

MINUTES OF THE MEETING
OF THE
BOARD OF DIRECTORS

THE STATE OF TEXAS §

COUNTY OF HAYS §

HAYS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2 §

The Board of Directors (the "Board") of Hays County Water Control and Improvement District No. 2 (sometimes referred to herein as the "District") met in regular session, open to the public, at 151 Trinity Hills Drive, Austin, Texas, its meeting place outside the boundaries of the District on January 16, 2020, and the roll was called of the members of the Board of Directors, (herein referred to as the "Board") to-wit:

Royce Wachsmann	President
Samantha E. Bethke	Vice President
Sean McGillicuddy	Secretary
William Carroll Kelly IV	Treasurer/Asst. Secretary
Bill Harris	Asst. Secretary

All members of the Board as listed above were present at the commencement of the meeting except Director Kelly who entered the meeting during the discussion of the WWTP reengineering report in item 3 herein below. All directors present voted on all such items. Also present were Matt Kutac of the law offices of Matthew B. Kutac, PLLC, Andy Barrett of Andy Barrett & Associates PLLC, Judy McAngus, paralegal with Winstead PC ("Winstead"), Chris Lane with SAMCO Capital Markets, Inc. ("SAMCO"), Kristi Hester and Makenzi Scales of Inframark, the District's general management and operations contractor, and Laura Barzilla with CMA Engineering, Inc. ("CMA"), engineers for the District. In addition, Ms. Lynn Lee, a proposed candidate for the May 2, 2020 upcoming Directors election, was present to observe a portion of the meeting. Also, Chris Calvisi with WLE, the District's landscape service provider, was in attendance for a portion of the meeting.

The meeting was called to order, and evidence was presented that public notice of such meeting had been given as required by law.

1. The Board first called for public communications and comments. Hearing no comments, the Board moved on to the next item on the agenda.

2. The Board reviewed the Minutes from the December 19, 2019 meeting. Following a review thereof, upon motion by Director Bethke, seconded by Director Harris and unanimously carried, the Board approved said Minutes.

3. Lauren Barzilla next reviewed CMA's WWTP and 210 Reuse Irrigation Report with the Board, a copy of which report is attached hereto as **EXHIBIT "A"**, and gave a thorough update of the status of construction of the 210 Expansion Project ("WLE contract"), the status of the WWTP membrane replacement project, the WWTP drum screen replacement project and the WWTP permit renewal – noting that the WWTP permit renewal was approved and issued by the Texas Commission on Environmental Quality ("TCEQ"). The record shall reflect that Director Kelly entered the meeting during this presentation of such report.

Ms. Barzilla confirmed there was no action needed with respect to the WWTP and 210 Reuse Irrigation Report.

4. Next, Ms. Barzilla presented the CMA general engineering monthly report, a copy of which is attached hereto as **EXHIBIT "B"** and reviewed such report with the Board. She updated the Board with regard to the status of the District's proposed Bond Application No. 7 and the Brentwood Drainage improvement project, noting that construction would commence around January 20th.

Ms. Barzilla confirmed there were no action needed with respect to the general engineering report.

5. No one from the developer was present to give an update with regard to on-going development related activities within the District.

6. Kristi Hester explained that Inframark would be including their executive summary report with their monthly General Manager's Report beginning with the current report. A copy of such report is attached hereto as **EXHIBIT "C"**. Ms. Hester introduced a new Inframark employee to the Board, Makenzi Scales, noting that Ms. Scales had recently moved down from Inframark's Houston office and that she would be shadowing Ms. Hester as part of her training.

Ms. Hester next reviewed the report in detail, summarizing the status of wastewater treatment plant operations, re-use water system matters, distribution system, billing, the current AMI meter inventory, collection system updates, drainage/ponds, and parks-trial related matters. Ms. Hester noted that a wrought iron fence enclosure would be installed next week at the Belterra Centre to store the all-terrain vehicles used for operations by Inframark and HCWCID No. 1. She also reported on a repair to the shade awning at the Sandhills Park, on-going work with WLE on adding a stabilizer to the trail at the Sandhills Park (which action is being put on hold until the Parks Committee can review other options) and Mesa Verde Park matters relating to the addition of mulch to certain areas in the park. She next reported that 24 customer service inspections had been performed during December. With respect to customer care related matters, Ms. Hester stated that the District and HCWCID No. 1 Customer Care Committees had recently hosted a forum for the Belterra community at Belterra Centre to discuss a number of thefts in Belterra and other nearby neighborhoods over the past few weeks. It was noted that such meeting was scheduled by the customer care committees to provide the community an opportunity to hear from District representatives and law enforcement officials, address

inaccuracies that seem to have been posted on various social media accounts, and address concerns of residents moving forward.

In furtherance of the AMI meter update, Ms. Hester noted that Inframark was bringing in a member of their team that would be dedicated to installing AMI meters throughout the District and HCWCID No. 1 in hopes replacing all the remaining existing meters with AMI meters by the end of 2021.

Director Bethke followed up with respect to customer communication and noted that though the official posting location within the District boundaries for meeting notices was at the Mail Kiosk located at the corner of Harris and St. Richie, and that courtesy postings have been typically placed at the additional existing kiosk locations within the District, she requested that Inframark review all kiosk locations within the District to ensure similar posting boards are located at all such locations. Director Bethke asked that Inframark continue posting District meeting notices at all such locations for community awareness.

Ms. Hester noted that she had received a request from a resident in the Seneca Trails area with regard to proposed trail access improvements that would give the residents in that area better access to the trails within the District. Ms. Hester, Chris Calvisi and the Board members discussed the obstacles the District would have to overcome and felt that such connections were not originally installed due to the ADA concerns, construction costs and continuing maintenance that would be necessary in order to provide safe access in such areas (where it appeared walking paths had been created by foot traffic through the greenbelt area). Also, it was discussed that the Seneca Trails residents had brought up the fact that they felt a crosswalk across Belterra Drive was needed to connection to the new sidewalk extension along the opposite side of Belterra Boulevard to their neighborhood. The Board noted that it would be Hays County that would need to determine if such a crosswalk was warranted and safe for such location. Ms. Hester indicated that she anticipated meeting with Commissioner Walt Smith and that she would be happy to relay the residents request on to him.

Also, with respect to the above-referenced Mesa Verde Park mulch installation, Director Bethke stated that she believes certain areas at Mesa Verde Park should be considered level 1 maintenance areas. She further explained that her review of the most recent WLE landscape service map seems to reflect that, and if so, she feels the mulch should be provided at no extra charge. In addition, Director Bethke noted that if that area is not a level 1 maintenance area, she feels it needs to be reconsidered and maintained at similar levels as elsewhere in the District to insure uniformity and consistency throughout the District. Mr. Calvisi noted that he would revisit those areas and review them with Johnny McDonnell with WLE and report back to the Parks Committee or the Board, whichever met first.

In addition, Ms. Hester referred the Board to the detailed WLE Report, which she had received and posted on the District's Google Drive in advance of the meeting for the Board's review. She noted that an updated monthly report would be prepared by WLE, provided to her and then posted in advance of each regular meeting. Ms. Hester requested the Board members review such report prior to the meetings if possible and bring any questions to the attention of the

WLE representative or Ms. Hester at each meeting . Chris Calvisi proceeded to recap certain items on the current report.

Ms. Hester noted that residential connections had increased to a total of 1,021 in December of 2019 from 911 in December of 2018. In addition, she noted that for December 2019, the average residential consumption was at 7,766 vs. 5,939 in December 2018. She further reported that the monthly water accountability factor was 94% for the most recent reporting period (101% for the previous period). She noted that the WWTP system was in compliance for the December reporting period.

Hearing no further questions and following discussions, upon motion by Director Wachsmann, seconded by Director Harris and unanimously carried, the Board accepted Inframark General Manager's Report.

7. In Lisa Adkins absence, Kristi Hester reviewed the District's monthly Financial and Bookkeeping Report, a copy of which is attached hereto as **EXHIBIT "D"**. She noted that as of December 31, 2019 the District had collected 72.19% of its 2019 taxes, with it being noted that taxes are due and payable by January 31, 2020. She also reviewed the profit and loss budget performance charts, the monthly revenue vs. budget comparison chart, the Inframark maintenance cap tracking chart for the District, WWTP joint facility billing reports, balance sheets for operating and debt service accounts, cash balance report for all accounts, cash balance trend chart, check registers, a Series 2018 and separate Series 2019 Summaries of Bond Capital Project Funds and a listing of wires. Following a detailed review of such report and check detail, upon motion by Director McGillicuddy, seconded by Director Wachsmann and unanimously carried, the Board approved such report, and authorized the release of such checks and wires as noted thereon.

It was noted that the audit for the District's fiscal year ended September 30, 2019 would be available for presentation, review and approval to the Board by February 6th ahead of the TCEQ filing deadline on February 12th. The Board tentatively agreed to discuss and confirm a special meeting date for such approval further down on the agenda.

8. With respect to the most recent approved, proposed Interlocal Cooperative Agreement for Law Enforcement Services with the District, Hays County, Hays County Constable for Precinct and HCWCID No. 2, Matt Kutac noted that Hays County was still tweaking the form of the contract with minor changes, and that he was not aware of when it would set for Commissioners Court approval. It was noted that Hays County Commissioner Walt Smith had expressed an interest in standardizing a form that could be used for other entities and not just the District. Director Bethke noted that initially she had some concern with regard to the type of reporting that would be provided under the contract, but that she had reviewed a December report that she thought addressed her concerns.

9. Following a briefing from Matt Kutac, upon motion by Director McGillicuddy, seconded by Director Wachsmann, the Board approved a release of the IBC Letter of Credit No. SBP702604 posted by LH Belterra, LLC in connection with feasibility requirements for wastewater disposal as related to the Series 2018 Utility Bonds, with Mr. Kutac being authorized

to provide the executed release once he had confirmed that the facilities had been conveyed and accepted.

10. Matt Kutac noted that he would be working with the Joint Customer Care Committee with respect to a thorough review of the proposed consultant agreement with Touchstone District Services regarding communication consulting services.

11. Regarding the upcoming May 2, 2020 Directors Election, Judy McAngus confirmed that she was working with the Hays County Elections Administrator as to the proposed listing of county vote centers for early and regular election day polling places and would have a form of contract and separate agreement, in addition to the Order Calling Director Election, which would be available for review and approval by February 6th.

12. Matt Kutac indicated that there was no action to be taken with respect to WTCPUA matters but he did update the Board on the receipt of a letter from the WTCPUA to the HCWCID No. 1 Board of Directors, which included a review of HCWCID No. 1's compliance with its wholesale water services agreement and additional matters that had surfaced in such letter regarding previously installed irrigation meters. He noted that the HCWCID No.1 Board had directed Mr. Kutac and Andy Barrett to formulate and forward a response to the WTCPUA based on historical data from the HCWCID No. 1's records as well as their Board's position on such matters.

13. The Board confirmed and scheduled a special meeting for February 6, 2020 at 4:00 p.m. mainly to consider the review and approval of the audit, and also to call the May 2, 2020 directors election. In addition, it reconfirmed its next regular meeting for Thursday, February 20, 2020 at 5:45 p.m. The Board further noted that its regularly scheduled March meeting will fall during this year's Dripping Springs ISD Spring Break, and the Board concurred that they would prefer to reschedule the regular March business for a special meeting on Thursday, March 26th at 5:45 p.m. It was noted that Kristi Hester or Lisa Adkins would contact the Board to confirm upcoming committee meetings.

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

APPROVED AND ADOPTED this 20th day of February, 2020.




Sean McGillicuddy, Secretary