

MINUTES OF THE MEETING
OF THE
BOARD OF DIRECTORS
January 27, 2022

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 January 27, 2022 at the Belterra Recreation Center, 801 Belterra Dr, Austin 78737 and the roll was called 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 for the commencement of the meeting except Director Harris. It should be noted for the record that all Board members present voted on all matters that came before the Board. Also present were Matt Kutac of the law offices of Matthew B. Kutac, PLLC, Andy Barrett of Andy Barrett & Associates, Jimmy Romell of Maxwell, Locke & Ritter, Allen Douthitt of Bott & Douthitt, the District's bookkeepers, Kristi Hester and Ceejay Jackson of Inframark, the District's general management and operations contractor, Lauren Barzilla of Burgess & Niple ("BN"), the District's engineers, Vicki Hahn, paralegal with Winstead PC and J. Carmen Avila of BrightView, the District's landscapers.

1. Mr. Kutac confirmed that members of the public had signed up for public comment in advance of the meeting by submitting an email. Mr. Kutac called for public communications and comments from any person and reviewed the following rules for public comment; (i) comments are limited to 3 minutes per person; and (ii) the Board cannot dialog or take any actions during public comment and responses are limited to statements of fact, recitation of current policy, clarifying questions and requesting that items be added to a future Agenda.

Mr. Krause, Ms. Dennard, Mr. Dennard and Mr. Johnson provided public comment with respect to the trail expansion project. All of these residents are opposed to the trail expansion citing privacy and security as their main concerns. The Board noted that the trail expansion has been planned for several years. The Board also noted that if the residents have a concern about privacy, the Board is happy to listen to their concerns and consider, on a case by case basis, installation of vegetative screening to provide more privacy to a home that is visible from the trail, and would be open to other matters presented. The Board also noted that no motorized vehicles are allowed on the nature trails.

2. Mr. Kutac informed the Board that Mr. Harris, the President of the Board, sold his home within the District and resigned from the Board effective as of January 21, 2022. Upon motion by Director McGillicuddy, seconded by Director Bethke and unanimously carried, the Board accepted Mr. Harris' resignation.

3. The Board discussed filling the vacancy on the Board, it being noted that a director election was currently scheduled for May 2022. No action was taken.

4. Following a discussion and upon motion by Director McGillicuddy, seconded by Director Kelly, the Board elected the following slate of officers:

Slate of Officers:

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

Following a discussion and upon motion by Director Bethke, seconded by Director Kelly, the Board approved the following committee assignments:

Park Committee

Sean McGillicuddy
Samantha E. Bethke

Customer Care Committee

Samantha E. Bethke
Sean McGillicuddy

Financial (Budget/Audit) Committee:

Lynn Lee
William Carroll Kelly IV

Engineering-Infrastructure/Capital Projects Planning & Oversight:

William Carroll Kelly IV
Lynn Lee

5. Mr. Romell from Maxwell Locke & Ritter presented and reviewed the Independent Auditor's Report for the fiscal year end of September 30, 2022. In addition, Mr. Romell presented the Maxwell Lock Ritter Disclosure Letter in connection with such audit report. After the review, upon motion by Director McGillicuddy, seconded by Director Lee and unanimously carried, the Board approved the September 30, 2021 annual audit of financial statements and authorized filing of such reports with the Texas Commission on Environmental Quality, State Comptroller's Office and EMMA as related to required disclosure filing.

6. The Board reviewed the Minutes from the December 14, 2021 Regular Board Meeting. Following a review thereof, upon motion by Director Lee, seconded by Director Kelly

and unanimously carried, the Board approved said Minutes.

7. The Board recognized Allen Douthitt who presented Bott & Douthitt's Accounting Report dated January 27, 2022, which included a review of the Cash Activity Report including subsequent activity through January 27, 2022 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, 2021 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. With respect to transfers, Mr. Douthitt noted that the following transfers and bond payments need approval:

- Approve funds transfer BancorpSouth Operating Account to BancorpSouth Manager's Account (check #5322):
\$18,800.00
- Approve funds transfer from TexPool Tax Account to TexPool Operating Account: \$793,793.69
- Approve funds transfer from TexPool Tax Account to TexPool Debt Service Account: \$2,450,000.00
- Approve funds transfer from TexPool SR2020 Capital Projects Account to TexPool Operating Account: \$1,000.00
- Approve funds transfer from TexPool Operating Account to Hays County WCID No. 1 TexPool Operating Account:
\$86,583.98
- *Approve funds transfer from TexPool Operating Account to BancorpSouth Manager's Account (LCRA/PUA): \$51,163.03*
- Approve bond payments:
 - Series 2013 \$51,292.00
 - Series 2014 \$69,018.00
 - Series 2016 Ref \$47,583.00
 - Series 2016 \$57,791.00
 - Series 2017 \$115,088.00
 - Series 2018 Road \$49,772.00
 - Series 2018 \$92,106.00
 - Series 2019 \$19,673.00
 - Series 2020 \$39,546.00

Mr. Douthitt noted that the WLE checks that the Board voted to hold last month (until WLE completed the work) were released pursuant to Ms. Hester's confirmation that the work was complete. Mr. Douthitt also noted that the discussions regarding the amount of the

credit for the missed mowing in September are ongoing.

Upon motion by Director McGillicuddy, seconded by Director Lee and unanimously carried, the Board approved the above-referenced Accounting Report, and authorized all disbursements and transfers set forth therein. With respect to the two checks for WLE/Brightview that were being held, they released the checks to WLE/Brightview upon Ms. Hester's confirmation that both projects were completed satisfactorily.

8. Mr. J. Carmen-Avila from Brightview apologized that while he was on vacation, no one from Brightview attended last month's meeting. Mr. Carmen-Avila presented his landscaping report. He noted that Brightview has almost completed mowing the 210 areas. Ms. Barzilla noted that the warranty for the irrigation is coming to an end. She will give Brightview a punch list to complete before releasing the maintenance bond. She also mentioned that it has been hard to inspect certain areas because they were overgrown and had not been mowed. Director Bethke noted that a lot of the trails were graded. Mr. Carmen-Avila presented three proposals: (i) add decomposed granite to re-grade some of the trails as well as install a limestone wall to prevent erosion for \$16,722.85; (ii) to clean up the construction debris in the 210 area; and (iii) replace the dead trees in the Mendocino area which is the second entrance into The Cove for approximately \$7,870. The Board discussed the proposals. Ms. Hester noted that Toll Brothers will be cleaning up the construction debris in the 210 area. With respect to the trail regrading and limestone wall, when asked by the Board how long it would take Brightview to complete, Mr. Carmen-Avila responded that it would take two weeks after approval.

9. Ms. Barzilla presented CMA's monthly Joint Wastewater Treatment Plant ("WWTP") and 210 Reuse Irrigation engineering report, a summary of her report is as follows:

- I. **Potential action items for the meeting:** Approval of EQ Tank Blower Replacement Change Order No. 2.
- II. **EQ Tank Blower Replacement:**
 - a) See construction schedule below;
 - b) Recommend approval of Change Order No. 2 to add an additional 90 days to the contract.
- III. **Belterra Wastewater Treatment Plant Weir Overflow:** See WWTP Project Status below.
- IV. **Wastewater Summary:**
 - a) Average Daily Wastewater Usage (November 2021) = 351,000 gpd
 - b) 75% of Permitted Capacity= 375,000 gpd
 - c) Number of consecutive months over 75% - 0
 - d) 90% of Permitted Capacity= 450,000 gpd
 - e) Number of consecutive months over 90% - 0

A summary of the ongoing WWTTP projects was presented as follows:

Wastewater Treatment Plant Project Status - December 2021				
Project	Status	Budget Amount	Amount Billed	Project Status
Drum Screen Replacement Project - CMA Task Order 60	100%	\$ -	\$680,233.00	Project was complete June 2021
EQ Blower Replacement - CMA Task Order 65	30%	\$125,000.00	\$ 97,536.06	Blower no. 1 and piping have been replaced, and the garage door has been installed. The VFDs have arrived, however the enclosure for the VFDs is set to be delivered on Feb. 1. The shipping date was moved from Nov. 9, 2021 to Jan. 26, 2022 due to supply chain issues, this is the cause for delay in project schedule. See Project schedule below.
Weir Overflow - CMA Task Order 67	0%	\$ 80,000.00	\$ 26,502.50	This project is on hold until January 2022 at the direction of the Board. It will be revisited at this time to decide if the project should be re-bid.
EQ Tank Rehab and Diffuser Installation - Inframark	100%	\$ 25,000.00	\$360,174.00	Project was complete June 2021
Replacement of Dissolved Oxygen meters at the EQ Tank and the MBR - Inframark	0%	\$ 36,000.00	\$ -	Work in progress
Drip Field Inspection - Inframark	0%	\$ 20,000.00	\$ -	Work in progress

WWTP EQ Tank Blower Replacement Schedule

Belterra WWTP		Duration	Start	Finish
1	Belterra WWTP EQ Tank Blower Replacement	105d	08/23/21	01/14/22
2	NTP (8/23/2021)	1d	08/23/21	08/23/21
3	Substantial Completion (12/16/2021)	1d	12/16/21	12/16/21
4	Final Completion (1/15/2022)	1d	01/15/22	01/15/22
5	Additional time	66d	01/16/22	04/15/22
6	Startup of new blowers and VFDs	1d	03/15/22	03/15/22
7				
8	Mechanical			
9	Demo wall / Install galvanized angle for interior and exterior	8d	10/15/21	10/26/21
10	Demo existing blower #1 and piping	2d	11/18/21	11/19/21
11	Install new blower #1 and piping	5d	11/18/21	11/24/21
12	Demo existing blower #2 and piping once VFD panel is installed	2d	03/23/22	03/24/22
13	Install new blower #2 and piping	2d	03/23/22	03/24/22
14	Overhead door install	2d	11/20/21	11/30/21
15				
16	Electrical			
17	Demo and remove associated item with blower #1	2d	10/25/21	10/26/21
18	Demo and remove associated item with blower #2	2d	03/21/22	03/22/22
19	Install VFD control panel	4d	03/16/22	03/21/22
20	Route associated raceways overhead	3d	03/21/22	03/23/22
21	Put wire and terminate blower #1	3d	03/23/22	03/25/22
22	Pull wire and terminate blower #2	3d	03/23/22	03/25/22
23				
24	Submittals/Delivery			
25	Overhead door shipping date	3d	11/24/21	11/26/21
26	VFD control panel drawing	46d	09/06/21	11/09/21
27	VFD control panel submittal review	5d	10/22/21	10/28/21
28	VFDs received	1d	11/12/21	11/12/21
29	VFD enclosure shipping date (updated 1/4)	5d	02/12/22	02/17/22
30	Fabricate VFD control panel	19d	02/17/22	03/15/22

Ms. Barzilla explained that with respect to Change Order No. 2, due to shipping delays, 90 days needs to be added to the completion date for the contract. The project should now be completed by April 15, 2022.

10. Ms. Barzilla then moved on to CMA's general District Engineering Report. A summary of her report is as follows:

I. Potential action items for meeting: None.

- II. Fire Station:
- a) Revegetation updates;
 - b) Buried Manhole; and
 - c) Trees near public wastewater line.

Ms. Barzilla noted that the vegetation is looking good, the manhole has been corrected but there is no movement with respect to moving the trees planted near the public wastewater line.

- III. Trail Extension Project:
- a) Project update:
 - (i) Hays County – Driveway Permits have been approved;
 - (ii) City of Dripping Springs – Project has been approved; and
 - (iii) TCEQ – Application is currently under review (expecting a response by the beginning of March).

- IV. District Water Tracking:
- a) Approximate Max Daily Usage (December 2021) = 510,000 gpd.
 - b) Max allowed = 1,137,024 gpd.

TCEQ is reviewing the application for the trail extension project and Ms. Barzilla is expecting approval around March 2022. The Board discussed the timing of Parks Committee meeting with the residents to discuss the trail expansion and would like to schedule a meeting with the residents in March. The application to the TCEQ can be amended, if needed, after the resident meeting.

Upon motion by Director McGillicuddy, seconded by Director Kelly and unanimously carried, the Board accepted the engineering report dated January 27, 2022.

11. No further updates were given.

12. Ms. Hester reviewed Inframark's General Manager's Report, and in particular, the executive summary memorandum dated December 2021. Ms. Hester gave the following updates:

- **Wastewater Treatment Plant:**
 - a) All the facilities were in compliance for the Month of December;
 - b) Daily average flows are 315,000 gallons a day, 63% capacity;
 - c) Repaired pax mixer recommendation replace for spare;
 - d) MBR diffuser valve replacements with actuator – we are currently running in manual to clean filters;
 - e) Sludge box rotation to infrastructure committee for discussion;
 - f) Cleaning of off-spec tank has been reduced from \$50,000 to \$26,464;
 - g) Winterization completed;

- h) MBR blower #3 motor is in the shop to be repaired – waiting on estimate; and
 - i) Scheduling take down of MBR 1 to inspect filters.
- **Distribution System – Billing:**
 - a) 93% water accountability for the Month of December;
 - b) Replaced over 50 water meters to AMI and in the process of updating the endpoints to confirm inventory needs.
- **Collection System:**
 - a) Replacing signage at lift stations;
 - b) Working on estimate for control panel cover at LS No. 5 Catalina;
 - c) Scheduling cleaning of wet well LS No. 5 and No. 6; and
 - d) LS No. 7 has had several high-level alarms. Inframark is investigating if possible control issue or relay.
- **Reuse and Drip System:**
 - a) Inframark has scheduled cleaning of the filter on the reuse pumps; and
 - b) Brightview completed mowing of the 210 areas in District 2 last well. A full inspection will be conducted by Sunscape.
- **Drainage/Ponds:**
 - a) Nothing significant to report.
- **Parks /Trails/Customer Care:**
 - a) Committee meeting scheduled January 25th; and
 - b) Security light install scheduled for this month at 4 kiosk locations.
- **Construction:**
 - a) Weekly erosion control – several fines to Toll Brothers and pool contractors because they have failed to comply with erosion control requirements.
- **Infrastructure Committee:**
 - a) Committee meeting scheduled to meet generator contractor and discuss sludge box addition; and
 - b) Review of Emergency Response Plan – Due March 2022.

- **Customer Care:**

- a) Communications policy addressed in separate agenda item.

- **Other:**

- a) Accounting 2021 maintenance cap true-up.

Topics discussed during the General Manager's Report included the following:

Ms. Hester discussed scheduling various upcoming committee meetings. Ms. Hester then moved on to discuss the Brightview proposals. The Board discussed each proposal in depth. It was noted that Brightview is leaving the tree cuttings in wooded areas when they are cutting trees instead of removing the cuttings.

Action Items:

Vendor	Amount	WO#	Budget	Description
Eads	\$10,000		yes (additional)	Replace diffuser valves at each MBR basin
Blue Book	\$5,000		yes (additional)	Replace spare pre-anoxic mixer
WWTS	\$26,464		yes \$125,000	Clean off spec tank

a) Upon motion by Director McGillicuddy, seconded by Director Kelly and unanimously carried, the Board declined Brightview's proposal to replace the dead trees and instead authorized Ms. Hester to engage Sunscape to replace the dead trees at a price not to exceed \$7,800.

b) Upon motion by Director McGillicuddy, seconded by Director Bethke and unanimously carried, the Board approved Brightview's proposal for the trail modifications at a cost of \$16,722.85, subject to cancellation if they do not start the work by February 14, 2022.

c) Upon motion by Director Bethke, seconded by Director Kelly, the Board approved (i) the Eads proposal for \$10,000; (ii) the Blue Book proposal for \$5,000; and (iii) the WWTS work for \$26,464.

d) Upon motion by Director Kelly, seconded by Director Lee and unanimously carried, the Board approved the Letter Agreement as drafted with Texas Community Propane.

13. Mr. Kutac reviewed the Amendment to the Operations and Management Agreement between the District and Inframark, LLC. He explained that the Inframark agreement needed to be amended to add social media posting and monitoring services being removed from the Touchstone agreement as well as make some other amendments that needed to be made. Upon motion by Director McGillicuddy, seconded by Director Kelly and unanimously carried, the Board approved the Amendment to the Operations and Management Agreement between Inframark and the District.

14. Mr. Kutac explained that due to Inframark's engagement to handle the social media

posting and monitoring, the Touchstone District Services, LLC agreement needed to be amended to remove those services. He then reviewed the Amendment to the Consulting Agreement between Touchstone District Services, LLC and Hays County Water Control Improvement District No. 1 and the District. After a brief discussion and upon motion by Director McGillicuddy, seconded by Director Lee and unanimously carried, the Board approved the Amendment to the Consultant Agreement.

15. The Board then reviewed the Order Calling Director Election. Upon motion by Director Lee, seconded by Director McGillicuddy and unanimously carried, the Board approved the Order Calling Director Election to be held on May 7, 2022 and authorized the Joint Election Agreement with Hays County and the separate Contract for Election Services with the Hay County Elections Administrator and the posting any notices in connection thereof.

16. LCRA and WTCPUA Updates: Mr. Kutac noted that he had no updates.

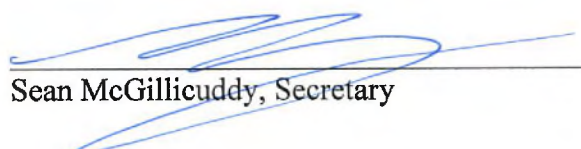
17. Scheduling with respect to the next Board Meeting: It was noted that the regularly scheduled Board Meetings which would occur on February 24, 2022.

18. Executive Session: No Executive Session was required.

19. There being no further business to conduct, Director Bethke 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 on the 24th day of February 2022.




Sean McGillicuddy, Secretary