

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 March, 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 McGillicuddy. It should be noted for the record that all Board members present 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. Hearing no response, the Board proceeded to the next item of business.

2. The Board reviewed the Minutes from the February 18, 2021 Regular Board Meeting. Following a review thereof, upon motion by Director Kelly, seconded by Director Harris and unanimously carried, the Board approved said Minutes.

3. The Board recognized Allen Douthitt who presented Bott & Douthitt's Accounting Report dated March 18, 2021, which included a review of the Cash Activity Report Including Subsequent Activity through March 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 January 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. Bott & Douthitt's reports are attached hereto as **Exhibit "A"**. During his report Mr. Douthitt mentioned that with respect to disbursements, there is nothing out of the ordinary. With respect to transfers, Mr. Douthitt mentioned that the following transfers was made: (i) \$13,000.00 from the BancorpSouth Operating Account to the BancorpSouth Managers Account; and (ii) \$176,591.43 from TexPool Operating Account to the Hays County WCID No. 1 TexPool Operating Account for a payment to be made pursuant to the joint facilities agreement.

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

4. Josh Fort with WLE reviewed the monthly WLE Landscaping Service Report, provided in advance to Inframark. In Mr. Fort's report, he mentioned that he had three priorities:

- **The Mesa Verde Proposal:** WLE wants to prove their commitment to the District by taking \$1,500.00 off the Mesa Verde proposal which was presented to the Board at last month's Board Meeting.
- **Limb Cleanup:** WLE is in planning to clean up the limbs in the Greenbelt. It will take approximately 3 days of labor to clean-up the damaged trees. There is no charge for limbs up to 8 feet. The charges for this clean-up will be split evenly between Hays County No. 1 and No. 2.
- **Site Audit Belterra:** Next week he will send multiple proposals to the Board with respect to assessing plant damage, cutting back the plants and dead plant removal.

During his report, Mr. Fort stated that the Board will have to decide how they want to handle the damaged plants. There are two options; (i) cut back the damaged plants and wait to see if they will come back; or (ii) just remove the plants and put in new plants. He also mentioned that the Greenbelt trails are being sprayed for weeds and that mowing resumes April 1st. Director Bethke noted that the plants around the kiosk are not thriving and questioned if the bottlebrush will do well there. Mr. Fort assured her that the soil and water are fine by the kiosk and that the bottlebrush

plants will work well there. Mr. Fort then mentioned that in mid-April (depending on the weather), WLE is planning to change the seasonal color. He will be bringing by the different varieties of lantana and will let the Board select the plant and color variations they prefer.

5. 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"**.

- **Potential action items for the meeting:**
 - a. Approval of Pay Application No. 6 (\$35,161.20) for Lot 3G-1: Drum Screen Replacement and Site Plan Revisions;
 - b. Approval of Change Order No. 3 (\$11,364.00): Drum Screen Replacement and Site Plan Revisions;
 - c. Approval of Change Order No. 4: Drum Screen Replacement and Site Plan Revision;
 - d. Approval of Task Order 60: Amendment No. 2 (\$14,500.00) - Proposal Solicitation for the Belterra: Drum Screen Replacement; and
 - e. Approval of Task Order 67 (\$60,000.00): Belterra Wastewater Treatment Plant Overflow.
- **Drum Screen Replacement:**
 - a. Construction updates: There is a small amount of piping, electrical work, and walkway work to complete;
 - b. Recommend approval of Pay Application No. 6;
 - c. Change Order No. 3;
 - d. Change Order No. 4 will be reviewed in the Infrastructure meeting; and
 - e. Recommend approval of Task Order 60 - Amendment No. 2 - Proposal for Solicitation for the Belterra Drum Screen Replacements.
- **EQ Tank Blower Replacement:** Project design is ongoing.

Belterra Wastewater Treatment Plant Weir Overflow: Recommend Approval of Task Order 67 - Belterra Wastewater Treatment Plant Overflow.

Lauren Barzilla recommended approval of the following items, such items being unanimously approved following the noted motions and additional discussions below:

(a). **Pay Application No. 6:** Upon a motion by Harris, seconded by Director Kelly and unanimously carried, the Board approved Pay Application No. 6 for \$35,161.20.

(b). **Change Order No. 3:** Ms. Barzilla stated that the existing bar screen location was slightly different from what was shown on the plans and as a result, the drum screen platform had to be moved. This also required that the fence be relocated as well. Change Order No. 3 represents the additional cost to install stairs to connect the existing and proposed walkways, and also a fence and gate around the updated drum screen platform.

Upon a motion by Director Bethke, seconded by Director Kelly and unanimously carried, the Board approved the Change Order No. 3 for \$11,364.00.

(c). **Task Order No. 60, Amendment No. 2:** Ms. Barzilla explained that the scope of Task Order No. 60 increased due to the discovery that the existing bar screen platform was not in the same location as the plans. Due to this change, the structural, electrical and geotechnical engineers had to provide additional services. Director Kelly voiced his opinion that the Electrical Engineer missed the mark badly when he gave his estimate.

Upon motion by Director Harris, seconded by Director Kelly, and unanimously carried, the Board approved Task Order No. 60, Amendment No. 2 for \$14,500.00.

(d). **Task Order No. 67:** Ms. Barzilla explained that Task Order No. 67 is for engineering services to solicit bids and provide construction phase services for construction of a Weir for the WWTP. She explained the function of a Weir system. She also mentioned that the Hays County No. 1 Board had approved only the design and non-labor costs to get a design in order to determine if they want to proceed with a Weir system.

Upon motion by Director Kelly, seconded by Director Harris and unanimously carried, the Board approved only the \$31,000 for Design and \$1,000 for direct non-labor costs in order to get a design. The Board did not approve the \$9,000 for development of contract and bid documents nor the \$19,000 for the full construction phase services.

6. 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:

- **Potential action items for meeting:** None
- **Fire Station:** The contractor completed the items on the punchlist. They are still working on the building but all of the public facilities are completed.
- **Naples Sidewalk Extension and Trail Project:** The project design is ongoing. Ms. Barzilla sent the proposal to Directors Bethke and McGillicuddy.

The Board discussed the Sidewalk Extension and Trail in more detail. Director Harris expressed his concern about the location of the proposed extension and thought the trail would increase parking and traffic at that location. He said that some of the residents in that area are concerned because people are already parking there and waiting to pick up their children from school. Director Bethke noted that some of the residents on Kinloch Court are in favor of this project. Director Harris responded that he knows of some residents on Kinloch Court who are opposed. It was determined that the Board would look into doing an online survey to see if this proposed trail extension is wanted by the residents. Ms. Barzilla will do a mock-up to show the proposed trail to accompany the online survey. She will submit the exhibit to Directors Bethke and McGillicuddy.

Upon motion by Director Bethke, seconded by Director Kelly and unanimously carried, the Board authorized acceptance of the monthly Engineering Reports.

7. Ms. Hester reviewed Inframark's General Manager's Report, a copy of which is attached hereto as **Exhibit "D"** and in particular, the executive summary memorandum dated March 16, 2021. Ms. Hester gave the following updates:

- **Wastewater Treatment Plant:**
 - a. Reported overflow to the State due to winter storms;
 - b. Daily average flows are 512,000 gallons a day, the WWTP was at 102% capacity (this is a result of a significant increase in flows during the winter storm event – flows have returned to normal levels);
 - c. Cleaning of wet well was completed on February 5th by Wastewater Transport;
 - d. EQ Rehab schedule completion is March 24, 2021;
 - e. EQ Tank blowers have been ordered and scheduled for delivery;
 - f. EQ Tank pipes for outside of tank is in production and scheduled for delivery; and
 - g. Still coordinating repairs to equipment at WWTP.
- **Re-Use Water System - Drip System:**
 - a. Completed repair on 2 leaks on reuse line near splash pad and behind Mendocino; and
 - b. Tank level is back down to 5ft as of March 10, 2021.
- **Distribution System – Billing:**
 - a. 642 AMI meters have been installed, 40 users are on the portal;
 - b. 185 meters have been installed in February; and
 - c. Inframark has scheduled the second wave of installs this month.
- **Collection System:** Conducted I&I survey on Homes for LS #6
- **Drainage/Ponds:**
 - a. Turned district ponds back on after winter storm and assessed damages; and
 - b. Scheduled cleaning and repairs at various Ponds.
- **Parks – Trails:**
 - a. Discuss post winter storm clean-up for Phase 1 (sidewalks and trails) and Phase 2 (common areas);
 - b. WLE will be presenting a proposal for trail and common area clean up post winter storm; and
 - c. Scheduled to install bulletin board at Harris & Saint Richie mail kiosk.

- **Construction:**
 - a. 22 Inspections and 4 Pool inspections completed in February;
 - b. 7 re-inspections completed in February' and
 - c. 85 pool applications are underway for all of the community.
- **Customer Care Committee (“CCC”):**
 - a. The CCC reviewed the procedure on pausing disconnections during COVID and recommends that we reinstate the Districts pre-COVID delinquent policy;
 - b. The CCC reviewed the wastewater winter average and recommended the District omit the March read and use January and February meters reads. Such average would be used for 2022; and
 - c. The CCC reviewed relief to residents for water used during the winter storm due to dripping faucets and recommends a credit across all residential accounts. The amount will be shared with the Board at the meeting.
- **Infrastructure Committee:**
 - a. The committee reviewed District Operations including the: Asset Management Plan, Preventive Maintenance Plan and Standard Operating Procedures;
 - b. The committee reviewed the task orders and change orders presented by CMA;
 - c. The committee determined that it will be meeting quarterly;
 - d. Inframark is working to update the District’s emergency response plan to include lessons learned from the winter storm event. The revised plan will be presented to the committee; and
 - e. Inframark is working on an After Action Plan that will be presented to the Board.

During her report, Ms. Hester stated that generally, if a WWTP is at 75% capacity for three consecutive months then a District needs to look at expanding the WWTP. However, the tank levels are back down to normal and expansion is not necessarily.

Ms. Hester explained that she polled 515 AMI meter readings and compared the average water use during the winter storm with the water usage from the week prior to the storm and the average additional water usage was approximately 1,200 gallons per resident. The higher usage would equate to a credit of approximately \$4.00 per customer. The Board then discussed the pros and cons of giving this type of credit, how it would be viewed by the customers and at such a small amount, would it even help any of the customers. The Board decided to have its CCC meet with Hays County No. 1’s CCC to discuss a potential credit in more detail. After this joint meeting, the CCC will present its findings to the Board at the next Board meeting.

The Board expressed concern that Texas Disposal System (“TDS”) is not picking up all of the trash in the District in one day. It is taking TDS two days to pick up all of the trash and they are

not picking up yard waste or additional bags. Per Ms. Hester, she will send an e-mail to the residents regarding every resident's right to have 2 large item picks-ups per home per year and notifying the residents that they just need to call TDS for these pick-ups. Ms. Hester also mentioned that she has a new point of contact at TDS and she will pass on the Board's concern regarding TDS' service to the new point of contact.

Inframark's report included the following action items, such items being unanimously approved following the noted motions and additional discussions below:

(a). **Re-instatement of the pre-COVID disconnect policy**: Upon motion by Director Kelly, seconded by Director Harris and unanimously carried, the Board re-instated the District's pre-COVID disconnection policy for delinquent accounts effective on the April billing cycle.

(b). **WLE Storm Clean-Up Proposal**: Upon motion by Director Kelly, seconded by Director Bethke and unanimously carried, the Board approved \$3,400 (the District's portion of the proposal) for Phase 1 and Phase 2 clean-up.

(c). **WLE Mesa Verde Proposal**: Director Bethke wanted it noted that WLE is on record as stating that the bottlebrush would work well by the Kiosk. Upon motion by Director Bethke, seconded by Director Kelly and unanimously carried, the Board approved the Mesa Verde Proposal with the \$1,500 reduction that WLE credited. Director Bethke stated that she will keep an eye on the plants and if they don't thrive, she will bring it to WLE's attention.

(d). **Customer Relief Credit**: Upon motion by Director Harris seconded by Director Kelly and unanimously carried, the Board authored the CCC to work with Hays County WCID No. 1's CCC to determine if a customer credit should be issued and if recommended by the two CCCs, authorized a customer credit not to exceed \$20.00.

8. In furtherance of matters discussed in prior Board meetings with respect to services being provided by Touchstones, the CCC did not have an update on this issue. However, Ms. Hester noted that Touchstone was readily available during the winter storm and they worked well under pressure. Director Kelly stated his opinion that the communication during the storm was great. Touchstone kept everyone updated with e-mails. It was then noted by Director Bethke that residents had reached out to Inframark asking to have their e-mail addresses added so that they could receive e-mails from the District.

9. With respect to the feasibility of reducing charges to customers impacted by the winter storm, the Board determined that the residents who sustained damage during the storm which increased their water bills, can (under normal District policy), submit their repair bills and their case will be considered on a case by case basis.

10. The Board reviewed the current Order Adopting an Investment Policy and Appointing an Investment Officer. Upon motion by Director Harris, seconded by Director Kelly and unanimously carried, the Board adopted the Resolution Acknowledging Annual Review of Investment Policy and Investment Strategies.

11. Ms. McAngus gave a brief statement explaining the purpose of the Arbitrage Compliance Report and Summary. Upon motion by Director Harris, seconded by Director Bethke and unanimously carried, the Board confirmed receipt of the Arbitrage Reports.

12. No discussion was required with respect to the proposed license agreement between the District and the Belterra Community Association concerning mail kiosk repairs as this issue was discussed and approved by the Board during the February Board.

13. Mr. Barrett gave an update on proposed legislation being considered by the Texas Legislature during this session. He noted that Vicki Goodwin filed a bill to allow Travis County to have another representative on the PUA. The PUA provides wholesale treated water to the District and other customers in Hays County.

Mr. Barrett also reported that a bill supported by Representative Zwiener that would prohibit discharge into the Edwards Aquifer if the discharge does not meet drinking water standards. Mr. Barrett voiced his concern that if this bill passes, it could have an adverse effect on the Belterra wastewater permit renewal. Mr. Barrett also noted that the City of Dripping Springs and Hays County No. 1 are opposed to this bill.

14. Mr. Kutac noted that the Governor reversed some of his prior COVID disaster declarations. However, the Governor's ruling regarding suspending compliance with the Open Meetings Act is still in effect. It is a matter of time before this declaration is reversed. With this in mind, the District needs to consider alternative meeting places. After a brief discussion, the Board determined that the Board would meet at CMA's office for next month's Board meeting if the Governor reverses his disaster declaration and the Board is required to meet in person per the Open Meetings Act. He also noted that there are a few bills that would allow for conducting meetings via audio or video conference, but if passed, such legislation would not be effective until later in the year.

15. Mr. Kutac returned to the discussion of the proposed legislation allowing for Travis County to have another representative on the PUA. He noted that this ruling would not benefit Hays County customers because there would be 4 representatives from Travis County and only 2 from Hays County. If this bill passes, Hays County would not have equal representation on the PUA board. Mr. Kutac mentioned that he and Mr. Barret would continue to monitor the two bills discussed above. Director Bethke and Director Harris mentioned that they would like to see the bill language before they take any action on any proposed legislation.

16. Committee Meetings: Ms. Hester stated that she will schedule upcoming committee meetings.

17. Executive Session: No Executive Session was required.

18. Ms. McAngus reminded the Board members of the annual requirement to take a Cyber-Security Training course. She will forward an e-mail to the Board members with the additional information regarding Cyber-Security Training and the AWBD course schedule.

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

APPROVED AND ADOPTED on the 15th day of April, 2021.





William Carroll Kelly IV, Assistant Secretary