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, 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 July 11, 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. In addition, Kristi Hester and Lisa Adkins of Inframark, the District's general management and operations contractor, Judy McAngus, paralegal with Winstead PC, Chris Lane of SAMCO Capital Markets, Inc., the District's financial advisor, and Robby Callegari 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:

- 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. Ms. Hester explained that the second membrane replacement was being installed on July 11th and updated the Board on other WWTP matters including a formal proposal for a new metal roof at Building 1 in the amount of $8,776.19. With regard to Irrigation System- Drip Fields, Ms. Hester reviewed a WLE proposal for upgrades to the IQ Controllers in the amount of $6,695.00. Under the Distribution System item, Ms. Hester noted that the notice of violation from the Texas Commission on Environmental Quality ("TCEQ") on June 6th, which mistakenly reported a failure to monitor the water system for required triennial asbestos monitoring for the period of 2016 through 2018, has since been corrected by the TCEQ and thus, no public notification was required. In addition, Ms. Hester noted that she had worked with the Lower Colorado River Authority ("LCRA") and received a grant for water conservation program with respect to the AMI meter plan ($13,519 for the District and $7,515 for Hays County Water Control and Improvement District No. 2 ("HCWCID No. 2")) and that a formal presentation by LCRA of the grant funds to the districts will occur on August 1st. The Board thanked Ms. Hester for being aware of the opportunity through LCRA for such grants and for submitting the grant applications to the LCRA. Ms. Hester also noted that the water well rehab is substantially complete pending minor control panel electrical work and the cleaning of the lines to verify flows and pump curve.
- With regard to Parks and Trails, Ms. Hester provided updates noting that the Parks Committee Directive List was posted on the Google Drive. She indicated that the West Travis County Public Utility Agency ("WTCPUA") had completed the rework of the Belterra Hwy. 290 entrance following the completion of their water line expansion project along the Belterra route of their project. Director Kelly noted that they would like the silt fencing rolled back as soon as possible near the Belterra Entrance and the flower beds brought back to District standards. With respect to Construction items, Ms. Hester noted that MI Homes was fined $6,950 in fines for erosion control related violations, and that she had contacted Endeavor regarding mowing along medians behind the apartments on Holton.
- In connection with Belterra Centre, Ms. Hester noted that the fire alarm system had passed inspection and that maximum capacity occupancy of 33 in the entry area and 94 in the gallery area (calculations without furniture) had been assigned. She indicated that the dry wall and painting repairs should get under way next week. Judy McAngus noted that, with regard to other election matters discussed with Jennifer Anderson, the Hays County Elections Administrator, Ms. Anderson had inquired as to whether the Board would like Belterra Centre used in the November 5th upcoming election and also for future general elections (May and November and any related run-off elections tied to those election dates). Ms. McAngus explained that Hays County was conducting a trial run with the November 5th election with regard to transitioning the county over to being a "vote center" county – i.e., where any voter can vote at any designated early voting or regular election day voting location. She further stated the Hays County Elections Office most likely would hope to use the same locations for future elections. The Board generally concurred that they would like to offer the use of Belterra Centre as a polling location for

regular voting in such elections and would discuss this matter further during the regular meeting.

- With regard to the Infrastructure Committee, Ms. Hester updated the Board that the committee is and will be reviewing the 210 plan, reviewing the asset management plan and the proposed costs of preventative maintenance for the collection system for the upcoming Budget and Finance Committee meeting. Again, Ms. Hester noted that Inframark reminded the various committees that they need to review related operational cost recommendations that would need to be considered by the whole Board as part of their next year and five-year budget reviews. Ms. Hester additionally noted that Hays County is installing a 4 way stop and a pedestrian crosswalk at Littleton and Trinity Hills to help with both vehicle and foot traffic from the residential area into the commercial area of Belterra and that she is also working on coordinating a meeting with Walt Smith, the Hays County Commissioner – Precinct 4. Also with regard to park matters, Kristi Hester indicated that some residents have asked Inframark if they could meet at Belterra Centre at 8:00 a.m. on Saturday, September 28th and help with cleanup of Belterra parks and trails (that same day between the hours of 8:00 and 10:00 a.m.) in conjunction with National Good Neighbor Day. She indicated they would be working with the group and would explain that such activity would need to be limited to picking up trash and not clearing of any sort of any debris (i.e., to ensure that the natural areas are NOT cleared in anyway). Ms. Hester noted that the priority trail repairs should be started next week. Director Botts indicated that Inframark had sent out a violation letter to a resident who had a welder cut a gate in his back fence (near the greenbelt) with no fire extinguisher nearby to put out any potential sparks that could have caused a fire. In addition, one resident had been given 5 days' notice to remove debris and annual clippings which had been dumped in the greenbelt. Such resident was notified that if he had not removed the debris, that Inframark would do so and back charge him for the removal costs.
- Kristi Hester next moved to a review the Inframark General Manager's Report. Ms. Hester noted that the average consumption per residential household during the last billing cycle was 9,137 gpd, down from 15,216 gpd for the similar June 2018 reporting cycle. In addition she noted that the water accountability factor for the prior month's reporting cycle was 95.57% (up from 87.0%) and a running average of 97.93% over the past 24 months. Ms. Hester reported that the WWTP was operating at 100% compliance following the recent replacement of some of the membranes at the WWTP.
- Lisa Adkins reviewed the Financial & Bookkeeper's Reports which included May 1, 2019 to May 31, 2019 reporting and a current check and wire listing. She noted that the tax collections report reflected a total of 99.09% collected in 2019 taxes through the end of May. Ms. Adkins distributed an updated Check Detail and reviewed the updated listing and report in detail with the Board. Ms. Adkins pointed out the large number of Bankcorp Manager account checks written and noted that those were due to the greater number of deposit refunds going to the higher number of households who make moves during the Summer. Also, Ms. Adkins reminded the Board that the $153,038.52 in remaining surplus funds from the District's Series 2017 Utility Bonds would be used to pay the for the WWTP membrane on-going project once invoiced. A possible meeting with the budget/finance committee was discussed and a tentative meeting the first week in August was discussed.

- Lauren Barzilla reviewed CMA's General Engineering Report noting that CMA is continuing to work on Bond Application report No. 9. In addition with respect to The Cottages at Belterra Village, Phase 2, she noted that the contractor has not yet cleaned the open space lot and that pending that work being completed, the developer is still operating under a conditional approval. With regard to the Commercial Tract Development, she updated the Board with regard to the status of grease trap plan approvals, site plan approvals and noted that plans are under review for Jason's Deli (2nd set), and then briefly reviewed proposed Task Order 58 for CMA's site plan review for Jason's Deli. She also noted that requests for proposal have been sent out for the Grafton Lane open space drainage project. She noted that she was having a hard time getting proposals in from contractors. Director Robison noted that he didn't feel the project was necessary. Ms. Barzilla noted that CMA feels the drainage will definitely be improved in the area following the construction of the project. Director Botts noted that CMA had solicited bids on the project at the Board's request after it had been determined that the project was necessary.
- Robby Callegari entered the meeting at this point. Director Botts noted that he and Mr. Callegari had briefly discussed a possible increase in engineering costs to the District which Director Botts asked that he hold off on for now. However, it was noted that on any items that are billed through the District where direct payment is offset by developers or builders (i.e., Jason's Deli review, billed to the District, paid by the District but reimbursed to the District by Jason's Deli or other tenant, etc.), Director Botts had agreed to recommend that the Board allow such costs to be billed at the new, proposed CMA rates. Mr. Callegari noted that CMA did not ask for a rate increase last year, but he would appreciate the Board allowing CMA to proceed as suggested by Director Botts. He also explained that he would like to revisit the new CMA rate structure on District projects as soon as practicable. Lisa Adkins noted that she had e-mailed the proposed CMA rates on to the Infrastructure Committee for review.
- A motion was made by Director Botts, seconded by Director Robison and unanimously carried to adjourn the workshop

REGULAR MEETING - 5:00 P.M.:

Directors Botts, Kelly, Robison, Dally and Lucas, along with Kristi Hester, Lisa Adkins, Judy McAngus, Chris Lane and Lauren Barzilla remained for the regular portion of the Board meeting. Matt Kutac, the general counsel for the District, joined in the meeting via telephone conference. All directors present when votes were taken voted on all matters unless an abstention is set out in any such item. Also, Kade Thomas and Johnny McDonnell with Weigelt Enterprises, Inc., ("WLE"), the District's landscape service provider, were present for portions of the regular meeting.

1. Director Botts requested that Ms. Barzilla continue on with her engineering report items which she had reporting on during the previous Work Shop Session. She next reviewed CMA's WWTP and 210 Reuse Irrigation Report with the Board.

She reviewed Change Order No. 5 under the WLE contract for the 210 Expansion Project ("WLE contract") in the amount of $40,249.07 and following a motion by Director

Dally, seconded by Director Lucas and unanimously carried, said Change Order No. 5, a copy of which is attached hereto as **EXHIBIT "E"**, was hereby approved.

In addition, she reviewed Pay Application No. 4 under the WLE contract in the amount of $152,759.88 and following a motion by Director Lucas, seconded by Director Robison and unanimously carried, Pay Application No. 4, a copy of which is attached hereto as **EXHIBIT "F"**, was hereby approved.

Ms. Barzilla handed out an advance copy of a proposed Change Order No. 6 to the WLE contract (regarding the clearing and infrastructure for Areas 7, 8 and 9), reviewed same with the Board. She explained that Atwell, the project engineer for the developer, had just approved the change order, but that she had not yet had time to conduct a thorough review or have a recommendation for the Board to consider at this time. Director Lucas requested a verification of related matters relating to the proposed Change Order No. 6, which Matt Kutac recapped. Mr. Kutac noted that he felt it appropriate that once CMA reviews and assuming it recommends approval of Change Order No. 6, that it first be brought to the HCWCID No. 2 Board to approve initially, as the contract under which the change order was issued was technically entered into on behalf of HCWCID No. 2, and he and Ms. Barzilla had not yet had a meaningful opportunity to review the change order on behalf of the Districts. Kade Thomas with WLE was present and had no further input to add to the discussion.

With respect to the WWTP Membrane Replacement of the CMA report, it was noted that the membranes for basin 2 have arrived and are scheduled for installation. In addition, it was noted that Robby Callegari was still waiting on the drum screen details and had notified Huber, EI2 and Kubota that the District needs the drawings and pricing for the drum screen replacement soon and if they are not able to provide that to CMA, that CMA will recommend that the District bid that portion of the project.

Ms. Barzilla next asked for approval of CMA Task Order No. 58 as discussed in the Workshop Session as relates to CMA's plan review for Jason's Deli in the amount of $10,000, to be billed under the new CMA rate schedule. Following a motion by Director Kelly, seconded by Director Botts and unanimously carried, the Board approved said task order, a copy of which is attached hereto as **EXHBIIT "G"**.

In addition to other engineering items, Ms. Barzilla presented a form of Conveyance of Existing Facilities and Assignment of Contracts for the Cottages at Belterra Village, Ph. 2 ("Conveyance"). It was confirmed that Matt Kutac had reviewed and approved such Conveyance and upon motion by Director Dally, seconded by Director Lucas and unanimously carried, the Board approved said Conveyance, a copy of which is attached hereto as **EXHIBIT "H"**.

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

2. Director Botts called for public communications and comments, there being none, the Board moved on to the next item.

3. The Board reviewed the consent agenda items. Following minor corrections to the both sets of minutes and motion by Director Botts, seconded by Director Robison and unanimously carried, the following items were approved:

- Minutes of the June 11, 2019 regular meeting;
- Minutes of the June 26, 2019 special meeting; and
- Financial and Bookkeeping Report, including: District annual calendar, tax collection report chart, profit and loss budget performance charts, monthly revenue vs. budget comparison chart, joint facilities report, cash balance sheets and reports, investment activity report, cash balance trend chart, updated District July 11, 2019 updated check register, wires, investment report, bond related reporting, maintenance cap tracking under the Inframark agreements and certain other financial reporting.

4. Matt Kutac explained the terms and provisions of a First Amendment to Standard Form Construction Contract between LH Belterra LLC, on behalf of HCWCID No. 2 and WLE LLC ("Contractor"), which if approved would allow separate irrigation areas under the existing contract to be accepted for completion in stages. Mr. Kutac reminded the Board that such matter had been generally discussed at previous meetings, and that it benefitted the Districts by allowing the addition of effluent disposal capacity prior to completion of the entire project. He noted this had operational benefits for the District and developers, and also would allow for the Districts to meet feasibility requirements to issue bonds. Finally, he confirmed that he had reviewed the amendment and that Ashlar had agreed to his proposed changes, which were incorporated in the form reviewed by the Board. Following a full review of such amendment and upon motion by director Dally, seconded by Director Lucas and unanimously carried, the Board approved such proposed amendment, it being noted that District execution was not necessary.

5. The Board recognized Johnny McDonnell with WLE who reported on WLE's landscape related services and noted that WLE had worked with Inframark to identify what the both considered the Priority I safety related repairs and improvements to the Trails within the District and presented a proposal for $25,449.00. Following a review and motion by Director Dally, seconded by Director Lucas, WLE was authorized to proceed with such work. It was noted that there would be a few additional phases of improvements to review and determine at a later date which of those were necessary and how they would be funded. Ms. Hester indicated that she would send those other items on for the initial consideration of the Parks Committee. In addition, Mr. McDonnell inquired as to whether he had the Board's approval to mow the wild flower areas. Director Robison requested that they wait one more month before proceeding with the mowing of such areas.

Director Dally noted that he felt it would be a good idea if Kade Thomas with WLE could attend the Infrastructure Committee Meetings until the 210 Expansion Project had been completed by WLE. Kristi Hester agreed to notify Mr. McDonnell and Mr. Thomas of such proposed committee meetings going forward.

In addition, Director Kelly asked Mr. McDonnell to be sure and alert the WLE crews that the drip irrigation fields only need to be mowed once a month for now due to the extreme dry weather we are beginning to have.

6. There was no one present to present a formal developer's report and no related actions to be taken. Mr. Kutac did note that it appeared the WTCPUA was going to allow Endeavor to move forward with regard to the multifamily project. He noted that the Chase irrigation assignment had to take a back seat to the WTCPUA matters, but that he would hope to have that at the next meeting. It was noted that Endeavor intends to sell the multifamily project in the near future.

7. Director Botts asked that the Board return to item 6 on the agenda with regard to the proposed Change Order No. 6 to the WLE 210 Expansion Project and simply reiterated that he would expect CMA to have reviewed and have a recommendation ready to discuss with respect to such change order and that he wanted both Lauren Barzilla and Matt Kutac to both be comfortable with the recommendation since the change order was on areas within HCWCID No. 2 and had been a source of concern to the HCWCID No. 2 Board. He recommended that Matt Kutac take leadership oversight with respect to the presentation to the Infrastructure Committee and that following committee meeting, that the HCWCID No. 2 Board take the first action with respect to the approval of such change order (again, as relates to Areas 7, 8 and 9 under the WLE contract).

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

Under Item 1)i) - by motion of Director Lucas, seconded by Director Kelly, the Board approved a WLE proposal in the amount of $6,695.00 to upgrade the IQ controllers in the 210 irrigation system; and

Under a separate but necessary additional item, upon motion by Director Lucas, seconded by Director Dally and unanimously carried, the Board approved a WLE estimate of $13,215.00 to replace a series of 4" gate values and the installation of an additional 6" gate valve to the 210 irrigation system.

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

9. Following a discussion, upon motion by Director Dally, seconded by Director Lucas and unanimously carried, the Board formally approved and ratified a Cost-Share Funding Program Agreement between the District and LCRA, a copy of which is attached hereto as **EXHIBIT "I"**.

10. Matt Kutac next explained the terms and provisions of a Hays County Amended License Agreement ("Amended License Agreement"), a copy of which is attach hereto as **EXHIBIT "J"**. For the benefit of both Directors Lucas and Dally, he explained that similar forms of agreement had been executed with the County in the past, but noted that now that all the land is platted within the District, it was timely to adopt this Amended License Agreement to cover all platted sections within the District, and allows the District to install, use and maintain certain landscape, lighting, fencing, facility access gates and posts, entryway monuments, marketing and informational signage, sidewalks and irrigation (from the potable water distribution system, wells, or TCDQ-approved treated wastewater effluent as described in Article XIV of the Amended License Agreement) in and on the right- of-way areas adjacent to roadways

in the District. Following a discussion and motion by Director Lucas, seconded by Director Kelly and unanimously carried, the Board approved and authorized the execution of the Amended License Agreement.

11. 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 stated that it is his understanding that the Joint Customer Care Committee hoped to schedule an additional meeting around August 1st.

12. Matt Kutac reviewed a proposed Contact for Municipal Solid Waste Collection and Disposal Services ("Contract for Waste Collection & Disposal") between the District, HCWCID No. 2 and Texas Disposal Systems, Inc. ("TDS") and explained the red-lined changes he had provided in advance for the Board's review. Mr. Kutac explained a few areas of the contract where he had included revisions to various proposals initially offered by TDS, which he felt were more consistent with concerns previously expressed by the members of the Customer Care Committee, who had been working with TDS to negotiate the contract. It was noted that the new form of contract would cover both services to the residential and commercial customers of Belterra under one contract. Following a detailed review and discussion and a confirmation that the customer rates charged by the District to its residential customers for such services would remain the same, Director Botts motioned, seconded by Director Robison and unanimously carried, that said Contract with TDS, a copy of which is attached hereto as **EXHBIIT "K"**, was hereby approved.

13. Matt Kutac noted that HCWCID No. 2 Director Samantha Bethke had reminded him that Hays County Constable Ron Hood had inquired as to whether the Boards of both districts would be willing to provide him with a letter evidencing their support with respect to budgetary items in the County budget that would allow for better law enforcement patrol and coverage, under the Hays County budget. Following a motion by Director Botts, seconded by Director Robison and unanimously approved by those members present, Matt Kutac was authorized to formalize such a letter for signature by the Board President and forward such letter on to the County, a copy of which is attached hereto as **EXHIBIT "L"**.

14. Matt Kutac presented a proposed form of an Order Adopting Amended Service Rate Order (July 11, 2019) and reviewed the provisions with the Board, which mainly included revisions Section 4 updates to include charges and rate information for the solid waste services provided to Non-Residential Customers. Following a full discussion, and contingent upon execution of the above-referenced Contract for Waste Collection & Disposal, upon motion by Director Botts, seconded by Director Robison and unanimously carried, the Board approved said Order, a copy of which is attached hereto as **EXHIBIT "M"**, with the effective date to be the first date of the month in which the Contract for Waste Collection & Disposal becomes effective.

15. As discussed in the workshop session, upon motion by Director Robison, seconded by Director Lucas and unanimously carried, the Board voted to extend an offer to Hays County for use of Belterra Centre for Regular Election Day Voting on the uniform election dates (May and November) as well as any needed Primary Voting Dates with the understanding that the Board would provide a diagram (configuration) of the layout of the basic areas for use and set up of the equipment and flow of voters into and out of the Centre. Judy McAngus agreed to

communicate the Board's offer to Jennifer Anderson, the Hays County Elections Administrator, the next morning.

16. With regard to WTCPUA matters, Matt Kutac reviewed on-going discussions with the WTCPUA staff and its consultants with regard to the sufficiency of water commitments under the existing contract. He noted that Lauren Barzilla had worked very hard reducing the details related to non-residential usage down to a chart, and is working on a related summary table to also recap overall consumption within the District. He said that the process is taking some time to get the current WTCPUA staff and its consultants up to date on very complex matters, and he would be requesting a formal meeting for the purpose of resolving related issues and coming up with a conclusion by the end of July or early August of such matters.

17. The Board discussed various dates and times for committee meetings, with Kristi Hester and Lisa Adkins agreeing to coordinate and finalize recommended meeting dates and times.

18. Due to quorum concerns, the Board proposed that a special meeting for regular business be slated for Tuesday, August 13, 2019 with the workshop session at 3:30 p.m. and special meeting (for regular business) to occur just following that at 5:00 p.m. It was noted that should a special meeting be needed after HCWCID No. 2 meets to approve Change Order No. 6 under the WLE 210 Expansion Contract, the Board would be notified and a quorum verified.

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 22nd day of August, 2019.

Daniel B. Robison

Daniel B. Robison, Secretary

(DISTRICT SEAL)