

MINUTES OF THE MEETING
OF THE
BOARD OF DIRECTORS
September 15 2022

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 September 15, 2022 at 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, Kay Olsen of Inframark, the District's general management and operations contractor, Lauren Barzilla of Burgess & Niple ("BN"), the District's engineers, Chris Lane of SAMCO Capital Markets, Inc. ("SAMCO"), the District's financial advisor, Allen Douthitt of Bott & Douthitt PLLC ("Bott & Douthitt"), the District's bookkeeping firm and Vicki Hahn, paralegal, with Winstead PC. In addition, Andy Barrett of Andy Barrett & Associates, PLLC participated via telephone conference. Members of the public attending the meeting included Sarah Eckert Maurer, Jeff Maurer, Mehmet Savran, Sonny Krause, Bill Dally and Jay Johnson.

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

Ms. Eckert Maurer lives on Mendocino. She presented the Board with pictures of the trees in the back of their home. She asked if the Board can add to the budget when they are putting trees in that area because the area needs more cover.

Mr. Savran informed the Board that he put down two pool deposits when he built his pool. One deposit was for the pool installation and the other deposit was for the contractor to use the greenbelt to access the yard to install the pool. He noted that the final inspection was performed on August 1, 2022 by Phil from Inframark. He was expecting his pool deposits to be returned but then he heard that they were

being held because someone broke a sprinkler head in the greenbelt. He requested that his pool deposit be returned while the District is looking into the greenbelt issue.

Mr. Krause also requested that his pool deposit for \$2,000 be returned. He originally sent an e-mail to Kay and Ceejay requesting a pool inspection. Ceejay said the pool inspections are no longer handled by customer service. He would like to know who he should send the request to for the return of his pool deposit. He also noted that with respect to the trail, he is not happy that two trees were removed. He thought the contractor was supposed to go around those two trees, not remove the trees. The removal of those trees has made his house more visible and people are coming up to his fence not knowing where to go. He would like some plant/tree screening added so his house is less visible from the trail. He e-mailed Director Bethke asking about screening.

Bill Dally thanked the Board for their service and requested that the District add park benches along trails for walkers who need a rest.

Jay Johnson noted that he saw that construction started on the trail and noted that the trail does not appear to go behind the trees as originally stated. He requested to be put on the screening list. Mr. Johnson also mentioned that he thought there was a staging place for the equipment working on the trail but it appears to be a dumping ground for people to leave anything.

Per Director Bethke, with respect to screening, the District hasn't gotten to the point of determining the locations for screening yet. They are waiting until the construction of the trail is completed and then they will contact everyone on the list that has requested screening from the trail. They will review each request separately. She confirmed that both Mr. Krause and Mr. Johnson are on the list to contact.

Mr. Kutac called for any additional public comments. Hearing none, the Public Comment session was closed and the Board proceeded to the next item of business.

2. PUBLIC HEARING ON 2022 TAX RATE: Upon motion by Director McGillicuddy, seconded by Director Kelly and unanimously carried, the Board opened the Public Hearing on the 2022 Tax Rate. The Board asked for public comment. Hearing none, upon motion by Director Kelly, seconded by Director Kopperud and unanimously carried, the Board closed the Public Hearing on the 2022 Tax Rate.

3. MEETING MINUTES: The Board reviewed the Minutes from the August 18, 2022 Regular Board Meeting, and upon motion by Director Kelly, seconded by Director Lee and unanimously carried, the Board approved the Minutes from the August 18, 2022 Board Meeting.

4. FINANCIAL:

- a) Accounting Report: The Board recognized Allen Douthitt who presented Bott & Douthitt's Accounting Report dated September 15, 2022, 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 July 31, 2022 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 BancorpSouth Operating Account to BancorpSouth Manager's Account (check #5458): \$21,000.
- Approve funds transfer from TexPool Operating Account to Hays County WCID No. 1 TexPool Operating Account: \$73,942.99

Mr. Douthitt mentioned that he is still trying to carve out the maintenance caps but until Inframark signs the amendment, they are still billing at last year's rate.

Upon motion by Director Lee, seconded by Director Kopperud and unanimously carried, the Board approved the above-referenced Accounting Report, and authorized all disbursements and transfers set forth therein.

b) Administrative Items: None.

c) Budget and Tax Matters:

- i) The Board reviewed the proposed budget and the Resolution Approving the Operating Budget for the fiscal year ending September 30, 2023. Upon motion by Director McGillicuddy, seconded by Director Kopperud and unanimously carried, the Board approved the Resolution Approving the Operating Budget for FYE 2023.
- ii) The Board reviewed the proposed budget and the Resolution Approving the Debt Service Budget for the fiscal year ending September 30, 2023. Upon motion by Director McGillicuddy, seconded by Director Lee and unanimously carried, the Board approved the Resolution Approving the Debt Service Budget for FYE 2023.
- iii) The Board confirmed that the proposed Operations and Maintenance tax rate is 0.2394 and the proposed Debt Service tax rate is 0.5526, for a total tax rate of 0.7920. Upon motion by Director Lee seconded by Director Kopperud and unanimously carried, the Board approved such proposed rates, adopted the Order Setting Tax Rates for 2022, and authorized filing and posting of same.
- iv) After a brief discussion, upon motion by Director Kelly, seconded by Director Kopperud and unanimously carried, the Board approved an increase in Bott & Douthitt's fees from \$3,500 to \$3,750 to commence the new fiscal year.

Mr. Douthitt noted that he met with Ms. Olsen, Director Lee and Director Kopperud to go over the budget before the meeting. He reviewed certain aspects of the proposed budget with the Board in greater detail. The Board discussed the two capital items they have planned for Pinnacle Park (design and construction). The Board then discussed that they will want to hire a designer for the Park. The last time they constructed a park, they allowed Fun Abounds to design the park and there were some grading issues. The Parks Committee would like to hire a designer in order to avoid this problem. The Board then inquired as to what would happen if the property values decrease. Per Ms. Lane, the District has unused increment that it can use for up to 3 years. Even at the tax rate adopted, the District should still have a positive balance of approximately \$78,000.

5. LANDSCAPING: Mr. Trevino with Sunscape was unable to attend the meeting so Ms. Olsen gave the following report during her Management and Operations report:

- i) The full-service turf maintenance of the high visibility areas was performed five times in the month of August.
- ii) Full-service bed detail was performed three times in August.
- iii) Monthly mowing in the Red Areas was completed on August 4, 2022.
- iv) Quarterly mowing in the Yellow Areas was not done in August.
- v) Sunscape completed the punch list on the nature trail and cleaned the lot next to 151 Angelina Valley.
- vi) The trails were graded, branches trimmed, ruts filled and weeds sprayed on August 3rd.

6. ENGINEERING:

a) WWTP Joint Facility Report: Ms. Barzilla presented CMA's monthly Joint Wastewater Treatment Plant ("WWTP") and 210 Reuse Irrigation engineering report. A summary of her report is as follows:

- 1) Potential action items for the meeting: None
- 2) 100 Acre 210 Warranty Items:
 - A) Update on progress.
 - B) Sunscape offered to revisit the proposal price now that their peak season is coming to a close.
- 3) Wastewater Summary:
 - A) Average Daily Wastewater Usage (July 2022) = 346,000 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.
 - E) Number of consecutive months over 90% - 0.

Ms. Barzille mentioned that the 100 Acre 210 Warranty issue is being handled by Matt Kutac, the District's attorney.

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

- 1) Potential action items for the meeting: Approval of the District's Trail Extension Change Order No. 1 for \$12,600 for removal of additional fencing that was not in the original scope of services. This Change Order brings the total of project to \$365,408.00.

- 2) Trail Extension Project:
 - A) The trail has been staked and we rode the trail with the committee to verify its location and answer contractor questions. The contractor has started installation of erosion controls. The pre-construction meeting was held on September 8th.
 - B) Recommend approval of Change Order No. 1 for the removal of additional fence not in the original scope of services. The change order can be found on the Google Drive.
- 3) Catalina Trail Improvements:
 - A) Sunscape completed the work and the punch list items that were generated.
- 4) Hays 2 Water Tracking:
 - A) Approximate Max Daily Usage (July 2022) = There was a discrepancy in last months' data, will provide update at Board meeting.
 - B) Max allowed = 1,137,024.

Action Items:

- a) Upon motion by Director McGillicuddy, seconded by Director Bethke and unanimously carried, the Board approved Change Order No. 1 for \$12,600.

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

7. MANAGEMENT AND OPERATIONS: Ms. Olsen reviewed Inframark's General Manager's Report, and in particular, the executive summary memorandum dated September 15, 2022. Ms. Olsen gave the following updates:

- a) Zach Johnson's Eagle Scout Project: No update.
- b) General Manager's Report: The General Manager's Report is attached as Exhibit "A".

With respect to the replacement membrane filters, Ms. Olsen noted that they are currently stored outdoors at the WWTP site because there is no room to store the membranes inside. She also noted that Inframark will be examining the membranes, but they will be guided by the Kubota representative. Director Kelly asked that Ms. Olsen let the committee know if the Kubota representative is on site so the committee could decide if they would like to discuss with him. Director Kelly would also like to ensure that Ms. Barzilla is involved as well. Ms. Barzilla agreed and mentioned that the Kubota representative was pleased with the way Inframark was handling the WWTP.

Director Bethke inquired about Estes Pond and how much water is in it. The Board also discussed the Belterra Centre Pond and whether it was filled by the well. Ms. Barzilla confirmed that it is filled by the well. Ms. Olsen informed the Board that Ms. Jackson and Ms. Roberts have calendared pond inspections, door tags, etc. She also noted that Summer Smith (the new maintenance technician) will handle the pond inspections, and Ms. Jackson will handle the report. Director Kelly and Director McGillicuddy would like for the pond inspection and report to be given

at next month's meeting because it has been over a month since the issue was first discussed and it needs to be handled before there is any damage to the pond because it is low on water.

Ms. Olsen stated that Mr. Trevino has inspected the trails and they are in good shape. Ms. Barzilla noted that the berms held up during the last rain.

Ms. Olsen mentioned that Fun Abounds no longer carries the same bench and trash cans that the District has purchased in the past. Director Bethke noted that Sandhills Park bench is not comfortable but she likes the Bitterroot Park benches because they are cool, comfortable and appear to last longer. Director Bethke would like to get benches that are similar. Ms. Olsen responded that she would ask around at Inframark and get references to buy benches and trashcans.

With respect to public comment tonight, Ms. Olsen mentioned that she could not find an e-mail from Mr. Krause requesting his pool deposit back. With respect to Mr. Savran, this is the instance where the contractor put a hole through the rock wall. Director Lee noted that she saw the area and that there is a lot of damage aside from the gaping hole in the stone wall. The Board noted that it would like a letter sent to Mr. Savran detailing the damage. Director Bethke noticed the hole in the fence on December 6, 2021. It was also noted that Mr. Savran stated that he came to a Board meeting to discuss the pool installation and deposits, but the Board agreed that no one remembers discussing these issues with Mr. Savran.

Director Bethke asked if Ms. Olsen had approached Toll Brothers yet to clean up the construction debris. Ms. Olsen responded that she has not had time yet. Director Bethke stated that Mr. Amore, a resident, has e-mailed about cleaning the construction debris. She stated that if Toll Brothers doesn't want to clean up the debris, she would like Inframark to get a quote. It was also noted that Mr. Amore has planted trees and grass in the area. Ms. Barzilla stated that re-vegetation is also an issue in the area. Director Kelly stated that the District should not do a water transfer until Toll Brothers cleans up their construction debris. Director McGillicuddy noted that hopefully the area will naturally revegetate. Director Kelly just wants the construction debris cleaned up and noted that it is only going to get worse the longer the District waits to get it done. Ms. Olsen stated that she would look into having Inframark pay for the clean-up. It was noted that the Amore's house was completed a year and a half ago. Mr. Kutac stated that Mr. Amore should complain to the homebuilder.

Per Director McGillicuddy there are three things that need to be done: (i) clean up the construction debris between Angelina and Mesa Verde; (ii) Revegetate by the Amore house; and (iii) Revegetate around Lift Station 1 in Mesa Verde.

With respect to the sidewalk survey, the Board would like Inframark to get a quote for all of the sidewalk connections. Ms. Olsen said that she will check with the C&D team at Inframark to see if they can do this under the cap.

Director Bethke stated that she attended a Homeowner's Association meeting and that several people were requesting maps of the trails and one person wanted to get a printable map. Ms. Jackson was able to get a printable version of the map for her. Director Bethke also mentioned that at the Homeowner's Association meeting, people were requesting pet waste stations. The Board discussed this issue and concluded that it would table the issue because it feels that responsible pet

owners typically bring their own pet waste bags. There is also considerable maintenance of the stations and it may not be worth the trouble.

c) Ongoing Projects:

- i) No update was given with respect to the existing interlocal agreement.
- ii) This issue was discussed in the Manager's Report.
- iii) Mr. Kutac mentioned he had been informed that the customer bills did not reflect the updates to the Rate Order adopted in 2020, which consolidated the District's base service charge. He noted that breaking out the charges on the customer's bill could result in additional taxes to be collected from residents. The Board discussed how to notify the residents that trash, water, wastewater, solid waste and security patrols make up the base fee on their bills. The Board would also like the base rate to be charged as set forth in the Rate Order moving forward. The Board ultimately determined that no action was needed but it would like Mr. Kutac to draft a statement explain the base fees, etc. to be posted on Facebook and the District's website. The Board also asked that Inframark include a statement on each bill that identifies the services covered by the base service charge

d) Action Items: None

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

7. Administrative and Legal:

- a) Water Contract Items: No action was taken by the Board.
- b) Water Conservation and Drought Contingency Plan: Mr. Kutac noted that that the PUA has moved to Stage 1 in its drought contingency plan. He reminded the Board that they had approved a policy in the past to keep Stage 2 in place in the District from May 1st through September 30th regardless of what stage the PUA is at. He asked the Board if they would like to continue this policy. The Board agreed that since it is almost September 30th, they would keep this policy in place. They can review the issue next year, if there is a need.
- c) Legal Matters:
 - i) Brightview: Mr. Kutac stated that he sent a letter to the Surety regarding Brightview Landscaping's failure to remove the erosion controls. He received a response two days ago that the Surety will investigate. He reminded the Board a response from the surety did not necessarily increase the prospect of recovery.
 - ii) Inframark Amendment: Mr. Kutac mentioned that there is a committee meeting scheduled with Inframark on September 29th to discuss the issues to be addressed

moving forward, the District's fact-finding efforts with respect to other potential service providers, and the District's anticipated path forward.

iii) Alternative Operations: Mr. Kutac noted that the committee had meetings with a few alternate service providers. The committee is planning to visit with one or two of the service providers in the future and will formulate a recommendation to the Board.

d) Calendaring: The next Board meeting will be October 20, 2022.

8. EXECUTIVE SESSION: Upon motion by Director McGillicuddy seconded by Director Kopperud and unanimously carried, the Board retired along with Mr. Kutac at 7:43 p.m. to Executive Session to discuss Item No's 8(c)(i)-(iii) and 6(c)(ii) of the posted Agenda for the meeting. Director McGillicuddy attended a portion of the Executive Session but had to leave the meeting at 8:15 p.m.

Following such Executive Session, the Board reconvened in public session at 8:34 p.m. With respect to Item Number 8(c)(i), the Board took the following action:

- Upon motion by Director Kelly, seconded by Director Kopperud and unanimously carried, the Board authorized the District's attorney, Mr. Kutac, to work toward settling with Brightview based on the terms discussed during Executive Session.

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

APPROVED AND ADOPTED on the 20th day of October 2022.





Sean McGillicuddy, Secretary

EXHIBIT "A"

Memorandum for: Hays WCID No. 2 Board of Directors

From: Kay Olsen

Date: 9/15/22

Subject: General Manager's Executive Summary

7. MANAGEMENT AND OPERATIONS REPORT since the 8/18/22 Board Meeting

7a) Zach Johnson's Eagle Project (update) –

- I. Zach sent another sign proof on 9/9 but did not have all the corrections
- II. Kristi offered donation so Inframark will dig holes per Zach's on site guidance/specs

7b) Manager's Report

I. Wastewater Treatment Plant / Lift Stations

- A. All wastewater treatment samples in compliance with permit for August. Total flows of 11M gallons; daily average flows of 356,000 gpd at 71% capacity
- B. Kubota membranes (update) –
 - i. Zach Willeford had informed the Board there is no room to store them inside; currently under a tarp; Inframark will move to new shelter now being developed by Engineer
 - ii. No subcontractors specialize in this cleaning; Inframark will undertake in-house in consult with Kubota Rep; Jesse developing estimate
- C. DO Meters (update) – meters fully functional; Trac-N-Trol repaired one small display issue
- D. LS5 shade structure (update) – approved in April; Multivolt waiting for parts but Inframark checks back frequently
- E. Portable Generator and Fuel Tanks (no update) – Inframark evaluating/researching cost to:
 - i. Replace old WWTP diesel generator with a propane generator
 - ii. Convert old diesel generator into a portable propane unit
- F. Spare Mixer (new) – Precision Pumps \$6,752 replacement quote approved by Hays01 on 9/8 (cost to repair would've been \$8,199)

II. Distribution System and Billing

- A. Accountability and Purchased Water figures not accurate; Jesse troubleshooting interconnect meter to account for PUA pressure zone changes and subsequently unbalanced flow between 2 Districts
- A. Digital Meter Conversion project (no update) –
 - i. All digital meters have been installed but lids are needed to install endpoints already in inventory; Atlas still estimating Jan 2023 delivery for final order of 190 lids and a single 2" meter for Estes pond
 - ii. LCRA will extend deadline past July to at least end of year
- B. Low pressure reported in Mesa Verde area (update) –
 - i. WTCPUA put Belterra on different pressure plane to improve pressure but it did the opposite; heavy demand also likely cause of lower pressure
 - ii. Inframark confirming PRV at Belterra Dr & Sawyer Ranch Rd is open
- C. 47 Delinquent Letters mailed; 18 Red Tags hung; 11 Disconnects

III. Collection System – nothing significant to report

IV. Reuse and Drip System

- A. Sunscape's Aug Irrigation Reports for both Districts on Google Drive
- B. Drip field repairs (update) –
 - i. Drip skid is proprietary JNM build; Proscape is their approved sub and were on site 8/26 to develop quote
 - ii. C&D estimating cost of repairs; Hays01 Board has informed Inframark SLT they feel it's Inframark's responsibility to cure
- C. Sun 6/19 main irrigation line repair at Belterra Drive and Aspen Drive (no update) – Kay checking with C&D Manager re warranted Inframark repairs, per Matt
- D. Drip field winter rye overseeding (new) – not needed per Jesse Black and Trevino; fields are currently brown because they need rain (not irrigated water) to green up; both men confident the winter vegetation will resprout enough to meet TCEQ requirements

V. Drainage/Ponds

- A. Drennan Lane Resident request re drainage issue (update) – Engineer's minor recommendations completed
- B. Estes Pond (update) –
 - i. Ops Team informed filling is not subject to PUA watering restrictions
 - ii. Will fill now/again per Aquatic Features request
- C. General pond maintenance (new) – Summer being trained now on monthly pond inspections, then Ceejay enters WOs based on report notes

VI. Parks, Trails & Landscaping/Committee

- A. Sunscape Aug Landscaping Report attached
- B. Park equipment (update)
 - i. Inframark trying to get quote from Fun Abounds for 5 metal benches for Belterra Drive, trash cans and bolt-on picnic table seats
 - ii. Fun Abounds does not sell drinking fountains but provided referral
- C. "Little Free Library" at Harris and St. Ritchie green space (update) – Sponsor Residents given NTP day after last Board Meeting
- D. Splash Pad testing per TCEQ (update) – Inframark created WO to conduct testing and will coordinate with HOA
- E. Angelina Valley lot clean up (update) –
 - i. Sunscape scheduled work for 9/7
 - ii. Neighbor still demanding top soil and reseeding, despite multiple reminders of no irrigation there
- F. Mockingbird trail extension (new)
 - i. Inframark attended 9/8 Pre-Con meeting
 - ii. Inframark informed Residents of construction via .org website, Facebook, and eBlast
 - iii. Inframark contacted 6 Residents re vegetative screening to confirm intent and timing

VII. Infrastructure/Committee –

- A. Annual Sidewalk Survey (update) – see attached Report; Inframark can solicit bids for repairs the Board desires to address

VIII. Customer Care/Committee – nothing significant to report

IX. Other
A. Emergency contact numbers (reminder):

1. Mobility Emergency Dispatch (281) 398-8211
2. Kay (737) 280-5553
3. Jesse (512) 461-5007
4. Missy Roberts (512) 844-1038
5. Sin Jon, Irrigation Manager, Sunscape (512) 701-5145

7ci) Security contractors (update) –

- A. Joint Customer Care Committee meeting scheduled for 9/23
- B. Constables' Aug Security Reports distributed to Committee Members

7cii) Resident request for trail improvements and curb cut near Venice Cove (update) –

- A. Hays County declined to install ADA compliant curb cut due to short staffing – does the Board still want to pursue at their own cost?
- B. Trail improvements will not be made at this time

7ciii) Billing of basic monthly usage charge (new) –

- A. Reformatted on customer invoices per new Rate Orders
- B. Can educate Residents via billing inserts (see pricing sheet), online landing page, .org post, Facebook posts, and/or eBlasts

Current Items Requiring Board Approval:

Vendor	Amount	Budgeted	Description	Work Order #

8b) Water Conservation and Drought Contingency Plan, Stage 1 (effective 9/1)

- Notices distributed via Facebook, .org website, eBlast, and HOA
- Dedicated Tech replaced "Stage 3" lawn signs with "Stage 2"

8cii) Inframark Agreement Amendments

- Dedicated Tech transitioning from Zach Rodriguez to Summer Smith
- Inframark reviewing 8/11 redline to quickly execute an Amendment to just remove Maintenance Caps and reduce irrigation scope so accounting adjustments can be made while pricing negotiations continue on the above remaining items.
- Inframark reviewing redline of Hays 1 Amendment with 4 revisions (removing irrigation services, adding social media services, updating personnel chart, and removing Maintenance Cap) and pricing adjustments for Hays 1J and Hays 2; Approved Hays 1 verbiage can then be quickly pasted into Hays 1J and Hays 2 Amendments