

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 August 17, 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. 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, Chris Sanchez, John Taylor and Sally Gomez of Municipal Operations and Consulting, LLC, the operations and management contractor for the District, Allen Douthitt with Bott & Douthitt, the District’s bookkeepers, Chris Lane of Samco Capital Markets, Inc., the District’s Financial Advisor, and Lauren Barzilla of Burgess & Niple (“BN”), the District’s engineer. Andy Barrett of Andy Barrett & Associates, PLLC, attended via telephone. Members of the public attending the meeting included Sherry Marlatt, Mike Leary, Sheila Pillai, Dawn Simpson, Kathy Boyd and David Nimocks.

1. PUBLIC COMMENT: Mr. Kutac 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.

Mr. Leary of 166 Angelina Valley Drive requested permission to access the greenbelt until the end of September to add a concrete patio to his residence. He noted that there is no irrigation in the greenbelt where he is proposing access.

Ms. Marlatt is still concerned about the Boil Water Notice and lack of pressure. She doesn’t believe there was a good explanation at the last meeting. She also noted that the watering restrictions went from Stage 2 to Stage 3 but there was nothing on the District’s website regarding hand watering which she mentioned you can do in Stage 3. She would like more transparency.

Ms. Boyd stated that she agrees with Ms. Marlatt. She would like the District to give more details to the residents with respect to exactly what to do after a Boil Water Notice (i.e., that you need to make 3 trays of ice and throw them away before you use the ice and run the water for 5 minutes, etc.). She would like the District information to include all different appliances that use water.

Mr. Nimocks of 530 Harris Drive showed photos and noted that there are two trees within the District's greenbelt that are overhanging his fence. He would like permission to have these trees pruned professionally in late October or early November.

2. MEETING MINUTES: The Board reviewed the Minutes from the July 20, 2023 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 August 17, 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 June 30, 2023 for review and approval by the Board. With respect to transfers, Mr. Douthitt noted that the director and vendor payments, the transfers and the bond payments set forth in the Accounting Report were proposed for approval:
- b) Proposed Budget FYE 2023: The Board discussed the proposed budget.
- c) Engagement of Audit Firm: This was accidentally left on the Agenda but was discussed and action taken by the Board at the last meeting.
- d) 2023 Certified Tax Rolls: The Board confirmed receipt of the 2023 Certified Tax Rolls from Hays Central Appraisal District.
- e) Tax Rate Worksheet: Ms. Lane of Samco presented the certified 2023 tax data from Hays Central Appraisal District and reviewed the tax rate summary worksheet and recommendation on proposed tax rate.
- f) Proposed Notice of Public Hearing on Tax Rate: The Board reviewed the draft Notice of Public Hearing on Tax Rate and Ms. Lane noted that even if the Board approves posting the Notice at the maximum rate, it can still lower the rate after it determines its Budget for fiscal year end 2023.
- g) Arbitrage Rebate Summary: No action taken by the Board.

h) Administrative and Action Items:

- i) Upon motion by Director McGillicuddy, seconded by Director Lee and unanimously carried, the Board authorized publishing the Proposed Notice of Public Hearing on Tax Rate for 2023 at the higher tax rate.
- ii) Upon motion by Director McGillicuddy, seconded by Director Kopperud and unanimously carried, the Board accepted the Accounting Report and authorized the disbursements and transfers as set forth therein.

4. LANDSCAPING: Mr. Trevino's Landscaping Report is included in the Board Packet.

- (a) Sunscape Report: Mr. Trevino was unable to attend so Ms. Wright gave the landscaping report.
- (b) Ice Storm Clean-up: She noted that Terrain will be completing the ice storm clean-up and the District will have 11 days remaining on the Terrain contract to use for other landscaping purposes. She mentioned that Sunscape had some trees that it would like to plant and she recommended that the Board consider using some of Terrain's remaining days to do this since the District has already contracted for Terrain's time.
- (c) FEMA/TDEM Claim: MOC had an informational meeting with FEMA on-site 2 weeks ago. They will need to submit a few more items. Lindsey at MOC is working on the submission and the Board mentioned that Lindsey at MOC is very organized and on top of this claim. MOC is meeting again with FEMA tomorrow. It is too early to say what to expect in terms of reimbursement.
- (d) Trail Maintenance: The Board took no action.

The Board then discussed Mr. Nimock's request for approval to prune the trees that are in the greenbelt next to his property. Mr. Kutac recommended that the Board put a policy in place that would allow the resident to request and receive permission to get trees pruned using the District's approved landscaper. The pruning would be at the resident's cost. Mr. Kutac mentioned that HCWCID No. 1 has a tree trimming policy in place. The Board stated that it would be interested in a policy like this and that would like to get a draft Tree Trimming Policy in place and then they would review Mr. Nimock's request.

5. 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 the Joint Infrastructure Committee meeting is next Thursday with the Fire Chief to discuss the reclaimed water fire hydrants. MOC, Ms. Barzilla and the Joint Infrastructure Committee will be attending. At that meeting, the Chief will provide input on where he would like to put the fire hydrants. Ms. Barzilla also noted that the Chief could use reclaimed water fire hydrants or pump trucks for fires.

Ms. Barzilla stated that the 8" and 12" lines are back in service today after CPM had a small issue. They had to put in some new fittings. She has a final pay application and hoping to get approval by HCWCID No. 1 at their special meeting on August 31, 2023. She also noted that HCWCID No. 1 had approved the CPM Pay Application for \$168,750 which was the payment due upon receipt of the materials for the project.

With respect to the drip skids, Ms. Barzilla noted that the parts arrived and they are having a pre-construction meeting with Proscape. She noted that after Proscape completes these repairs they will test downstream to ensure that the drip irrigation is working downstream.

Ms. Barzilla discussed her preliminary analysis with respect to installation of a water tank. She noted that there is a water tank at Harmony Hills and it holds 750,000 gallons of water. Mr. Kutac stated that MOC had contacted the WTCPUA and they are open to discussions with respect to a reduced rate if the District is not relying upon the WTCPUA for system pressure. Ms. Barzilla wanted the Board to understand that the District's system pressure is limited to the pressure that the WTCPUA delivers to the District. The water tank may be an option that would allow the District to increase pressure on its side of the water delivery point. MOC confirmed they have experience and can manage the water tank. Ms. Barzilla noted that this is a feasibility study only. There are no plans to move forward until after the Boards review the feasibility study.

- 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:

Ms. Barzilla reviewed the Fire Hydrant Hydraulic Grade Line chart with the Board. She would like to run the tests again because she does not have confidence in the data. She stated that MOC put the gauges on because the WTCPUA couldn't find the time to do it. Mr. Taylor noted that they will put 2 new gauges and will put those gauges on next week. They will then swap those gauges the next week.

- c) Action Items:

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

6. MANAGEMENT AND OPERATIONS:

- a) Operations Report: Mr. Taylor reviewed MOC's Operations Report. The Operations Report is included in the Board Packet. In addition to the items listed on the reports, he mentioned that:

The Board discussed the high number of pre-cut off notices to customers for non-payment or late payment. MOC put a door tag on each. He also noted that 8 were disconnected last month. Mr. Taylor confirmed that MOC has been sending letters to all customers for non-payments and late payments as well as hanging door tags. He also mentioned that some e-mails are probably ignored because people think it is scam when they receive this type of e-mail so MOC is also calling customers.

Mr. Taylor then discussed the membrane failures and noted that he believes the reason that so many failed is because the EQ basin was down for so long and everything had to run through the membranes. Mr. Taylor stated that MOC will set up maintenance schedules for the membranes. He also noted that after September 2<sup>nd</sup>, the Kubota equipment is going to Canada.

With respect to the Gabion wall repair, MOC got a quote for \$300,000. MOC thinks that is way too expensive.

Manager's Report: Ms. Wright reviewed MOC's Management Report.

Ms. Wright noted that there are two new pool build requests. They have both sent pool deposits and inspection fee checks. Those checks have been sent to Mr. Douthitt.

Ms. Wright discussed installation of the water fountain and noted that there is a water source 250 feet from the pavilion. The lead time for installation of the fountain is 10-12 weeks.

The Board again discussed the request from the resident seeking approval to get the District's landscaper to prune the oak trees in the greenbelt by his home, at his expense, during the appropriate pruning season. The Board asked Ms. Wright to notify the resident that the District will review the matter next month after they have adopted a Tree Trimming Policy.

The Board discussed the watering violations and how to notify residents of their specific watering days and the watering restrictions. The Board noted that the biggest section in the District has two different watering schedules. The Board discussed the information and where to put the signs with watering information. The Board discussed sending out a mass e-mail to all of the residents notifying them of their particular watering schedule and restrictions and to inform them that the District will be fining for watering violations. MOC agreed to send a text and e-mails with such information and also to add the information to the newsletter.

The Board then discussed using MOC's alert system to send texts to the residents in an emergency. Ms. Wright explained that the cost is \$.11 per text.

Ms. Wright noted that she has 474 customers that pay by ACH. She recommends that the District waive the \$1 fee. She believes that it is easier and cheaper for the District to fund this \$1 fee. She explained that it costs the District 3% of the payment when a customer uses a credit card. She also noted that it costs \$1.66 to prepare and send a paper bill and \$.80 if the customer uses e-bill. If the District funds the \$1 ACH fee, Ms. Wright thinks it will encourage the customers to do e-billing. Ms. Wright can add a notice on the customer bills this month.

The Board discussed the earlier request for greenbelt access to install a cement patio. They noted that they just passed a resolution that denies all greenbelt access. The Board denied the resident's request. The Board noted that were disappointed that they could not grant the resident's request because they appreciated that the resident came to the Board and requested approval. The Board also mentioned that the District recently incurred legal expenses and repair expenses caused by a resident that was granted greenbelt access.

The Board discussed raising MOC's maximum approval from \$2,500 to \$5,000.

b) Ongoing Matters:

- i) Rules Violations: Ms. Wright discussed the violations listed in her report.
- ii) Public Hearing for Violations of District Rules: There were no Public Hearings required.

c) Action Items:

- i) Remaining Storm Debris: The Board discussed earlier in the meeting.
- ii) Landscaping Map Update: The Board took no action.
- iii) Recommended Expenditures:
  - Accurate Meter & Backflow, LLC – HCWCID No. 1 approved at their last Board Meeting. This is a shared expense. No approval by the District was required.
  - Upon motion by Director McGillicuddy, seconded by Director Bethke and fountain line to the water fountain at a cost not to exceed \$3,000.
  - Upon motion by Director McGillicuddy, seconded by Director Kopperud and unanimously carried, the Board approved the use of MOC's alert system to send texts to the residents in an emergency situation at a cost of \$.11 per text.
  - Upon motion by Director McGillicuddy, seconded by Director Bethke and unanimously carried, the Board authorized waiving the ACH fee provided the customer signs up for e-billing.

- Upon motion by Director Bethke, seconded by Director McGillicuddy and unanimously carried, the Board increased the general manager authorization to approve expenditures up to a maximum of \$5,000.

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

7. ADMINISTRATIVE AND LEGAL:

- a) Water Contract Items: The Board took no action.
- b) Water Conservation and Drought Contingency Plan: The Board took no action.
- c) Legal Matters:
  - i) Modification of Landscaping Contract: The Board discussed the rate being charged by Sunscape to mow the ponds and discussed the rate proposed by MOC to mow those same areas. Mr. Kutac noted that the reduction in the Sunscape agreement does not equal the proposed increase in the MOC agreement for such services. The Board discussed moving forward with the change from Sunscape to MOC for pond mowing
  - ii) Committee Administration Matters: Mr. Kutac informed the Board that HCWCID No. 1 revised their committee policy. He explained HCWCID No. 1's policy that each director will rotate through each committee. Upon motion by Director McGillicuddy, seconded by Director Lee and unanimously carried, the Board authorized the creation of a joint management committee.

Let the record reflect that Director Kelly had to leave the meeting at this time.

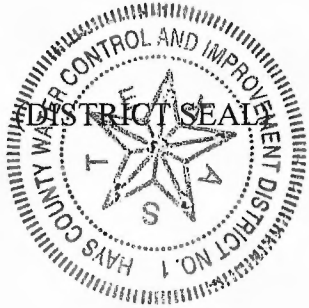
- d) Calendaring: Director Bethke discussed that the Board may need a special meeting with respect to using the Constable versus the Sheriff's Department for enforcement. The Board determined that the Board will have a special meeting on August 31, 2023 at 3:00 p.m. and the next regular Board meeting will be September 21, 2023.

8. EXECUTIVE SESSION: With regard to Item No. 5(b) on the posted agenda for the meeting, upon motion by Director McGillicuddy, seconded by Director Bethke and unanimously carried, the Board retired, along with Matt Kutac to Executive Session at 7:58 p.m.

Following such Executive Session the Board reconvened in public session. No action was taken by the Board during Executive Session.

9. 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 21st day of September 2023.



  
Sean McGillicuddy, Secretary