

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 March 21, 2024 at 5:45 p.m. at the Belterra Centre, 151 Trinity Hills Drive, Austin, Texas and the roll was called to-wit:

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|--------------------------|-------------------------------|
| Samantha E. Bethke | President |
| Lynn J. Lee | Vice President |
| Sean McGillicuddy | Secretary |
| William Carroll Kelly IV | Treasurer/Assistant Secretary |
| Chris Kopperud | Assistant Secretary |

All members of the Board were present at the commencement of the meeting except Director Kopperud. The record shall reflect that all Board members present voted on all matters that came before the Board. Also present were Matt Kutac of the Law Office of Matthew B. Kutac PLLC, Vicki Hahn, paralegal, with Winstead PC, Beth Wright, John Taylor, Chris Sanchez of Municipal Operations and Consulting, LLC, the operations and management contractor for the District, Allen Douthitt with Bott & Douthitt, the District's bookkeepers and Lauren Barzilla of Burgess & Niple ("BN"), the District's engineer and Jesse Trevino from Sunscape Landscaping, the District's landscaper.

1. PUBLIC COMMENT: Mr. Kutac called for public communications and comment. Hearing none, the Board proceeded to the next item on the agenda.
2. MEETING MINUTES: The Board reviewed the Minutes from the February 8, 2024 Special Board Meeting and the February 15, 2024 Regular Board Meeting. Upon motion by Director Lee, seconded by Director McGillicuddy and unanimously carried, the Board approved such Minutes.
3. FINANCIAL:
 - a) Accounting Report: Mr. Douthitt reviewed Bott & Douthitt's Accounting Report dated March 21, 2024 with the Board, which included a review of the Cash Activity Report and expenditures to be approved at the Board Meeting that same day. Such Cash Activity Report included director and vendor payments, fund transfers and the Financial Statements for January 31, 2024 for review and approval by the Board.

- b) Annual Review Investment Policy: The Board reviewed and discussed the current Investment Policy. Upon motion by Director McGillicuddy seconded by Director Kelly and unanimously carried, the Board approved the Resolution Acknowledging Annual Review of Investment Policy and Investment Strategies and authorized signature thereon.

c) Administrative and Action Items:

Upon motion by Director McGillicuddy seconded by Director Lee and unanimously carried, the Board accepted the Accounting Report and approved all disbursements and transfers set forth in the Accounting Report.

4. LANDSCAPING:

- (a) Sunscape Report: Mr. Trevino reviewed the Landscaping Report. Mr. Trevino also reviewed the following:

- (i) Proposal No. 28952 for \$10,446.44 to remove four declining/dead Red Oak Trees from the median of Belterra Drive and Sawyer Ranch Road entrance. The Board discussed the type of tree to re-plant and discussed replacing with Red Oak Trees so that the trees are consistent in the median.
- (ii) Proposal No. 28950 for \$3,494.39 to remove the Oak Tree located behind the Valley Oaks monument sign. The Board discussed if they should have a new tree planted. Mr. Trevino thought that the area would look fine if it was not replaced.
- (iii) Proposal No. 28951 for \$4,701.21 to pick up remaining storm debris along Prescott Drive.
- (iv) Proposal No. 28949 for \$783.54 to clean-up, cut and remove cedar limbs that have broken and/or died from the winter storm last year.
- (v) Proposal No. 28930 for \$994.99 for a Sunscape technician to diagnose issues pertaining to nonfunctioning valves throughout the District.

- (b) Trail Maintenance: No action was taken by the Board.

5. ENGINEERING:

- a) WWTP Joint Facility Report: Ms. Barzilla reviewed the Joint Facility Report.

The water model for the potential storage tank project has been developed and B&N has run it with three different scenarios, but so far all three scenarios show no sign of pressure issues in the District. Mr. Kutac suggested adding a demand component to the model because low pressure tends to be reported during or after periods of high demand. Ms. Barzilla responded that that was a good idea and that she would incorporate demand into the model. She will continue to work with the water model and is still in conversation with Jason Baize at the WTCPUA.

Ms. Barzilla mentioned that she received a call from the competitor of CPM, the contractor that installed the pipe liner in the District. The caller stated that the District should check the pipe liner for damage. She noted that she and MOC have looked into the matter and have not identified any damage. However, this is not their forte. CPM is aware of the call

and has advised that they will be contacting the manufacturer. CPM does not want to televise the line because they are concerned that it could damage the pipe liner. Ms. Barzilla and Mr. Wright will keep in touch with CPM and Ms. Barzilla noted that CPM has been helpful so far.

Mr. Kutac noted that there is an administrative matter he would like to address. The Board will be discussing artificial turf and Xeriscaping with respect to BCA requirements next and he noted that Director Kelly has a conflict of interest because he owns a turf installation company. Director Kelly will need to complete a conflicts questionnaire and affidavit. Mr. Kutac also recommends that Director Kelly not participate in tonight's discussion. However, he thinks it would be acceptable for Director Kelly to provide technical information to the District's engineer on the latest improvements to artificial turf technology because he may have unique insight into the matter that others would not.

Ms. Barzilla presented a handout on artificial turf and Xeriscaping and discussed the drainage impact of both options, noting that both the Xeriscape and artificial turf options result in increased drainage flow. However, the Xeriscape option has less impact on infrastructure than artificial turf with respect to drainage. Turf could double the flow rate leaving the site, which would then go into the District's system. The District's system is not designed to handle that. With respect to Xeriscaping, assuming that gravel was installed in the entire lot, it could create an 8 to 10% increase in flow rate. It was noted that the BCA is not wanting 100% of the lawn to be gravel but would like xeriscaping to include bushes and trees. The BCA will send Ms. Barzilla a copy of what the BCA proposes to do.

b) District Report: Ms. Barzilla reviewed the District Engineering Report.

With respect to the award for the Mockingbird Trail Improvements Culvert Crossing, Ms. Barzilla noted that there were two bidders and that the lowest bid came from Dig Dug Construction for \$36,887.73. The other bid was from Myers for \$47,181.00. She recommends awarding to Dig Dug Construction.

With respect to a watering schedule, Ms. Barzilla reviewed the proposed watering schedule which proposes a schedule based on the last digit of the resident's address. The Board discussed the pros and cons of the proposal in detail. They also discussed possible solutions to break up the watering schedule so that the majority of the watering is not occurring on the same days, in the event that is causing the pressure issues within the District. The Board discussed that some of the plans would be hard to enforce without driving by and looking up each address individually. The Board asked about scheduling by odd and even number addresses but Ms. Barzilla responded that there are more odd number addresses than even so that would not solve the problem. Ms. Barzilla mentioned that HCWCID No. 1 is staying with their original watering schedule. The Board decided to table the discussion until the next Board meeting.

c) Additional Action Items:

- Upon motion by Director McGillicuddy, seconded by Director Bethke and unanimously carried, the Board approved awarding the contract to Dig Dug Construction.

- Upon motion by Director McGillicuddy, seconded by Director Lee and Director Kelly abstaining, the Board authorized Ms. Barzilla to work with the BCA and at least one director from the Board in evaluating the xeriscape and turf policy. They will provide engineering assistance from the District's perspective to help the BCA revise the BCA's Xeriscaping and artificial turf policy.

Upon motion by Director McGillicuddy, seconded by Director Lee and unanimously carried, the Board accepted the Engineering Report.

6. MANAGEMENT AND OPERATIONS:

- a) Manager and Operations Report: Ms. Wright reviewed the Manager and Operations Report.

Ms. Wright reviewed the requests for pool variances and requested direction. It was noted that HCWCID No. 1 approved a temporary policy allowing MOC to grant a variance for landscaping or pool projects that had contracts pending prior to March 1, 2024. Last year, with respect to pools, MOC suggested water trucks. The Board discussed that they are willing to grant a variance with respect to pool and landscaping contracts if the resident shows proof that the contract was pending prior to March 1, 2024. The Board requested that pool filling variances related to health and safety issues, such as contamination, be brought to the attention of the Board.

12566 Mesa Verde is requesting clean-up for tree debris.

11928 Mesa Verde has reported that the trail is very muddy near their home and they are wondering what is causing it. Director Bethke saw it after the last rain and it was not muddy. The Board asked MOC to notify the resident that they will look into it.

With respect to insurance (Item 6(c)), Ms. Wright obtained two quotes for insurance coverage for the District. She recommends Gallagher and noted that a portion of the coverage for joint facilities is a shared expense with HCWCID No. 1. She also mentioned that if there any claims, the District will owe a deductible because this is a standard insurance policy not a risk pool.

With respect to the Fun Abounds Surface Repair, Ms. Wright has not received an estimate yet but stated that she was told there is a sealant that would provide better protection. Ms. Wright thinks that the current approval will be adequate to cover the cost of the sealant.

Ms. Wright reminded the Board that the AWDB and Case Conferences are coming up and asked which Directors wanted her to register them for the conferences.

With respect to the removal of the flagpole that was discussed at last month's meeting, MOC said it was within their approval limits. The Board asked MOC to communicate the removal of the flagpole to the residents.

With respect to the Texas Disposal System ("TDS") pickup, TDS is sometimes not picking up the trashcans if the lids are not fully closed. It is not in the TDS contract that the lid must

be closed in order to pick it up. The Board asked MOC to check on this with TDS and send a communication to the residents reminding them of the TDS rules.

With respect to Aquatic Features, Director Bethke noted the absence of reports. MOC mentioned that Aquatic Features was on site to fix the bubbler in the pond recently. Their truck still has no Aquatic Features sign. MOC will ask them again to put a sign on their trucks when they are in the District working.

Mr. Taylor reviewed the operations report.

b) Public Hearing for Violations of District Rules: No hearings were required.

c) Additional Action Items:

- Upon motion by Director McGillicuddy, seconded by Director Kelly and unanimously carried, the Board approved a pool variance to fill the pool for 280 Catalina.
- Upon motion by Director McGillicuddy, seconded by Director Kelly and unanimously carried, the Board adopted an interim policy authorizing the District Manager to grant variances to relevant District watering restrictions to residents who are able to demonstrate by written proof that they have entered into contracts, prior to March 1, 2024, with a third party for activities requiring use of water that would otherwise violate District watering restrictions (i.e., landscape installations and pool installations which were contracted, in writing, on or before March 1, 2024).
- Upon motion by Director Bethke, seconded by Director Kelly with Director McGillicuddy abstaining, the Board approved a pool variance to fill the pool due to that had to be drained due to a bacterial contamination issue.
- Upon motion by Director McGillicuddy, seconded by Director Kelly and unanimously carried, the Board authorized cleaning up the tree debris at 11928 Mesa Verde.
- Upon motion by Director McGillicuddy, seconded by Director Bethke and unanimously carried, the Board approved Sunscape's Proposal No. 28952 for \$10,446.44, Proposal No. 28950 for \$3,494.00 (with a revision to the proposal to remove re-planting), Proposal No. 28951 for \$4,701.21, Proposal No. 28949 for \$788.54 and Proposal No. 28930 for \$994.99.
- Upon motion by Director McGillicuddy, seconded by Director Lee and unanimously carried, the Board approved Gallagher's insurance proposal.
- Upon motion by Director Bethke, seconded by Director Lee and unanimously carried, the Board authorized the upgrade of the solar battery for the Interconnect meters for a total cost of \$7,990.00.

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

For the record, Director McGillicuddy left the meeting at this time.

7. ADMINISTRATIVE AND LEGAL:

a) Amendment of Water Conservation and Drought Contingency Plan:

i) Public Hearing: Mr. Kutac explained that he would like to incorporate changes to the LCRA and WTCPUA water contingency plans into the District's Drought Contingency Plan. He will discuss the differences in the LCRA and WTCPUA plans with the Board before the Board implements the new plan. Upon motion by Director Bethke, seconded by Director Lee and unanimously carried, the Board opened the Public Hearing at 7:32 p.m. There were no members of the public present, so upon motion by Director Bethke, seconded by Director Lee and unanimously carried, the Board closed the public hearing at 7:32 p.m.

b) Service Rate Order: Mr. Kutac reviewed the redlined Service Rate Order with the recommendations from the Joint Management Committee. The Joint Management Committee is looking at surcharging users for higher water usage with the rate doubling for those users who use over 15,000 gallons per month. For perspective, only 98 of 1137 residents in the District are currently above 15,000 gallons per month. Mr. Kutac informed the Board that HCWCID No. 1 reviewed the matter but has not acted yet. Director Lee asked what the average water use is in July and August. The Board asked Ms. Wright to pull those numbers because the Board would like to see those numbers before making a decision. Mr. Kutac stated that the Joint Management Committee will continue to work on the issue.

c) Director Election: The Board reviewed a letter from the Board Secretary confirming that the candidates in the upcoming May 4, 2024 Director's Election (Lynn Lee, Sean McGillicuddy and Carroll Kelly) were unopposed. The Board next reviewed an Order Declaring Unopposed Candidates Elected and Canceling Election.

Upon motion by Director Bethke, seconded by Director Lee and unanimously carried, the Board acknowledged the letter confirming candidates who filed for a place on the ballot were unopposed and approved such Order cancelling the election as authorized by Section 5.003, Texas Election Code.

d) Google Drive Renewal: Upon motion by Director Bethke, seconded by Director Lee and unanimously carried, the Board authorized renewal of the Google Drive license with Onix.

e) BCA Xeriscape Policies: Discussed above.

f) Water Contract Items: No update.

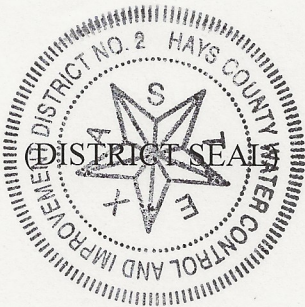
g) Legal Matters:

i) Membrane Claim: Discussed in Executive Session.

ii) Inframark Transition Matters: Discussed in Executive Session.

- iii) Third Party Rate Study: Mr. Kutac will talk to the third-party group who performed the Rate Study for the District last time.
 - iv) Additional Legal Matters: No action was taken by the Board.
 - h) Calendaring: The Board determined that the next regular Board meeting will tentatively be April 18, 2024.
8. EXECUTIVE SESSION: With regard to Item No. 7(g)(i) and 7(g)(ii) on the posted agenda for the meeting, upon motion by Director Bethke, seconded by Director Lee on and unanimously carried, the Board retired, along with Mr. Kutac to Executive Session at 8:07 p.m.
- Following such Executive Session, upon motion by Director Lee, seconded by Director Bethke and unanimously carried, the Board reconvened in public session at 8:15 p.m. No action was taken by the Board during Executive Session.
9. ADJOURNMENT: There being no further business to conduct, Director Lee moved that the meeting be adjourned, which motion was seconded by Director Bethke and unanimously approved. The Board adjourned until further call.

APPROVED AND ADOPTED on the 15th day of April 2024.



Sean McGillicuddy, Secretary