

MINUTES OF THE MEETING
OF THE
BOARD OF DIRECTORS
July 15, 2021

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 15th day of July, 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. 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, Andy Barrett of Andy Barrett & Associates, Kristi Hester of Inframark, the District’s general management and operations contractor, Lauren Barzilla of CMA Engineering (“CMA”), the District’s engineers, Allen Douthitt of Bott & Douthitt PLLC (“Bott & Douthitt”), the District’s bookkeeper, Vicki Hahn, paralegal with Winstead PC 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 June 24, 2021 Special 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 recognized Allen Douthitt who presented Bott & Douthitt's Accounting Report dated July 15, 2021, which included a review of the Cash Activity Report Including Subsequent Activity through July 15, 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 May 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. During his report, Mr. Douthitt mentioned that with respect to disbursements, there is nothing out of the ordinary. With respect to transfers, Mr. Douthitt noted that the following transfers were made: (i) transfer for \$5,750 from the BancorpSouth Operating Account to the BancorpSouth Managers Account; and (ii) \$72,990.73 from the TexPool Operating Account to Hays County WCID No. 1 TexPool Operating Account. Mr. Douthitt also mentioned that he will be working on a draft of the budget and will present it to the Board at the next meeting.

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

4. Ongoing discussions regarding 2021-2022 Budget: As per the above, a draft budget, will be presented to the Board for discussion at the next meeting.

5. The Board recognized Josh Fort from WLE. Mr. Fort then reviewed the monthly WLE Landscaping Service Report, provided in advance to Inframark. In Mr. Fort's report, he discussed the following:

- **Belterra Tree Removal Proposal:** Mr. Fort informed the Board that the Belterra Tree Removal for the District and for Hays County WCID No. 1 ("Hays County No. 1") is complete, including stump grinding. Director Bethke also asked if there are any areas where a removed tree needs to be replaced so that it is not obvious that a tree is missing. Mr. Fort stated that he will assess the areas and bring a report to the next meeting.
- **Belterra Entrance (Sawyer Road) Rebuild and Repair Proposals:**
 - i) The first proposal for \$2,885 is to rebuild the existing irrigation zone which was damaged by the construction contractor for Hays County ESD No. 6 (the "Fire Department");
 - ii) The second proposal for \$3,437 is to restore the landscaping by removing the concrete and then restoring the grass and vegetation.

In response to the Board's question regarding who is responsible for paying for the damage, Ms. Barzilla confirmed that the Fire Department has acknowledged that they are responsible for the damage. They acknowledged their responsibility to repair the area, however, the repairs have not been made. Ms. Barzilla stated her belief that the contractor may have run out of materials before the repair was complete. The Board then discussed whether the District should pay WLE and then get reimbursed or should WLE bill the Fire Department directly. During the discussion, Director Kelly mentioned his concern that the Fire Department's contractor's repairs may not meet the standards expected by the Board. Ms. Barzilla noted that the Fire Department is obligated to make the repairs pursuant to their agreement with the District. It was also noted that the Fire Department's deposit is depleted so the Board cannot recoup their money, if they pay for the repairs, from the deposit. Mr. Fort stated that if the Board approves the repairs tonight, WLE can make the repairs to the irrigation system next week. Ms. Barzilla will present WLE's proposal for \$3,437 to the Fire Department and will inform them that they have until August 18th to complete the repairs. If they do not complete the repairs prior to August 18th, the District will pay for the

repairs and will bill them to the Fire Department.

Upon motion by Director Harris, seconded by Director Kelly and unanimously carried, the Board approved WLE's proposal for \$2,885 repair the irrigation damage as mentioned above.

Upon motion by Director Bethke, seconded by Director Harris and unanimously carried, the Board approved WLE's proposal for \$3,437 to restore the landscaping with the conditions mentioned above.

- **Irrigation Report:** Mr. Fort then presented WLE's Irrigation Report and Proposal to Repair. He noted that there are 16 zones that are broken in Control Zone #1 and there is a mainline break at Mesa Verde and Estes in Zone #2. They do not know how the mainline break at Mesa Verde happened. He presented a proposal for \$6,921.17 to make the repairs and noted that the repairs need to be made as soon as possible so that the vegetation in the area does not die.

Upon motion by Director Kelly, seconded by Director Harris and unanimously carried, the Board approved WLE's proposal for \$6,921.17 to repair the items noted in WLE's Irrigation Report.

6. Lauren Barzilla of CMA 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:** Recommendation of Award for the Belterra EQ Tank Blower Replacement Project.
- II. **EQ Tank Blower Replacement:** Recommend award of bid.
- III. **Belterra Wastewater Treatment Plant Weir Overflow:**
 - a) Design update below; and
 - b) Construction estimate for weir construction below.
- IV. **Wastewater Summary:**
 - a) Average Daily Wastewater Usage (May 2021) = 368,000 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; and
 - e) Number of consecutive months over 90% = 0.

Wastewater Treatment Plant Project Status - July 2021				
Project	Status	Budget Amount	Amount Billed	Project Status
Drum Screen Replacement Project - CMA Task Order 60	100%	TBD	\$ 680,233.00	Project was complete June 2021
EQ Blower Replacement - CMA Task Order 65	100%	TBD	\$ -	Bids will be received on June 8. Recommend award of contract at Board meeting.

Weir Overflow Design - CMA Task Order 67	100%	\$ 32,000.00	\$ 18,380.00	Plans were sent to a contractor for a estimate of construction costs, an estimate was received, and it can be found on the google drive.
EQ Tank Rehab and Diffuser Installation - Inframark	100%	TBD	N/A	Project was complete June 2021
Replacement of Dissolved Oxygen meters at the EQ Tank and the MBR - Inframark	0%	\$ 36,000.00	\$ -	No progress
Drip Field Inspection - Inframark	0%	\$ 20,000.00	\$ -	Inspections are ongoing.

Weir Overflow Construction Cost Estimate
From Excel Construction
6/25/21

Item	Cost
Piping/Supports	\$ 24,000
Coatings/Sikaguard	\$ 2,000
Weirbox	\$ 3,600
Concrete	\$ 1,500
Labor/Equipment	\$ 5,760
Nozzle (Tank Manufactuere)	\$ 8,500
Coring/Sawcut	\$ 3,500
Supervision	\$ 3,320
Small Tools/Incidentals	\$ 2,600
OH&O	\$ 8,200
<i>Total</i>	<i>\$ 62,980</i>

Ms. Barzilla explained that after requesting a public bid for the EQ Blower Replacement CMA received a bid for \$254,520.00 from Alterman. Mr. Kutac explained that the blower installation cost was originally estimated to be under the \$75,000 threshold requiring public bidding. He noted Hays No. 1 considered the recent bid during their July 8th Board Meeting. They struggled with the idea that the bid came in so much higher than anticipated. However, they acknowledged supply delays and labor issues were causing prices to rise higher than anticipated. He stated Hays No. 1 has already given a soft approval to this bid but they wanted to give the District an opportunity to have a joint Infrastructure Committee meeting to discuss the issue and options, if any. The Directors voiced their appreciation for such consideration, and concurred in their displeasure over the high cost, but they acknowledged that there really are no other viable options. The EQ Blowers are on site already and they need to be installed. Director McGillicuddy asked if the surplus from the 2020 Series Bond can be used to pay for the installation. Mr. Kutac confirmed that it can. Mr. Douthitt confirmed that from a budget standpoint, he has no issue with proceeding. When asked about a completion date, Ms. Barzilla estimated that the project should be complete, if everything goes smoothly, by the end of January 2022.

Upon motion by Director Harris, seconded by Director Kelly and unanimously carried, the Board approved Alterman's bid for \$254,520.00 and authorized proceeding with the EQ Blower installation.

Ms. Barzilla then discussed the Weir Overflow Cost Estimate as set forth above. It was determined that a joint Infrastructure Committee meeting will be convened to determine if the District and Hays No. 1 want to proceed with the project.

7. Ms. Barzilla then moved on to CMA's District Engineering Report. A summary of her report is as follows:

- I. Potential action items for meeting: None
- II. Fire Station: Update on irrigation fix.
- III. Trail Extension Project:
 - (a) Project update:
 - (i) Hays County – Driveway permits are being reviewed for the sidewalk ramps;
 - (ii) City of Dripping Springs – Project is currently under review; and
 - (iii) TCEQ – Under review, after resubmitting plans with the permanent water quality BMPs; and
 - (b) Trail extension to Splash Pad discussions.

Director Bethke mentioned the residential survey that was discussed at the Board's meeting in June. Ms. Hester would like to set up a joint Parks Committee meeting to discuss the survey. Director McGillicuddy asked that Ms. Hester let the resident, who specifically requested the information, know that the District is thinking about the trail extension near her residence. Ms. Hester acknowledged that she would inform the resident. Director McGillicuddy noted that when they walked the proposed route, the closest the trail would be to any residence is 50 feet but the majority of the residents would be approximately 100 feet from the trail. The other trails in the District are approximately 10 feet from resident homes so the committee feels the distance from the residences is acceptable. Ms. Barzilla mentioned that the approved budget for this project has been depleted and she will need an amendment to add more money to the budget.

Upon motion by Director Harris, seconded by Director McGillicuddy and unanimously carried, the Board approved the monthly Engineering Reports.

8. Ms. Hester reviewed Inframark's General Manager's Report, and in particular, the executive summary memorandum dated July 15, 2021. Ms. Hester gave the following updates:

- **Wastewater Treatment Plant:**
 - a) All facilities are in compliance for the Month of June;
 - b) Daily average flows are 368,000 gallons a day, 74% capacity;
 - c) Inframark has discovered heavy grease accumulation at the WWTP; and
 - d) Inframark is in the process of inspecting all grease traps to ensure that all facilities are in compliance with the Districts' Wastewater Control Orders.

- **Distribution System – Billing:**
 - a) AMR meter order has been delayed but delivery is expected end of July;
 - b) Flow meter at Sawyer Ranch is now fully operational and recording in the "Eye on Water" system; and
 - c) Repaired fire hydrant at 716 Naples.
- **Collection System:**
 - a) Annual preventive maintenance was completed in April no issues were found;
 - b) 12081 Mesa Verde repaired broken sewer line - jetted line cleared of debris - back charge builder (Toll Brothers); and
 - c) Replaced several 6" caps.
- **Drainage/Ponds:**
 - a) Annual electrical system preventive maintained completed - found a few issues nothing major;
 - b) Pond report; and
 - c) Scheduling pump out of pond at Medina Hills DP21-2 not draining properly and there is some sediment build up that needs to be cleaned out.
- **Parks – Trails:**
 - a) Committee, Ms. Barzilla and Ms. Hester met to review the proposed trail area connections;
 - b) Discuss community survey;
 - c) Budget items for consideration – drinking fountain at Mesa Verde and design of new Playscape;
 - d) Request for memorial bench;
 - e) Replaced steering wheel on Playscape at Mesa Verde; and
 - f) Mulch at Playscape areas have been installed.
- **Construction:**
 - a) 168 Builder CSI inspections completed; and
 - b) Erosion control report.
- **Customer Care Committee ("CCC"):** No updates
- **Infrastructure Committee:** Possible meeting to review blower installation bids. The Board approved the installation bid so no Infrastructure Committee meeting is needed.
- **Other:** Inframark is still working on getting a second bid for ADA ramps.



During her report, Ms. Hester mentioned that the clarifiers at the WWTP have been cleaned twice already due to a heavy build-up of grease. Inframark completed an inspection of commercial grease traps and have notified Pious Pizza, Chick-fil-A and The League that they failed the inspection and have seven days to cure the issue.

Ms. Hester also noted that the Parks Committee has already started drafting their proposed items for the 2022 budget. This led to a discussion to determine if a special meeting of the Board will be called to discuss the budget. The Board determined that they will decide if a special meeting of the Board is warranted and will decide that issue in August.

The next item Ms. Hester presented was the request by a resident to install a memorial bench dedicated to a former resident of the District on one of the trails. The Board discussed the request, the maintenance costs after installation and the precedent an acceptance would set. Ms. Hester confirmed that there have not been any other requests for a memorial in the District so there is no precedent. It was ultimately decided by the Board that the maintenance of a memorial bench, after it is installed, is up to the District and it could become costly to maintain, especially if more memorial benches are requested and approved. Memorial trees were discussed but Ms. Hester mentioned that irrigation could be an issue and also maintenance of the tree after it is installed. It was ultimately decided that the request for a memorial bench should be denied to avoid setting any type of precedent and incurring maintenance costs for the other residents of the neighborhood.

Mr. McGillicuddy then suggested that a joint Customer Care Committee meeting be convened to discuss a District event that would allow residents to come and meet the Customer Care Committees and discuss their expectations for the District. Ms. Hester confirmed that she will schedule the joint committee meeting.

Ms. Hester discussed the issue that Hays No. 1 had recently addressed whereby the residents do not understand the ponds and their role in the stormwater system. She pointed out the stormwater sign (see above) and the suggestion that they need to install signs at the ponds stating their function.

With respect to disconnections, Ms. Hester mentioned that three customers were disconnected but they have paid their bill and been re-instated.

Ms. Hester also mentioned that the District “gained” water last month according to meter reads, as sometimes happens. She doubts this gain has anything to do with the rainfall. Last month the West Travis County PUA switched over to a different pressure plane for service to the District, which may have caused the discrepancy. If it happens again next month, she will check the calibration of the meters to ensure that the readings are accurate.

Actions:

- (a) Upon motion by Director Harris, seconded by Director Kelly, the Board approved cleaning the clarifiers, as needed, at the WWTP to help with the grease issue.
- (b) Upon motion by Director Harris, seconded by Director McGillicuddy and unanimously carried, the Board approved the Neutronic (tying the Lift Stations to the SCADA system) invoice and the release of the final payment of \$43,057.15 to Neutronics.

Upon motion by Director Harris, seconded by Director McGillicuddy and unanimously carried, the Board approved the monthly General Manager's Report.

9. Touchstone: Director Bethke asked Ms. Hester to forward the previous Touchstone invoices.

10. Proposed Joint 210 Irrigation System Plan Modifications: Mr. Kutac will draft a resolution accepting the Proposed Joint 210 Irrigation System Plan Modifications for the Board to approve at the next Board Meeting.

11. Surplus Bond Proceeds from Series 2020 Unlimited Tax Bonds: The District has approximately \$550,000 in surplus funds. The Board asked if the surplus could be used to pay for WWTP projects as discussed above. Mr. Kutac confirmed that the surplus could be used for such projects. Mr. Kutac presented draft a Resolution authorizing the use of the surplus funds to pay WWTP expenses for the Board to review and approve at the next Board Meeting.

12. Legislative Update: Ms. Hahn reported that HB 1154 was passed in the 87th Regular Session of the Texas Legislature. She noted that the District already complies with most of the requirements. However, there are a few revisions required and she will work with Touchstone to update the District's website. The areas of the website that need additions or revisions are::

- (i) Contact information for the Board of Directors, including the name, term of office and official contact information;
- (ii) Name and contact information for the General Manager;
- (iii) Name and contact information for the person representing the utility operator;
- (iv) Rate of sales and use tax and/or ad valorem tax, if applicable.

Ms. Hahn also mentioned that customer bills must include the District's website information on the bill. Ms. Hester confirmed that the link to the website is already on the customer bills.

13. LCRA and WTCPUA Updates: Mr. Kutac noted that he received a Notice from the WTCPUA that states that it not increasing the volume rate but it is increasing the monthly rate paid for water from \$290,000 a year to \$304,000 a year. The adjusted rates will be effective October 1, 2021. He explained that in 2014, the Agreement with the PUA was amended and set forth a schedule with the estimated adjustment to the monthly base fee for each year. Mr. Kutac has reviewed that amendment and the fees in the WTCPUA letter are consistent with that amendment. He also noted that this is the last increase the District should see based upon the schedule in the most recent amendment.

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

The Board discussed that starting next month, the monthly Board Meetings will be held at the Recreation Center on the last Thursday of every month. The date of the Board Meeting is changing because the last Thursday of the month is the only day the Recreation Center had availability that coincided with the Directors' and Consultants' availability. Due to changing the Board Meeting to the end of the month, Mr. Douthitt expressed his concern about paying the WTCPUA bill on time and requested that the Board give a blanket approval to authorize the bookkeeper's payment of the WTCPUA bill every month going forward without presenting the bill to the Board every month for approval.

15. Executive Session: No Executive Session was required.

16. There being no further business to conduct, Director Harris 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 26th day of August, 2021.




Sean McGillicuddy, Secretary