

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, on the 21st day of January, 2021, by Zoom video/audio conference to mitigate the spread of COVID-19 pursuant to the Proclamations issued by the Governor of the State of Texas and guidance provided by the Office of the Attorney General of the State of Texas, and the roll was called of the members of the Board of Directors, (herein referred to as the “Board”) to-wit:

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

All members of the Board were present via zoom video conferencing for the commencement of the meeting. Also present via Zoom video/audio conferencing were Matt Kutac of the law offices of Matthew B. Kutac, PLLC, Andy Barrett with Andy Barrett & Associates, PLLC, Kristi Hester and Ronja Keyes of Inframark, the District’s general management and operations contractor, Chris Lane with SAMCO Capital Markets, Inc. (“SAMCO”), the District’s financial advisor, Lauren Barzilla of CMA Engineering (“CMA”), the District’s engineers, Allen Douthitt of Bott & Douthitt PLLC (“Bott & Douthitt”), the District’s bookkeeper, Judy McAngus and Vicki Hahn, paralegals with Winstead PC and Chris Calvisi of WLE, LLC, the District’s landscape service providers.

Matt Kutac explained a few guidelines for the telephonic conference meeting regarding a request that each Board member confirm their name prior to making any motion or voting on such matters to insure that the public record of the meeting would be heard and accurately recorded. Notification to the public was given that the meeting was being recorded. The meeting was then called to order, and evidence was presented that public notice of such meeting had been given as required by law.

1. Matt Kutac confirmed that no members of the public had signed up for public comment in advance of the meeting by submitting an email. He further called for public communications and comments from any person, including any persons tied in the meeting via audio. Mr. Kutac asked if there was any other person participating in the meeting who wished to address the Board under this item, and hearing no response, the Board proceeded to the next item of business.

2. The Board reviewed the Minutes from the December 17, 2020 Regular Board Meeting. Following a review thereof, upon motion by Director McGillicuddy, seconded by Director Bethke and unanimously carried, the Board approved said Minutes.

3. Mr. Kutac gave an update regarding the status of pending reimbursements from the District's Series 2020 Unlimited Tax Utility Bonds ("Series 2020 Utility Bonds"). He gave a background summary regarding the dispute between L.H. Belterra LLC, and Preston Hollow Capital as related to the reimbursement of developer costs for facilities accepted by the District through issuance of the District's last series of utility bonds. He noted that the LH Belterra LLC and Preston Hollow Capital have now agreed to the allotment of fees and he has obtained releases from both parties, which are being held in escrow pending Allen Douthitt's confirmation that the reimbursement amounts have been disbursed to both parties.

In addition, the Board reviewed a supplemental Agreed Upon Procedures Report ("AUP") prepared by Maxwell Locke & Ritter, dated January 21, 2021, a copy of which is attached hereto as **Exhibit "A"**, which includes Schedule A-1 and Schedule A-2, which schedules confirm the amount of the reimbursable costs to be paid to LH Belterra, LLC and Preston Hollow Capital, LLC. Upon a motion by Director Harris, seconded by Director Kelly and unanimously carried, the District approved the supplemental AUP and authorized the distribution of proceeds in accordance therewith.

4. The Board recognized Allen Douthitt who presented Bott & Douthitt's Accounting Report dated January 21, 2021, which included a review of the Cash Activity Report Including Subsequent Activity through January 21, 2021 and expenditures to be approved at this Board Meeting. Such Cash Activity Report included director and vendor payments, fund transfers and the Financial Statements for November 30, 2020 for review and approval by the Board. Mr. Douthitt then gave a brief update with respect to the Cash/Investment Activity Report, the Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance. Bott & Douthitt's reports are attached hereto as **Exhibit "B"**. During his report, Mr. Douthitt noted that the payment to the TCEQ for \$11,273.40 was for the 2020 Regulatory Assessment fee and the payment to West Travis County PUA was for capital recovery fees. He discussed the change in mythology with respect to the joint facility related entries that are shared by Hays County Water Control and Improvement District No. 1 ("Hays County WCID No. 1") and the District.

Following Mr. Douthitt's presentation, upon motion by Director Kelly, seconded by Director McGillicuddy and unanimously carried, the Board approved the above-referenced Accounting Report and disbursements.

5. Chris Calvisi with WLE reviewed the monthly WLE Landscaping Service Report, provided in advance to Inframark, and posted on the Board's Google Drive. He noted that the Dianthus flowers installed as part of the Winter Color in certain of the Belterra flower beds had to be replaced by Snapdragons and such charge was reflected in the invoice he was presenting to the Board for approval. Director Bethke expressed concern regarding the invoice because the District's Parks Committee had not been given the opportunity, as they had previously requested, to participate in the selection of the "color and choice of plants" and, as such, the District should not share in the costs of any replacement plants or installation thereof. It was noted by Mr. Calvisi that Hays County WCID No. 1 and Inframark had approved the initial placement of the dianthus in with the mix of snapdragons (which he had assumed meant in all areas of Belterra). Ms. Hester suggested that the invoice for \$900 should be split evenly between Inframark and WLE. Mr. Calvisi noted that he would need to get approval by WLE for their share of such expense. Director Lee mentioned that, in the future, she would like to see the WLE invoices broken down into labor costs and material costs instead of lumping them into one category. Director Bethke mentioned that she still, after several requests, has not received the proposal for the Mesa Verde entrance redesign. Mr. Calvisi explained that the proposal was with the estimator at WLE and he would get it to Director Bethke as soon as possible. Director Bethke noted that she was not impressed with the new company (note: though WLE is still the name displayed on the vehicles and as doing business, WLE is now part of Bright Star Landscaping). Mr. Calvisi noted that there had been no organizational changes and that he personally had simply forgotten to follow up on the status of the proposal. No action was needed by the Board as relate to such matters.

6. Lauren Barzilla of CMA presented CMA's monthly Joint Wastewater Treatment Plant ("WWTP") and 210 Reuse Irrigation engineering report, a copy of which is attached hereto as **Exhibit "C"**. Ms. Barzilla confirmed that Hays County WCID No. 1 had approved Pay Application No. 4 for \$358,620.00 for the Drum Screen Replacement project. Ms. Barzilla noted that both blowers are down at the WWTP and she explained CMA's Task Order No. 65 for the addition of \$60,000, which had also been approved by Hays County WCID No. 1 at its last meeting. She noted that such task order included work with regard to removing and replacing the existing blowers with two larger capacity blowers, modifying the blower discharge piping to accommodate the new blowers, making modifications to the existing electrical and controls to accommodate the new larger capacity blowers and making modifications to the existing sound barrier wall to access the existing and new blowers. Director Bethke inquired about the sound changes. Ms. Barzilla explained that though the new blowers are larger she is not sure that they will be any louder and noted that the existing sound wall is a two sided wall, and that the new design will include a rollup door (similar to a garage door) on the west side which she thinks is a better option for the redesign. Director Harris asked if the door was insulated or if not, if any noticeable difference might be provided if it was. Ms. Barzilla confirmed that she was not sure of that answer and it was noted that such option might be a good one to check into.

7. Ms. Barzilla then moved on to CMA's District's Engineering Report, a copy of which is attached hereto as **Exhibit "D"**. A summary of her report is as follows:

- Hays County Emergency Services District ("ESD No. 6") sometimes referred to as the "Fire Station":
  - A. The punch list has been created and can be found on the Board's Google drive.
- Naples Sidewalk Extension and Trail Project
  - A. The surveyor has provided the CAD file and design is underway.

Ms. Barzilla noted that there were no action items needed with respect to such report.

In addition, Ms. Barzilla stated that even though it was not on the Agenda, she noted that the contractor on the public utility portion of the ESD No. 6 construction project within the District, had conditional approval of the water and wastewater portion of the project. She briefly reviewed the items on the punch list. Matt Kutac explained under what terms the Board could authorize conditional acceptance of the project, noting that CMA would need to confirm that all remaining punch list items had been completed. Following a motion by Director McGillicuddy, seconded by Director Harris, and unanimously carried, the Board agreed to approve the project conditioned on the District's Engineer's confirmation that the punch list has been completed and that the work is satisfactory.

With respect to the Naples sidewalk extension and trail expansion project, Ms. Barzilla noted that she would like to meet with the Parks Committee at the location of the proposed tie-in to get their thoughts and in order to get something down on paper for the Board to briefly review and approve at its next meeting so that component of the project can be added to the final design.

Also, Ms. Barzilla went back and asked for Board approval of CMA's Task Order No. 65 (which had been discussed in item 6 hereinabove) as relates to the Belterra Wastewater Treatment Plant EQ Tank Blower Replacement project for an additional \$60,000. Upon a motion by Director Bethke, seconded by Director McGillicuddy, Task Order No. 65 was approved, a copy of which is attached hereto as **Exhibit "E"**.

8. Kristi Hester reviewed Inframark's General Manager's Report, a copy of which is attached hereto as **Exhibit "F"** and in particular, the executive summary memorandum dated January 21, 2021. Ms. Hester's gave the following updates:

- **Wastewater Treatment Plant**
  - a) All facilities are in compliance for the Month of December.
  - b) She noted that a separate report had been provided to the Board for activity during January regarding the EQ rehab and operational issues.
  - c) EQ Tank Rehab Status - Coupling adaptors have been installed, primer and paint. completed January 18<sup>th</sup>, cured air diffusers are being installed and the tank should be back on line on January 22<sup>nd</sup>.
  - d) Preventive Maintenance on generators, chlorination system and mechanical completed
  - e) MBR Diffuser cleaning valve had to be repaired for basin 1.
  - f) Replaced old GFI's.
  - g) Pre-anoxic basin blower motors replaced at a cost of \$4,893.
- **Re-Use Water System - Drip System**
  - a) 210 main line break occurred January 18, 2021, repairs scheduled for this week.
- **Distribution System – Billing**
  - a) 301 AMI meters installed, 58 users on portal.
  - b) 2 crews from Inframark's Houston office on site to assist with setting the AMI meters and they have 200 meter changes out scheduled over the next 30 days.
- **Collection System**
  - a) Cleaned all lift station wet wells.
  - b) Annual SCADA fees paid for lift stations.
  - c) Resident at 750 Harris reported a sewer line back up – Ms. Hester indicated that the line had been televised and it appeared that the problem was the District's 6" stack and it would be repaired under Inframark's base fee.
- **Drainage/Ponds**
  - a) Cleaning and removal of old silt fencing is underway at several of the drainage ponds- Ms. Hester noted that Inframark had just hired a dedicated Storm Water specialist , had inspected the ponds, which will be cleaned out, repaired and silt removed more timely than in the past.
- **Parks – Trails**
  - a) Cleaned campsite from greenbelt behind Angelina Valley Way.
- **Construction**
  - a) 105 builder inspection completed for December.
  - b) 10 Pool inspections completed in December.

- **Customer Care**

- a) Met with resident at 141 Medina Hills to assist with Eye on Water and show leak detection.
- b) Received request from resident at 12152 Mesa Verde to clean up trash and grade easement next to home.
- c) Removed old silt fencing around Merion and along Mesa Verde.
- d) Joint Customer Care Committee meeting held on January 1, 2021
  - i. Discussed Touchstone Contract and Responsibilities (and noted a proposed meeting with Mike Willet of Touchstone slated for the following day).
  - ii. Reviewed security schedule and extra shifts (and noted she would like to bring in Hays County Constable Ron Hood to meet with the Customer Care Committee).

- **Infrastructure**

- a) Recommend setting up a joint infrastructure meeting on site at the WWTP once the EQ tank is back on line and to meet with the new Inframark operators at the site.

- **Other**

- a) End of 2 year warranty coming up on sections 20.1, 20.2 and 21.2 - Punch list from Hays County and CMA sent to contractor.

Ms. Hester then gave a report on the overflow issue which occurred at the wastewater treatment plant for four consecutive days. She detailed a series of events that led to the overflow. She noted that the overflows were under 500 gallons and were mostly comprised of foam caused by the death of the organisms inside the tank. She noted that none of the spills reached the creek or any bodies of water. Ms. Hester set forth the steps Inframark took steps to minimize the overflow. The steps included employing multiple 18 wheelers with a load capacity of 7200 gallons each to off-loading waste from the plant at a cost of approximately \$40,000. Ms. Hester then noted that the spills were reported to the TCEQ but she has not received a fine, or any response, as of yet. Ms. Hester stated that the TCEQ is not in the field doing inspections right now due to Covid-19 but they could amp up the inspection at the wastewater treatment plant in the future. She noted that hiring the 18-wheelers was expensive and would impact the District's budget, however, this was a less expensive alternative than if the spills had been larger and reached the creek.

Ms. Hester also noted that Hays County Road and Bridge Repair will do some patchwork repairs in front of the school in early February and that Inframark is working to ensure that Belterra is included in Hays County's road and bridge repair budget.

Ms. Hester also indicated that she received a request from Hays County Transportation Department to add an ADA ramp and crosswalk at Seneca and Belterra Drive. The Board expressed concerns with respect to putting the crosswalk at this location for safety reasons. The Board felt that high speeds and a blind spot at this location make it an unsafe location to put the ADA ramp, especially if no stop sign is added. Even if a stop sign is added, the Board expressed the concern that drivers would not stop. It was determined by the Board that Ms. Hester should inform the Hays County Transportation Department of the Board's concerns and inform them that the Board would advise the County to put significant safety enhancements in place before the Board would support the expenditure of District funds for the installation of a crosswalk near such location.

Ms. Hester shared the Erosion Control and Building Inspection Report on the Google Drive, noting pictures and listings of numerous builder violation and the status of various fines assessed to certain of the builders, stating that they are trying to work closely with the builders on such matters with regard to the numerous homes under construction within the District.

The fact that Hays County WCID No. 1 is looking into adding an LED sign near the entrance at Belterra Centre was discussed, and it was noted that several District Board Members were opposed to this idea. It was mentioned that the cost to install the sign would be between \$20,000 and \$30,000. Ms. Hester made it clear that Hays County WCID No. 1 was just looking into the idea and had not yet approved the installation of the sign. Directors Bethke and McGillicuddy had numerous questions as to whether the public had any input into the proposed placement and whether the sign fits into the Belterra Master Plan and meets the requirements of any HOA rules governing signs. Matt Kutac noted that his recollection is that the HOA restrictions generally do not apply to lots owned by either of the Districts, but that he would double check to confirm that point.

The last item mentioned before moving to Inframark's action items is the leak behind the Splash Pad. The Splash Pad had to be shut down and repaired. The system was being pressured back up today to make sure the repair was successful.

After her report, Ms. Hester requested approval for Excel Construction to install the air diffusers at the WWTP at a price of \$7,000. Upon motion by Director Harris, seconded by Director Kelly and unanimously carried, the Board approved the \$7,000 expenditure for such installation.

Upon motion by Director Bethke, seconded by Director McGillicuddy and unanimously carried, the Board approved the General Manager's Report.

9. Mr. Kutac discussed the adjustment of Inframark's base and maintenance account fees pursuant to the existing operations and management agreement. Mr. Kutac noted that the annual CPI increase was capped at 5% and that an adjustment to the base and maintenance account was necessary under the contract. Mr. Kutac confirmed that he verified the CPI rate (3.431% increase). Upon motion by Director McGillicuddy, seconded by Director Harris and unanimously carried, the Board approved the adjustment to the base and maintenance account, a copy of the revised Base Fee and Maintenance Account Adjustment Statement is attached hereto as **Exhibit "F"**.

10. In furtherance of matters discussed in the General Manager's report, with regard to services provided by Touchstone District Services ("Touchstone"), the Customer Care Committee confirmed that they had met with the Hays County WCID No. 1 Customer Care Committee to discuss Touchstone and they all felt that Touchstone is not complying with their agreement. It was noted that Kristi Hester will speak with Michael at Touchstone and have a person checking the site every day for postings. The Customer Care Committee decided to make the Finance Committee aware that they would like to withhold payment to Touchstone until they get the issues resolved. Director Bethke confirmed she would like to insure that Touchstone provides a link for future Board Meeting Notices on the District's Facebook page.

11. The Board reviewed a proposed Order Adopting Election Year Policy ("Order") relating to a final form of a policy pertaining to future Directors' elections. Mr. Kutac noted that he had not received any comments to the such policy from any Board members. Director Lynn interjected that she had one comment to the policy – which was that under the "Order Calling Directors Election", she would rather have a date certain when the Order would be posted on the District's website instead of a reference to a period of a few days of adoption. The Board agreed on 7 days (which would allow time for finalizing such Order, obtaining signatures and then posting such Order to the District's website. Following a discussion and request by the Board to make such correction, upon motion by Director Bethke, seconded by Director Harris and unanimously carried, the Board adopted said Order, a copy of which is attached hereto as **Exhibit "G"**.

12. Alternative meeting locations were discussed. Director Harris stated that there would be no problem meeting at the Belterra Amenity Center as soon as they open up after the pandemic ends. The only problem with using the Belterra Amenity Center could be scheduling conflicts with other groups. With respect to meeting at the Hays County ESD No. 6 building that is currently under construction within the District, Lauren Barzilla noted that she had asked the building architect for a floor plan but that said architect was reluctant to provide it. It was also noted that it would be 4 or 5 months before the Fire Station is completed. With respect to meeting at the CMA offices, Ms. Barzilla confirmed that CMA has no issue with allowing the District to meet there. It was determined that, due to the pandemic, this issue is not urgent and will be discussed in the future once in-person meetings resume.

13. Mr. Kutac noted that there were no updates with regard to District matters with respect to either the Lower Colorado River Authority or West Travis County Public Utility Agency.

14. Matt Kutac discussed the compliance requirements and limitations with respect to acceptance of holiday gifts and the \$50 threshold by government officials.

15. The Board confirmed the date of February 4, 2021 at 6:00 p.m. for a Special Board Meeting for the main purpose of reviewing and approving the District's September 30, 2020 audit. The Board also confirmed its next regular Board Meeting would be scheduled for Thursday, February 18, 2021 at 5:45 p.m. and it was noted that Kristi Hester would confirm all upcoming committee meetings with the committee members.

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

APPROVED AND ADOPTED this 18<sup>th</sup> day of February, 2021.



  
Sean McGillicuddy, Secretary