

MINUTES OF THE MEETING  
OF THE  
BOARD OF DIRECTORS  
February 24, 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 February 24, 2022 at Burgess & Niple, Inc., 235 Ledge Stone Drive, Austin, Texas 78737 and the roll was called to-wit:

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

All members of the Board were present for the commencement of the meeting. 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, Chris Lane of Samco Capital, the District’s financial advisor, 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. In addition, Andy Barrett of Andy Barrett & Associates participated via telephone conference. Mr. Dennard and Mr. Krause, members of the public, also attended the Board Meeting.

1. PUBLIC COMMENT: 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. Dennard read a statement on behalf of his wife. In the statement, his wife thanked Directors Bethke and McGillicuddy for the information they provided. She expressed her concerns again about safety and noted that trespassers have been peering into yards. She mentioned Director Bethke telling her to call the 311 number if she had concerns. Director Bethke noted that she also told her to call 911 if there was an emergency. Mr. Dennard then gave a statement. He thanked Director Bethke and Director McGillicuddy for an e-mail they had sent and wished that it had happened sooner. He noted that they have a Petition against the trail signed by 40 residents. He feels that the decisions about the trail were made without Pinnacle resident opinions being considered. He also noted that the Directors’ mentioned in that last meeting that this trail had been planned for years. However, there were a lot of new Pinnacle residents who were unaware of the plan. He questioned why the Board was meeting with the residents after the TCEQ

approval. He requested that the Board reconsider installing the trail. Mr. Kutac asked if Mr. Krause wanted to make a statement. He did not want to make a statement other than that he agreed with Mr. and Mrs. Dennard's statements. Mr. Kutac called for further public comment. Hearing none, the Public Comment session was closed and the Board proceeded to the next item of business

2. MEETING MINUTES: The Board reviewed the Minutes from the January 27, 2022 Regular Board Meeting. The Minutes for the February 10, 2022 Special Board Meeting were not ready yet and therefore not discussed. Following a review thereof, upon motion by Director McGillicuddy, seconded by Director Kelly and unanimously carried, the Board approved the Minutes from the January 27, 2022 meeting.

3. FINANCIAL:

a) Accounting Report: The Board recognized Allen Douthitt who presented Bott & Douthitt's Accounting Report dated February 24, 2022, which included a review of the Cash Activity Report including subsequent activity through February 24, 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 December 31, 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 need approval:

- Fund transfer from TexPool Operating Account to Hays County WCID No. 1 TexPool Operating Account for \$37,276.00; and
- Fund transfer from TexPool Operating Account to BancorpSouth Manager's Account (LCRA/PUA) for \$47,464.86.

Mr. Douthitt noted that he negotiated a credit with WLE/Bright View of \$4,600 for the missed mowing. It is one-quarter of the monthly invoice and noted that the credit has been applied to the account and he will deduct that credit from the current invoice before paying.

b) Administrative Items: Upon motion by Director Kelly, seconded by Director Lee and unanimously carried, the Board approved the above-referenced Accounting Report, and authorized all disbursements and transfers set forth therein.

4. LANDSCAPING: No landscaping report was given.

5. ENGINEERING:

a) WWTP Joint Facility Report: 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: None

II. EQ Tank Blower Replacement:

- a) See construction schedule below.

III. **Belterra Wastewater Treatment Plant Weir Overflow:** See WWTP Project Status below.

IV. **Wastewater Summary:**

- a) Average Daily Wastewater Usage (December 2021) = 315,000 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 WWTP projects was presented as follows:

Wastewater Treatment Plant Project Status - January 2022				
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	\$ 100,148.56	The enclosures for the VFDs are set to be shipped on February 11, 2022.
Weir Overflow - CMA Task Order 67	0%	\$ 80,000.00	\$ 26,502.50	Joint infrastructure committee discussed putting this project on hold indefinitely. Discuss with Board and get direction.
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

	<b>Belterra WWTP</b>	<b>Duration</b>	<b>Start</b>	<b>Finish</b>
1	<b>Belterra WWTP EQ Tank Blower Replacement</b>	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	<b>Mechanical</b>			
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	11/29/21	11/30/21
15				
16	<b>Electrical</b>			
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	Pull 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	<b>Submittals/Delivery</b>			
25	Overhead door shipping date	3d	11/24/21	11/26/21
26	VFD control panel drawing	45d	09/08/21	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 there was an error in her schedule and that the project is scheduled to be completed by April 15, 2022. She also noted that the Weir Project is on hold. There was a brief discussion regarding the necessity of the Weir project and if it could cause any issues if the project does not proceed. Ms. Barzilla explained that it is a pro-active measure. Mr. Kutac

compared it to an umbrella insurance policy. Ms. Barzilla also noted that the ESD had moved the trees. The only issue is that the manholes still need the Sewper coating. Mr. Kutac spoke to the attorney for the ESD and told them that all manholes have to have the coating and mentioned to him that manhole coating should likely have been performed by the ESD's original contract.

- b) District Report: 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 (ESD):

- a) Revegetation updates; and
- b) Buried Manhole.

Ms. Barzilla also noted that the ESD had moved the trees. The only issue is that the manholes still need the Sewper coating. Mr. Kutac spoke to the attorney for the ESD and told them that all manholes have to have the coating and mentioned to him that manhole coating likely should have been performed by the ESD's contractor under its original construction contract.

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 (January 2022) = 520,000 gpd.
- b) Max allowed = 1,137,024 gpd.

Mr. Krause interjected at this point that the sprinklers are coming on every day. Ms. Hester explained that the water is reclaimed water and that it has to be irrigated for disposal. It is not a regular potable water sprinkler.

- c) Action Items: Upon motion by Director McGillicuddy, seconded by Director Bethke and unanimously carried, the Board accepted the engineering report dated February 24, 2022.

6. MANAGEMENT AND OPERATIONS: Ms. Hester reviewed Inframark's General Manager's Report, and in particular, the executive summary memorandum for the month of January 2022. Ms. Hester gave the following updates:

• **Wastewater Treatment Plant:**

- a) All the facilities were in compliance for the Month of January;
- b) Daily average flows are 289,000 gallons a day, 58% capacity;
- c) No major issues during the ice-storm. Inframark rented an RV for Larry to stay on site during the ice-event. He was able to keep all of the systems running with only a few minor repairs;

- d) Topped off all generators;
  - e) MBR motor No. 3 has been repaired for under \$1,800; and
  - f) Sludge pumps have been repaired and are running in normal conditions.
- **Distribution System – Billing:**
  - a) 95% water accountability for the Month of January;
  - b) Hung 24 delinquent tags. All paid so no disconnects.
- **Collection System:**
  - a) Community Propane and Inframark are scheduled to have the backup tank installed by the end of next week;
  - b) Cleaned wet well at LS 6 Dreannan;
  - c) 3-month preventative maintenance completed for all Lift Stations; and
  - d) Monthly grease trap inspections completed at Fire Station and School.
- **Reuse and Drip System:**
  - a) Repaired main line leak near Belterra Centre; and
  - b) Updated Rain Bird subscription that had expired.
- **Drainage/Ponds:**
  - a) Cleaned sedimentation and outfall from pond 21-2A – 12042 Mesa Verde.
- **Parks /Trails/Customer Care:**
  - a) Joint Committee meeting with Constable Hood and Vendor Flock on security. More details will be presented at the meeting;
  - b) Repaired several lights on monument signs and kiosks; and
  - c) Removed broken tree at entrance of nature trail.
- **Construction:**
  - a) 21 inspections complete.
- **Infrastructure Committee:**
  - a) The Infrastructure Committee met. More details will be presented at meeting.
- **Customer Care:**
  - a) Mendocino Lane residents called about the irrigation running. Redirected irrigation heads;
  - b) Helped customer on Mesa Verde with potential sewer backup. It was determined to be caused by an issue on their side;
  - c) This month, Cody has gone above and beyond for the residents. After removing non-permitted signs from an easement and disposing of them, he went back to the dumpsters to dig them out after a customer inquired about them. He also took the time to offer assistance to a resident who posted on Facebook about a burst pipe during the freeze; and

- d) Ceejay went above and beyond for a new elderly resident who was without internet and was unable to submit his new service application for the Texas Community Propane. She submitted his application for him.

- **Other:**

- a) Presentation from Boy Scout Zach Johnson on his proposed Eagle Project.

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

Ms. Hester noted that there were no major issues during the ice-storm. Larry stayed on-site and was able to fix a couple of issues before they became a problem. Ms. Hester noted that she is working on getting the spare sludge box from Reunion Ranch. She notified Reunion Ranch and they accepted the offer. The only thing left to do is enter into an agreement. With respect to the Rain Bird renewal, Ms. Hester noted that they had to pay to renew the subscription, but it was less than \$1,000 and it was split between Hays County WCID No. 1 and the District.

The conversation then moved to the Flock presentation. Flock is a company that provides license plate reader cameras(i.e., it takes video of the license plate, stickers, dents, etc. on a car). It was noted that the Constable confirmed that the recent increase in car thefts is part of a cycle, and that the rings responsible for the theft typically hit one neighborhood and then move to another. He also confirmed that Belterra is a convenient neighborhood because it is so close to the county line that the thief can get across the county line before the local police can stop him within the jurisdiction of Hays County.. Ms. Bethke noted that 95% of the cars scanned are not offenders, meaning only 5% of the cars scanned are offenders. She has privacy and expense concerns. Her privacy concerns include that the vendor says they only keep the data for 30-60 days. However, if the vendor can change its user rights policy at any time or if they are bought by or merged into another company, the policy might be changed unilaterally. Also, this is at a cost of \$2,500 per camera per year. The District would not own the cameras, but would pay an additional equipment fee under its existing contract for law enforcement services. In addition, there would need to be two cameras at each entrance – one to capture the data on the cars coming in and one to capture the data on the cars leaving. The Board had a lengthy discussion regarding the privacy issues and the expense. Ms. Hester also noted that she had given a key fob to enter the Belterra Centre to the Sheriff's department so that deputies can do their paperwork there at night, explaining that it helps with security in the District to have a police presence. The Board determined that they do not want to move forward with Flock as this time.

Ms. Hester then moved on to present Zach Johnson's Eagle Scout project, noting that it is to put signs at the trail heads. The signs would give directions and various information about the trails. It would also include a scan code that would direct the user to the District's website. She mentioned that Inframark offered the use of digging equipment to get the signs installed. She also noted that Zach will be raising funds as part of his project and that Hays County WCID No. 1 has talked about matching the funds he raises. Director Bethke liked the idea, wants to talk to Zach about putting one more sign into his project and would also like the District to help with his fundraising efforts. Ms. Hester mentioned that the timeline to complete the project would be June.

Action Items:

Vendor	Amount	WO#	Budget	Description
Atlas Meters	\$40,000		yes 40k	Remaining materials to finish AMI integration

- a) Upon motion by Director McGillicuddy, seconded by Director Bethke and unanimously carried, the Board approved matching Zach Johnson's fundraising efforts up to \$500; and
- b) After a brief discussion regarding the remaining AMI Units and how many are currently functioning and how many are currently needed, upon motion by Director Bethke, seconded by Director Kelly and unanimously carried, the Board approved Atlas Meters proposal of \$40,000 to buy the remaining materials to finish the AMI integration.

Ms. Bethke wanted to thank Cody. She saw him out testing water today. She also noted that the light replacement at the mail kiosk was completed and that the sidewalk by the Mesa Verde kiosk was completed. De-composed granite was installed and framed. It was then noted that 12825 Mesa Verde has no sidewalk. It was discussed that the sidewalk is normally installed by the builder when the house is built on the lot. In this case, the lots have been sold, but home construction has not started. The conversation then moved to the tree installation project where WLE/Bright View was going to install 5 trees. WLE/Brightview did not install the trees so Ms. Hester will speak to Sunscape about it. The conversation moved to Sunscape and the new landscaping agreement with Sunscape. Mr. Kutac noted that Ms. Barzilla had revised the landscaping map. Mr. Kutac also noted that Sunscape revised the agreement to include right of way services that were not included in their previous bid, but the price only increased by \$786 a month.

## 7. ADMINISTRATIVE AND LEGAL:

- a) Election: The Board reviewed a letter from the Board Secretary confirming that the candidate in the upcoming May 7, 2022 director's election (Samantha Bethke) was unopposed. The Board next reviewed an Order Declaring Unopposed Candidates Elected and Canceling Election. Upon motion by Director McGillicuddy, seconded by Director Kelly and unanimously carried, the Board approved such Order and canceled the election as authorized by the Section 5.003, Texas Election Code;
- b) Water Items: Ms. Hester noted that the PUA provided a letter for SB3 (Emergency Response Plan) confirming that they will maintain a 20 psi during any emergency. Ms. Hester also noted that Inframark is close to finishing the SB3 report and it should be submitted by the March 1<sup>st</sup> deadline;
- c) Legal Matters:
  - i) Mr. Kutac discussed the status of mail kiosk and mailbox maintenance in Belterra. He explained that the buildings and structures in which the mail kiosks are located were conveyed to the District along with the open space lots upon which they are located. Though maintenance has not historically been much of an issue, the improvements and the mail facilities have aged and are now often in need of repair. However, a ruling by the Office of the Attorney General established limitations on the District's ability to fund maintenance and repair. Mr. Kutac explained that the District cannot pay to re-build or re-model the mail kiosks or replace mailboxes, and is effectively limited to maintenance of the structures in which they are located. Mr. Kutac explained the background for the Attorney General's ruling, and noted



that the issue has been dealt with in piecemeal fashion in Belterra. Each time that mail facilities are in need of repair, the District and the HOA would have to make arrangements to do so and the discussions were often entered into without clear expectations and obligations. Mr. Kutac suggested the following options to address the matter long term; (i) subdividing and conveying the land where the kiosks are located to the HOA, which is a lot of effort and would result in significant budget changes for the HOA; or (ii) leasing the mail kiosks to the HOA. If the District leases the kiosks to the HOA, the HOA will be responsible for paying for replacement mailboxes and to modify the structure of the kiosk if new mailboxes are added, as consideration for the lease. The District would be responsible for the upkeep of the structure. In the agreement, both sides are protected. If the District terminates the Agreement, the District would have to pay to relocate the mail kiosks. If the HOA terminates, the HOA would have to pay to relocate the mail kiosks.

Upon motion by Director Bethke seconded by Director McGillicuddy and unanimously carried, the Board adopted the Resolution Regarding Lease of Certain District Improvements for Mail Kiosk Locations.

- ii) After a review of a draft Lease for the mail kiosk locations, upon motion by Director McGillicuddy, seconded by Director Bethke and unanimously carried, the Board approved the Lease Agreement with the HOA with respect to the mail kiosks.
- iii) Mr. Kutac reminded the Board that since no one applied for a place on the ballot for the Board, the Board needs to be thinking about potential candidates to appoint.
- iv) Mr. Kutac brought up the use of the Belterra Centre for Board Meetings. He discussed that using the HOA Recreation Center was not reliable because whenever the HOA needed the meeting room, even if the Board meeting was already scheduled, the Board is required to re-locate at the last minute. Mr. Kutac noted that he and Ms. Hester spoke to Hays County WCID No. 1, specifically Director Botts and Director Robison and they are amenable to allowing the District to use the Belterra Centre for meetings for \$750 per month under the following conditions: (i) no events after 5 p.m. except for the regular Board Meetings absent consent; (ii) committee meetings need to be held in the kitchen to avoid disrupting customer service operations taking place during the day; (iii) the District cannot allow any third parties to use the Centre but must, instead, direct those third parties to Hays County WCID No. 1's Board; and (iv) the District must comply with the Belterra Centre's policies (i.e., no fires, loud noise, etc.). The Board discussed this proposal. Director Bethke noted that the District needed a reliable place to meet because the HOA was not reliable. She also noted that the HOA didn't tell the District that they were not allowing the District to use the recreation center this month. Director Lee realized that the HOA had scheduled a conflicting meeting at the same time as the District meeting. If she had not noticed that, the meeting would not have been moved to CMA.

Upon motion by Director McGillicuddy, seconded by Director Bethke with Director Lee abstaining, the Board voted to adopt a joint resolution regarding use of the Belterra Centre consistent with the terms set forth herein.

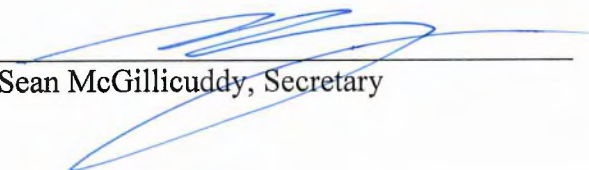
- d) Calendaring: The Board discussed moving the meeting back to the third Thursday of the month starting on April 21<sup>st</sup>.

8. Executive Session: With regard to Item No. 5(b), 6(b) and 7(c), the Board retired, along with Matt Kutac to Executive Session at 7:00 p.m. Following such Executive Session, the Board reconvened in public session at 7:44 p.m. With respect to Item 5(b) concerning the ongoing ESD project, upon motion by Director McGillicuddy, seconded by Director Bethke and unanimously carried, the Board authorized its attorney to work with the District engineer and operator to resolve outstanding issues related to the coating of a manhole as directed by the Board in executive session, but only to the extent such issues are not timely resolved by the ESD and/or its contractor.

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

APPROVED AND ADOPTED on the 24<sup>th</sup> day of March 2022.



  
Sean McGillicuddy, Secretary