

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 18th day of February, 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 except Director Bethke who joined shortly after the Board Meeting started. It should be noted for the record that all Board members voted on all matters that came before the Board. Also present via Zoom video/audio conferencing were Matt Kutac of the law offices of Matthew B. Kutac, PLLC, Kristi Hester 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 Johnny McDonnell and Josh Fort 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.

Kevin Biers, a resident of the District requested that he be allowed to speak to the Board regarding denial by Inframark of his request to allow his pool contractor to use the District's greenbelt behind his home to access his property on the south side of Mesa Verde and High Point to install a pool. Mr. Biers stated his position with regard to such request noting his limitations on other means of access and noted that he would remedy any rut marks caused by his pool contractor and would restore the property to its original condition should the Board approve his request. A discussion ensued regarding use and possible damage to the greenbelt, which includes a gravel road and a detention pond behind Mr. Beirs' property. The Board noted that there is no vegetation currently in that area that could be damaged if the request was approved. Matt Kutac explained that no action could be taken during the public comment but that, should the Board choose to do so, it could address the matter further and take any needed action further down on the agenda, under the General Manager's report regarding operations.

2. The Board reviewed the Minutes from the January 21, 2021 Regular Board Meeting. Following a review thereof, upon motion by Director McGillicuddy, seconded by Director Kelly and unanimously carried, the Board approved said Minutes.

3. The Board reviewed the Minutes from the February 4, 2021 Special Board Meeting. Following a review thereof, upon a motion by Director Harris, seconded by Director McGillicuddy and unanimously carried, the Board approved said Minutes.

4. 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 short summary regarding the reimbursement of developer costs to L.H. Belterra LLC and Preston Hollow Capital ("Developers"). He noted that the disbursements have now been made to the Developers and that he has posted the signed releases to the Google Drive. He also mentioned that the releases confirm that the District has no further responsibility for payments to either party under the District's reimbursement agreement, and that the District's reimbursement obligations to developers had been satisfied.

5. The Board recognized Allen Douthitt who presented Bott & Douthitt's Accounting Report dated February 11, 2021, which included a review of the Cash Activity Report Including Subsequent Activity through February 18, 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 December 31, 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 "A"**. During his report, Mr. Douthitt noted that the payment to Maxwell, Locke & Ritter for \$17,500 was for the FYE Audit. Other expenditures to be approved by the Board included Pool Deposit Refund requests, Utilities, Bond payment due March 1, 2021 for each series. He also mentioned his concern that due to the inclement weather, the checks to LCRA (\$6,646.46) and PUA (\$37,980.58) might be late and incur a penalty. In order to cover these two disbursements, Mr. Douthitt was requesting

approval from the Board to transfer the funds from the operating account to the manager's account and issue payment from said account.

Upon a motion by Director McGillicuddy, seconded by Director Bethke and unanimously carried, the Board authorized the transfer of \$6,646.46 for the LCRA and \$37,980.58 for the PUA be transferred from the operating account to the manager's account and subsequently paid.

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

6. Johnny McDonnell with WLE apologized for the issuance of an invoice to the Board at last month's Board meeting. The invoice was for the replacement of the dianthus with snapdragons. Hays County WCID No. 1 had approved these services for their District but WLE did not approach the District's Board for their approval prior to the services being rendered. He apologized and noted that it would never happen again and that WLE is taking responsibility and will bear the cost of the entire invoice. Mr. McDonnell then introduced Josh Fort who would be replacing Chris Calvisi on the account. Mr. McDonnell gave a short summation of Mr. Fort's expertise with water districts in Houston. He also noted that next month WLE would be moving to the spring planting of lantanas and that the Board can choose the colors of the lantanas. At this point, Josh Fort introduced himself and reported that WLE has replaced the snapdragons and has de-iced all of the mail kiosks. He then presented and the Board reviewed the proposal for the Mesa Verde entrance. He proposes to go more to an evergreen planting than perennials. He thinks it will look better and last longer. Director Bethke voiced her concern over past services provided by WLE at the Mesa Verde entrance and presented two photographs to the Board and WLE to illustrate her point. She mentioned that in 2018 the Mesa Verde entrance looked fairly balanced but in May 2020 after WLE's announcement that they had completed the project and the beds were landscaped, Director Bethke felt the area looked worse than it did before. She feels that the area has been mismanaged from the beginning and she is concerned about spending more money on this area with no guarantee of improvement. Mr. McDonnell apologized on behalf of WLE and stated that if the Board does not feel that it received the services it paid for then he will correct the situation. Director Lee suggested that it might be a good idea to show photographs of WLE's progress at the monthly Board meetings. Mr. McDonnell agreed to have photographs taken and presented to the Board at their monthly meeting. There was a brief discussion of what areas the Board would like WLE to work on but the Board felt it would be best if the Parks Committee worked with WLE on the Mesa Verde project and then once they were satisfied with that project they could move on to the next project instead of working on multiple projects at one time. Kristi Hester will set up a meeting between the Parks Committee and WLE.

7. 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 "B"**. Ms. Barzilla noted that Hays County WCID No. 1 approved Pay Application No. 5 for \$104,471.30 for the Drum Screen Replacement and Site Plan revisions. On 1.B. of CMA's report she noted that Hays County WCID No. 1 had initially approved Task Order 67 for \$60,000 for the Belterra Wastewater Treatment Plant Overflow project, however, Hays County WCID No. 1 recommended that Hays County WCID No. 1 and No 2 have a joint committee meeting to discuss

the Task Order prior to any further approvals. It was noted that Task Order No. 67 (posted on the Google Drive) would provide a piping system so that wastewater could be piped to the off-spec tank located at the WWTP site to reduce the possibility of a WWTP overflow. Ms. Barzilla gave an update on the drum screen replacement noting that there is a small amount of piping, electrical work and walkway installation to complete. It is scheduled to be completed by March 5th but this date could be pushed due to the recent inclement weather. CMA is waiting on pricing for screen removal, fencing prices and the cost to install steps on the walkways between the two platforms. These items were not originally included in the contract price and will require a Change Order. At last month's Board meeting, it was discussed that the existing sound barrier would need to be modified (replacing a portion with a heavy steel roll up door) due to the replacement of the existing blowers with two new larger capacity blowers. With response to the Board's previous concern over any increase with respect to noise levels as relate to the future blower noise, Ms. Barzilla noted that she had spoken with the manufacturer and he had confirmed that the existing sound barrier was the best sound barrier they could find but a portion must be removed so that the new larger blowers will fit. The manufacturer has recommended the heaviest steel insulated door they could find. Ms. Barzilla also noted that the new blowers have a 73 dB level which is approximately as loud as an air conditioning unit. Ms. Hester stated that 73 dB is quieter than the dB level of the existing blowers. If the sound becomes an issue then a sound engineer will be needed to evaluate any additional options.

8. Ms. Barzilla then moved on to CMA's District Engineering Report, a copy of which is attached hereto as **Exhibit "C"**. 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 contractor has not completed all of the items on the punch list so final completion is still pending. The updated punch list has been added to the Google drive.
- Naples Sidewalk Extension and Trail Project
 - A. Review options for connectivity. There were three options to consider for connectivity; (i) the dirt footpath would start directly at the curb ramp, (ii) decomposed granite would start directly at the curb ramp and lead to the dirt footpath, or (iii) a sidewalk would start at the curb ramp and lead to the dirt footpath. The Board reviewed 2 aerial photos and discussed the options. Upon motion by Direct Bethke, seconded by Director Harris and unanimously carried, the Board authorized proceeding with Option 2 (decomposed granite) and also authorized acceptance of the engineering reports.

9. Prior to Kristi Hester's review of Inframark's General Manager's Report, it was determined that the Board would discuss Mr. Beirs' request earlier in the meeting to access the greenbelt for his pool installation. Ms. Hester's only concern is possible damage to the detention pond that is in the greenbelt. The Board reviewed a photograph of the relevant area and noted that it appeared that the area from the detention pond berm to the back of Mr. Beirs' fence appears to be approximately 12 feet wide and should be wide enough for the contractor's equipment to turn around without damaging the berm. It was also noted that if there was damage to the berm, Ms.

Hester noted that she would expect that it would not be expensive, in this case, to fix the damage and that it could be covered by increasing the standard deposit that Mr. Bier's would pay from \$1,500 to \$2,500. Ms. Hester noted that the detention pond already has sediment in the bottom and needs to be cleaned so even if the contractor gets debris in the detention pond, it will be corrected when the detention pond is cleaned. Upon a motion by Director Bethke, seconded by Director Kelly and unanimously approved, it was determined that 12108 Mesa Verde was granted access to the greenbelt but solely for excavation and dirt removal and in addition, restated that a deposit of \$2,500 would be required.

Next, Ms. Hester informed the Board that during the storm, Lift Station No. 2 had no issues but the Lift Station No. 7 cycled on and off due to rolling power outages. Tuesday night alone there were 225 alarm calls because the power was cycling on and off. Unfortunately, there was an overflow at the WWTP due to the winter storm and Inframark's inability to keep personnel at the plant on a full time 24 hour basis during the storm event. In addition, also due to the weather, Inframark was unable to get waste hauling tankers in to prevent the overflow.

Ms. Hester went on to mention that some people did not have water but they were expecting to repair it by tomorrow. She also noted that due to the winter storm and a mandate by the Governor, the TCEQ had suspended some of its standard rules pertaining to compliance, and many labs were closed and therefore unable to test the water. Ms. Hester also mentioned that while they were doing a good job to maintain water pressure, they were not in the clear yet because pipes could still burst.

Ms. Hester then moved on to Inframark's General Manager's Report, a copy of which is attached hereto as **Exhibit "D"** and in particular, the executive summary memorandum dated February 18, 2021. Ms. Hester gave the following updates:

- **Wastewater Treatment Plant**
 - a) The Governor approved temporary suspension of particular TCEQ rules pertaining to compliance
 - b) As of February 16th, Inframark was unable to access the WWTP. The last check in was February 12th.
 - c) Inframark is monitoring via SCADA.
 - d) Both generators at the WWTP were operational during power outages.
 - e) Overflow reports were sent to TCEQ during January- all other permit requirements where met.
 - f) Assisted Excel Construction during bar screen valve replacement.
 - g) MBR Blower #1 was replaced with spare motor. Motor is currently at Hamilton Electric for repairs.
 - h) EQ Tank Rehab Status -All interior work is complete and the tank is back on line. Painting of the exterior is scheduled for next week
- **Re-Use Water System - Drip System**
 - a) Effluent tank was at 14 feet.
 - b) 20' of reuse line on 12" pipe has been repaired and replaced.

- c) Infrastructure committee to review mowing schedule for areas in level 3 zones and wildflower areas.
- d) Repaired 2 areas of reported 4" broken 210 lines at Medicino and Splash pad area have been repaired.
- **Distribution System – Billing**
 - a) 322 AMI meters have been installed, 37 users are on the portal.
 - b) Instructions for new users are set to be sent out 2.5.21
 - c) 165 meters have been installed in January
- **Collection System**
 - a) All lift station generators are operational during power Outages.
 - b) Scheduled repair on districts sewer line at 750 Hams.
- **Drainage/Ponds**
 - a) Nothing new to report.
- **Parks – Trails**
 - a) Scheduled repairs for broken stone column at Mendocino Mail Kiosk.
 - b) Received proposal for Mesa Verde landscape enhancement dated February 2, 2021. The details are on the Google Drive.
 - c) WLE replaced snapdragons throughout Belterra.
- **Construction**
 - a) 53 builder Inspections and 9 re-inspections completed In January.
 - b) 6 Pool inspections completed in January.
 - c) WLE provided estimate to repair irrigation damages at Sawyer Ranch road due to construction in the amount of \$2,615.00 which will be charged back to contractor.
- **Customer Care**
 - a) Scheduled repair on Districts 6" and 4" section of pipe on customer side at 750 Harris.
 - b) Committee approved WLE to spread de-icer at mail kiosks prior to arctic weather
 - c) Discuss resuming normal protocol on disconnections. The Board would like to keep the Covid protocol regarding disconnections in place.
- **Infrastructure**
 - a) Joint infrastructure committee met on site at the WWTP on Friday, February 5th.
 - b) Need to schedule a meeting to review 210 irrigation applications and commitments- also PM program, SOP and Asset inventory.
 - c) Received camera security system replacement costs \$19,000 to be reviewed by committee.

- **Other**

- a) Discussion with Hays County on pedestrian crosswalk.
- b) HOA Harris area mail kiosk construction.

In addition to the above, Ms. Hester also indicated that pursuant to last month's request by the Board, she confirmed with Hays County Transportation Department ("HCTD") that the proposed crosswalk at Seneca and Belterra Drive would have a flashing pedestrian sign but no stop sign. The Board again expressed concerns with respect to putting the crosswalk at this location for safety reasons and requested that Ms. Hester go back to HCTD and inform them that the District does not think that a pedestrian crossing in that area is a good idea due to safety concerns.

With respect to item (b) in the "Other" category above, Ms. Hester mentioned that the HOA modified a mail kiosk by enclosing the back of the kiosk so now the walkway that entered the back of the mail kiosk dead ends at the enclosed area. The reason the HOA enclosed the kiosk is because they added new mailboxes and the new mailboxes are larger than the old ones (which were discontinued). The new mailboxes are larger and needed more space. Ms. Hester will get with the HOA to ensure that they sod the area so that the old walkway blends in. Mr. Kutac mentioned that he has a form license agreement for future mail kiosk work to be performed by the HOA. The form agreement was reviewed by the Board and upon a motion by Director Harris, seconded by Director Bethke and unanimously carried, the Board approved the form of the agreement.

Ms. Hester confirmed that the meters were read prior to the arctic blast and the District did its winter averaging before the weather hit.

Direct McGillicuddy suggested that the Board could hopefully find a way to help residents that have been impacted by broken pipes during the storm and may have incurred exorbitant water bills due to the broken pipes. The Board discussed the issue and noted that there were some big expenses to cover, including the costs associated with the WWTP matters discussed in last month's Board Meeting. It was also noted that, due to the overflow that occurred during the storm, the District will have to incur additional repair costs in connection therewith. Ms. Hester mentioned that the District already has a policy in place with respect to leaks and that the residents affected need to keep their repair bill to prove that they had a leak. They can present these repairs bill to the District and the District will handle on a case by case basis. It was determined that the Infrastructure committee would discuss the issue in conjunction with Allen Douthitt and the Board would discuss any possible aid to such residents at next month's Board meeting.

Ms. Hester had the following action items for approval: (i) an estimate from Hayes Asphalt Paving for \$16,900 for grading and prepping the road leading into Texas Community Propane. The cost will be split evenly with Texas Community Propane paying 50% and Hays County WCID No. 1 and No. 2 paying the remaining 50%; (ii) an invoice for Waste Water Transport Service for \$36,000 which was included in the 2020 budget.

Upon a motion by Director Kelly, seconded by Director Harris and unanimously approved, the Board approved the Hayes Asphalt Paving estimate and the Waste Water Transport Service invoice.

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 there was nothing new to report because they had given Touchstone 6 months to improve their service. It was noted that Touchstone has been more responsive and that the District has been assigned an Account Manager at Touchstone. Director Bethke mentioned that she would like the Board to be more responsive to resident opinions posted on social media. Director Bethke requested that this issue be discussed in the Customer Care Committee and any recommendations brought back to the Board at a future meeting. Ms. Hester stated that she will set up the Customer Care Committee meeting.

11. With respect to the proposed conditional release of liability in favor of Inframark, LLC and with respect to the previous bookkeeper's misappropriation of funds, Matt Kutac mentioned that the District has not been reimbursed by Inframark for the misappropriated funds or for the costs associated with determining the extent of the misappropriation and the solutions to prevent the situation from happening again. When checking with Inframark counsel to determine when the District will see the reimbursement, Inframark's counsel requested a Release of Liability ("Release"). Mr. Kutac has posted a draft of the proposed Release on the Google Drive. Mr. Kutac noted that the draft Release does not release Inframark from liability for any other service obligations, the Release is solely in connection with the misappropriation of funds. Mr. Kutac requested that, in the interest of time, the Board approve the draft Release and if Inframark's counsel requests any revisions to the Release, then Mr. Kutac will approach the Board for approval of those revisions. At this point, the Board mentioned that they were under the impression that the bookkeeper who misappropriated the funds might have also been working as a bookkeeper for another Municipal Utility District at the same time the funds were misappropriated from this District. The Board stated that their original decision regarding legal remedies was based on the assumption that any misappropriation was limited solely to Hay County WCID No. 1 and No. 2. If the bookkeeper were, in fact, working for another district at the same time as the misappropriation of funds from Hays County WCID No. 1 and No. 2, then the Board would like to revisit their decision. Ms. Hester stated that no other districts were involved in the misappropriation of funds by the prior bookkeeper. Upon motion by Director Harris, seconded by Director McGillicuddy and unanimously carried, the Board authorized the President to sign the draft Release as presented.

12. There were no new updates with regards to alternative meeting locations.

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

14. At this time, Director Bethke mentioned that she called into Hays County WCID No. 1's Board Meeting on February 11th regarding the digital sign that the Building Committee of Hays County WCID No. 1 is proposing to put near the Belterra Centre. She voiced her concern that the Hays County WCID No. 1's Board was not taking the resident comments posted on Facebook seriously. Mr. Kutac explained that Hays County WCID No. 1 has decided to table the sign idea until April. Ms. Hester mentioned that the sign is tasteful and that it only includes 2 to

3 lines of text. She also mentioned that the sign would only operate if there is an important message from the Board. The Board wanted to make it clear for the record by minute entry that this Board does not support the proposed digital sign, was not consulted by Hays County WCID No. 1 regarding their desire for a digital sign, and that it has absolutely no involvement with or jurisdiction over the sign. The Board also wanted it noted that the Board will not be sharing in any costs associated with the proposed digital sign.

15. With regard to Item 9, Inframark's report on the WWTP earlier in the meeting, upon motion by Director McGillicuddy, seconded by Director Bethke on and unanimously carried, the Board retired, along with Matt Kutac, to Executive Session at 8:59 p.m.

16. Following such Executive Session and upon motion by Director McGillicuddy, seconded by Director Harris and unanimously carried, the Board reconvened in public session at 9:19 p.m. With respect to Item 9, no action or vote was taken by the Board.

17. There being no further business to conduct, Director Kelly 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 on the 18th day of March, 2021.




William Carroll Kelly IV, Assistant Secretary