance to assist with the regrowth.

It was agreed that Ms. Hester would get back with the committee members once she had revisited the issue with the WTCPUA and worked with Dennis Lozano on such matter.

There was a brief discussion with regard to the current 210 usage, and the amount allocated to WLE to use for revegetation of the existing 210 expansion project. Ms. Hester noted that she receives a daily water usage report from WLE summarizing the prior day's water usage.

The Board requested that the subject be discussed at greater length at the Board's next regular meeting. In addition, Director Botts noted that it would be worth determining whether water usage by its 210 customers could be cut back to some degree to assist the community in the overall usage of 210 water when the demand is very high.

5. Director Botts summarized the recent changes proposed in the final form of the Interlocal Cooperation Agreement for Law Enforcement Services ("ILA") with Hays County, the Hays County Constable for Precinct 4 and HCWCID No. 2 and confirmed that HCWCID NO. 2 had approved and authorized the execution of such ILA at its last meeting. Following a motion by Director Lucas, seconded by Director Robison and unanimously carried, the Board approved the ILA and authorized its officers to execute same. The record shall reflect that a final form of the executed ILA will be attached to these minutes as **EXHIBIT "A"**.

Now that the ILA had been approved, the Board requested that Lisa Adkins add the additional costs under such ILA to an updated version of the final Operating Budget that will be presented for approval at the Board's September 12<sup>th</sup> regular meeting.

6. Director Botts explained that it had been brought to his attention that numerous persons enter Belterra Centre during normal business hours and quite often wander through the building and use the restrooms without the Inframark staff even being aware of their presence until they walk past their offices on their way out. Director Botts motioned that the restrooms be locked and remain unavailable to the public with the exception of times when the building was being used for public meetings or election purposes. Such motion was seconded by Director Robison but following a brief discussion failed by a vote of "2" For and "3" Against. It was discussed further and decided that the better option was simply to cord off the entrance into the main conference area and other parts of the building when not being used for meetings or election purposes, such that anyone entering the building would be directed to Inframark's office area so the Inframark staff is aware of all persons in the building.

7. Kristi Hester informed the Board that she was working with Samantha Bethke, who serves on the HCWCID No. 2 Board of Directors, to set up a joint Facebook account that Inframark would use to post information pertaining to the districts. It was discussed that accurate information would be "pushed out," but that there would be no "public comment" allowed due the lack of staffing to be able to respond to any such comments. It was noted that this form of media would allow Inframark to respond to frequent inaccurate social media posts pertaining to District matters when corrections are needed, or simply post information that needs to be communicated or may be of interest to its customers pertaining to District operations and matters. Ms. Hester noted that she planned to have a sample Facebook page for the Board and the HCWCID No. 2 Board to review soon before going live with the post.

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 10th day of October, 2019.



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Bill Dally, Assistant Secretary

