

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 May 18, 2023 at 5:45 p.m. at the Belterra Centre, 151 Trinity Hills Drive, Austin, Texas 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
Chris Kopperud	Assistant Secretary

All members of the Board were present at the commencement of the meeting except Director McGillicuddy who arrived shortly after the meeting commenced. 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, Lonnie Wright, Chris Sanchez, John Taylor and Sally Gomez of Municipal Operations and Consulting, LLC, the operations and management contractor for the District, Chris Lane of SAMCO Capital Markets, Inc.(“SAMCO”), the District’s financial advisor, Allen Douthitt with Bott & Douthitt, the District’s bookkeepers and Lauren Barzilla of Burgess & Niple (“BN”), the District’s engineer and Jesse Trevino of Sunscape Landscaping, the District’s landscapers. Members of the public attending the meeting included Joe Thompson, Joanne and Mike Doidge and Sherry Marlatt.

1. PUBLIC COMMENT: Mr. Kutac called for public communications and comments. Mr. Kutac then reviewed the following rules for public comment; (i) comments are limited to 3 minutes per person; and (ii) the Board cannot deliberate or take any actions during public comment and is limited to statements of fact, recitation of current policy, clarifying questions and requesting that items be added to a future Agenda.

Ms. Doidge requested access to the greenbelt for one day to install palm trees into their back yard and noted that this would complete their pool project. The contractor will use a forklift to put the trees in the backyard.

Public comment was concluded but reopened as noted below to permit comment by a resident who entered later in the meeting.

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. PUBLIC HEARING: Mr. Kutac presented the background for the public hearing and referred to the copy of the Notice of Violation to state the violations listed therein. Mr. Kutac noted that the resident was given the Notice of Violation on March 30<sup>th</sup> after the Board received a report that there were masonry stones and soil placed on his lot and in the greenbelt. A Bobcat was also present on the greenbelt lot and there appeared to have been some grading performed. The fines listed in the Notice of Violation totaled \$2,350.00. The Resident then responded that he is not disputing the violations. He apologized for the violations and added that he takes great pride in the greenbelt area and he tries to go out and clean up any debris in the greenbelt next to his house. He even used his 15 foot trailer to haul away tree debris from the ice storm for his neighbors. He mentioned that he has gotten approval four times in the past to use the greenbelt on prior projects involving the same contractor. He was out of town when the contractor was working, and the contractor did not understand that he did not have authorization to use the greenbelt on this project. The resident also mentioned that Terry Martin at Inframark gave him permission to use the greenbelt in 2020. He presented pictures of the restored greenbelt and copies of the e-mails from Terry Martin at Inframark approving 2020 usage of the greenbelt and asked for leniency. Mr. Kutac requested a copy of the pictures and e-mails for the record.

Upon motion by Director Bethke seconded by Director Lee and unanimously carried, the Board moved to continue the Public Hearing later in the meeting.

3. MEETING MINUTES: The Board reviewed the Minutes from the April 20, 2023 Regular Board Meeting. Upon motion by Director Kelly, seconded by Director Bethke and unanimously carried, the Board approved the Minutes for the April 20, 2023 Regular Board Meeting.

Let the record reflect that Director McGillicuddy entered the meeting.

4. FINANCIAL:

- a) Accounting Report: Mr. Douthitt reviewed Bott & Douthitt's Accounting Report dated May 18, 2023 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 March 31, 2023 for review and approval by the Board. With respect to transfers, Mr. Douthitt noted that the following transfers needed approval:

Approve director and vendor payments.

Approve transfers as follows:

- Approve funds transfer from TexPool Operating Account to Hays County WCID No. 1 TexPool Operating Account: \$124,186.33

- Approve funds transfer from TexPool Operating Account to BancorpSouth Manager's Account (May 9, 2023): \$51,555.5.
- b) 2023 Preliminary Certified Values: Mr. Douthitt stated that Ms. Lane is pulling information on tax exemptions and will bring those recommendations next month.
  - c) Budget: Mr. Douthitt informed the Board that he would like to bring a revised budget to the Board next month for review after the ice storm clean-up costs start wrapping up.

Director Kelly requested that Ms. Wright let him know when the HCWCID No. 1 Infrastructure committee schedules a meeting to discuss joint expenses because he and Director Lee (the District's Infrastructure Committee) would want to attend.

d) Administrative and Action Items:

- i) Upon a motion by Director McGillicuddy, seconded by Director Kelly, the Board approved the Accounting Report and related disbursements.

PUBLIC HEARING: Upon motion by Director Bethke, seconded by Director McGillicuddy and unanimously carried, the Board re-opened the Public Hearing.

The Board discussed the violations which totaled \$2,350. The Board acknowledged that the resident resolved the violations within a day of the notice. The Board discussed waiving some of the violations.

Upon motion by Director Kopperud, seconded by Director Lee and unanimously carried, the Board voted to enforce Rule Violation Nos. 7.01(a) for \$100, 7.01(c) for \$500 and 7.01(i) for \$250 for a total of \$850 in fines, while determining to waive the remaining violations which totaled \$1,500.

Upon motion by Director Bethke, seconded by Director McGillicuddy and unanimously carried, the Board closed the Public Hearing.

5. LANDSCAPING: Mr. Trevino's Landscaping Report is included in the Board Packet. Mr. Trevino from Sunscape noted that Sunscape has gotten a little behind on landscaping but is hoping to get caught up quickly. The Board discussed some concerns regarding the ponds and cat tails in the ponds. They also noted that they are looking at the possibility of altering the landscaping contracts with Sunscape and MOC to transfer responsibility for mowing the ponds from Sunscape to MOC. Mr. Trevino gave an update on the ice storm debris cleanup. He also noted that with respect to mowing, there was some confusion over the landscaping map. He believes he is now clear on the areas that need to be mowed.

RE-OPEN PUBLIC COMMENT: Ms. Marlatt, a resident in the District, noted that she is relatively new to the neighborhood. She requested more transparency. The Board explained that they post on the District's website, via Facebook and newsletters. Ms. Marlatt mentioned that she has noticed that the HOA also sometimes gives out District information which makes it confusing as to whose is ultimately responsible.

6. ENGINEERING:

- a) WWTP Joint Facility Report: Ms. Barzilla presented B&N's monthly Joint Wastewater Treatment Plant ("WWTP") and 210 Reuse Irrigation engineering report. A summary of the report is included in the Board Packet:

Ms. Barzilla noted that Jason Baze with the PUA has not presented the low water pressure data findings to the PUA yet. He will share that data with her once he has discussed with the PUA. The Board had a lengthy discussion about the water pressure issues and what could be causing those issues. Ms. Barzilla noted that it does appear to be a PUA issue not a District issue. She also mentioned that Mr. Taylor put on the psi gauges in the District today and will start getting data soon.

With respect to the CPM Pay Application No. 1, the Board discussed that it intends to use the surplus bond proceeds for the CPM costs.

- b) District Report: Ms. Barzilla then moved on to Burgess & Niple's general District Engineering Report. A summary of the report is included in the Board Packet:
- c) Action Items:
- i) Upon motion by Director McGillicuddy, seconded by Director Lee and unanimously carried, the Board approved Pay Application No. 1 for \$337,500 for CPM.

Ms. Barzilla informed the Board that she will be out on maternity leave in September and October and will miss the District meetings while she is on maternity leave.

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

7. MANAGEMENT AND OPERATIONS:

- a) Operations Report: Mr. Taylor reviewed MOC's General Manager's Report, and in particular, the executive summary memorandum dated March 23, 2022. The General Manager's Report is included in the Board Packet.

Mr. Taylor mentioned that he met with Bryan from Kubota at the WWTP and they discussed pulling the membranes to assess any damage and, if required, make repairs. Mr. Taylor explained the process of pulling the membranes.

Mr. Taylor noted that the Fire Chief informed him that the ESD had a grease trap. MOC will check to determine if there is a grease trap and if so, it will need to be inspected. If the ESD has a grease trap, they will need to pay an inspection fee and ensure that the size of the grease trap is correct.

The Board then discussed the Jeep that went off-roading in the irrigation area and noted that, fortunately, the irrigation line was not damaged. MOC obtained a proposal from SCG

Landscapes to install 9 natural limestone boulders or butter blocks to block access to the irrigation area. The Board discussed the location and whether to install limestone boulders or butter blocks.

Mr. Taylor discussed putting a psi data reader on the meter on Sawyer Ranch Road and noted that there was a hydrant there that needed to be repaired or replaced.

The Board discussed the resident whose fence was damaged by a fallen tree during the winter storm repair.

The Board discussed that it has re-opened discussions with the Sheriff's office with respect to patrolling the District.

The Board noted that the Joint Customer Care Committee met with MOC and discussed transferring the handling of Facebook postings to MOC.

The Board discussed the Doidges' request to access the greenbelt for one day to install palm trees. The Board also discussed that the greenbelt vegetation is growing and they do not want to allow greenbelt access for fear of damage to the new vegetation. After a lengthy discussion, the Board declined to grant a variance to the Doidges and refused the request.

b) Ongoing Projects:

- i) No action was taken with respect to unauthorized greenbelt access.

c) Action Items:

- i) Upon motion by Director McGillicuddy, seconded by Director Kopperud and unanimously carried, the Board approved the installing the butter blocks but would prefer to only install 4 or 5 butter blocks at a cost not to exceed \$4,000.

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

The Board returned to a discussion regarding the ice storm debris clean-up. It was noted that Terrain is using the haul boxes at a rapid rate. Director Bethke noted that the Board originally approved 8 haul off boxes and she recently approved another 8 on an emergency basis. The Board discussed the progress of the clean-up and how many haul boxes might be necessary to complete the job. The boxes are \$1,750 each. It was also noted that this expense will be shared with HCWCID No. 1.

Upon motion by Director Bethke, seconded by Director McGillicuddy and unanimously carried, the Board authorized further haul-off expenses at a cost not to exceed \$42,000.

The Board then discussed submitting a claim to the Texas Division of Emergency Management and FEMA for reimbursement for damage caused by the ice storm. MOC stated that they have experience with these types of claims and will help file the claim. It was noted that the deadline to submit claims is June 30, 2023.

Upon motion by Director McGillicuddy, seconded by Director Lee and unanimously carried, the Board authorized submission of a claim and authorized MOC and Mr. Kutac to work together on the claim as well as designating the contacts for the District. In addition, the Board authorized the President

of the District to sign any necessary documents and take necessary actions in connection with the submission.

8. ADMINISTRATIVE AND LEGAL:

- a) Water Contract Items: No update.
- b) Water Conservation and Drought Contingency Plan: No update.
- c) Legal Matters:
  - i) MOC transition: No update was given and the Board determined that this item could be removed from next month's Agenda.
  - ii) Records Management: Mr. Kutac reviewed the Amended Order Establishing Records Management Program and Appointing Records Management Officer and explained that he is recommending that the records retention match what is recommended by the Texas State Library. Upon motion by Director Bethke seconded by Director Kopperud and unanimously carried, the Board adopted the Amended Order Establishing Records Management Program and Appointing Records Management Officer.
  - iii) Service Rate Order: Mr. Kutac reviewed the proposed Amended Service Rate Order. He noted that he clarified pool and greenbelt deposits, drought surcharges, water averaging, etc. Upon motion by Director Bethke seconded by Director Kopperud and unanimously carried, the Board adopted the Amended Service Rate Order.
  - iv) Pond Mowing: Mr. Kutac stated that he will work on amending the Sunscape and MOC agreements to transfer responsibility for mowing in the pond areas.
- d) Calendaring: The Board determined that the next Board meeting will be June 21, 2023.

9. EXECUTIVE SESSION: Upon motion by Director Bethke seconded by Director Kopperud and unanimously carried, the Board retired along with Mr. Kutac at 8:04 p.m. to Executive Session to discuss Item No. 7(b)(i) of the posted Agenda for the meeting. Upon motion by Director McGillicuddy seconded by Director Kopperud and unanimously carried, the Board reconvened the public session at 8:09 p.m. No action was taken by the Board during Executive Session.

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

APPROVED AND ADOPTED on the 21<sup>st</sup> day of June 2023. .

  
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Sean McGillicuddy, Secretary

