

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 September 21, 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, Lonnie Wright, Beth Wright, 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 Bill Ball of Burgess & Niple (“BN”), the District’s engineer. Members of the public attending the meeting included Cathy and Roland Clampit, Jim Masniak and Rachel Seshan.

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. Masiak introduced himself. He is on the Standing Chair Committee of the HOA Board for The Cove. He thanked the Board for removing the ice damaged trees. He noted that the workers were working in 100-degree weather. He requested that the Board allocate funds to plant trees on the North and South side of Mendocino Way to screen homes from line of sight from the trails and if irrigation is there, he would request planting in those areas. Ice damage removed a lot of trees and he believes it is a security issue because people can see into resident homes. He would like 10 Oak Trees. He knows that the District would have to wait until the Spring of 2024 to plant the trees to ensure they thrive. Mr. Masiak also requested “Private Road” signs as you head toward Mendocino Lane because people wander into The Cove and knock on back doors to ask for directions to get out. He believes that it would cost approximately \$5,000 for the trees.

Ms. Clampit told the Board that she appreciates the consideration for The Cove and the time that the Board gave them when they were planning the trail. She mentioned that there is some confusion over Mr. Masicac's role and that his plan to request trees was not presented to the whole Cove community. She noted that there are some seniors and Vietnam war vets who live in The Cove and some of them have expressed their concerns about the security since the trail has been built. They would like for vegetation to be planted on Mockingbird to the other side of the detention pond. She thanked the Board for listening to The Cove residents with respect to the extension of the trail.

Mr. Kutac called for additional public comment, hearing none the Board proceeded to the next item on the agenda.

2. PUBLIC HEARING ON 2023 TAX RATE: Upon motion by Director McGillicuddy, seconded by Director Kelly and unanimously carried, the Board opened the Public Hearing on the 2023 Tax Rate. The Board called for public comment. Hearing none, upon motion by Director McGillicuddy seconded by Director Kopperud and unanimously carried, the Board closed the Public Hearing on the 2023 Tax Rate.
3. MEETING MINUTES: The Board reviewed the Minutes from the August 17, 2023 Regular Board Meeting. Upon motion by Director Lee, seconded by Director Kopperud and unanimously carried, the Board approved such Minutes. The Board reviewed the Minutes for the August 31, 2023 Special Board Meeting. Upon motion by Director Kopperud, seconded by Director Lee and unanimously carried, the Board approved such Minutes.
4. FINANCIAL:
 - a) Budget and Tax Matters: The Board discussed the revised budget. The Board also discussed the sidewalk survey and repairs that need to be made to the sidewalk. The Board determined that they would not do aesthetic repairs this year and would add such repairs to next year's budget.

Director Bethke mentioned that a repair will need to be made because silt is filling the southern tunnel past the school. She also mentioned that there is approximately \$112,000 for three projects requested by the Parks Committee.

The Board discussed the Gabion Wall damage by the Lift Station and the cost for repairs. It is a massive Gabion Wall and it was noted that the District had received a quote of \$300,000 to fix the Gabion Wall and their concern is that if the District gets a lot of rain, the wall could fall or roll. Mr. Ball doesn't think it will fall. He noted that behind the wall is a Gabion Mattress and sand. The Board would like to make sure that the \$300,000 repair cost is included in the budget and would also like to seek a less costly alternative. The Board also discussed other projects that could be delayed or adjusted to fund the higher repair estimate if necessary.

- i) Operating Budget: Upon motion by Director Lee, seconded by Director McGillicuddy and unanimously carried, the Board adopted the Resolution Approving the Operating Budget for the fiscal year ending September 30, 2024;

- ii) Debt Service Budget: Upon motion by Director McGillicuddy seconded by Director Lee and unanimously carried, the Board adopted the Resolution Approving the Debt Service Budget for the fiscal year ending September 30, 2024.
- iii) Order Setting Tax Rate: Upon motion by Director Kopperud, seconded by Director Kelly and unanimously carried, the Board approved the Order Setting Tax Rates for 2023, authorized filing and posting of same provided that the Tax Rates are changed to \$0.7300 total tax rate, \$0.2079 Operating and Maintenance Tax Rate and \$0.5221 Debt Service Tax Rate.
- b) Accounting Report: Mr. Douthitt reviewed Bott & Douthitt's Accounting Report dated September 21, 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 July 31, 2023 for review and approval by the Board. With respect to transfers, Mr. Douthitt noted that the director and vendor payments, the transfers set forth in the Accounting Report were proposed for approval.
- c) Arbitrage Rebate Summary: The Board reviewed and acknowledged the Arbitrage Rebate Summary-Active Issues Report.
- d) Administrative and Action Items:
 - i) Upon motion by Director Kelly, seconded by Director Lee and unanimously carried, the Board accepted the Accounting Report and authorized the disbursements and transfers as set forth therein, including a per diem check for Director Kopperud that was not included in the Accounting Report.

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

- (a) Sunscape Report: Mr. Trevino noted Sunscape has been lifting tree canopies and widening the pathways on the trails.

Mr. Trevino mentioned that next month they are installing the fall colors. He is leaning towards pansies, snap dragons and dianthus because they are somewhat deer resistant. Director Bethke requested no dianthus because the deer seemed to enjoy those last year.

Mr. Trevino stated that Sunscape will be replacing the trees and shrubs that were planted for screening last year because they were wiped out in the heat. This is under warranty and will be replaced at no cost to the District.

With respect to The Cove request, the Board noted that the trees and shrubs Mr. Trevino mentioned had died due to the heat are not in the same location where Mr. Masiak is requesting trees be planted. It was also discussed that Mr. Masiak is asking for 20' trees, which are very expensive.

- (b) Ice Storm Clean-up: No action was taken by the Board.

(c) FEMA/TDEM Claim: No action was taken by the Board.

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

6. ENGINEERING:

a) WWTP Joint Facility Report: Mr. Ball 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.

Proscape has pushed the completion of the drip skid repair back by one week. The completion was originally planned to be September 15, 2023.

With respect to the additional water infrastructure, B&N is doing a preliminary investigation with respect to the size and location of a potential water tank. The Board discussed potential locations for the water tank. Mr. Ball thought a good location might be across from the fire station because it is close to the 12" water line.

b) District Report: Mr. Ball then moved on to Burgess & Niple's general District Engineering Report. A summary of the report is included in the Board Packet:

With respect to the trail drainage issues, Mr. Ball thinks there are two options. B&N is hoping to bring those options to the committee for discussion.

c) Action Items:

i) Trail Extension: No action was taken by the Board.

ii) Pipe Liner Installation: No action was taken by the Board.

iii) Pressure Issues: Mr. Ball noted that B&N received the data from the pressure gauges from MOC. MOC switched the gauges with a new set to make sure the gauges are reading correctly. MOC will pull the second set of gauges tomorrow. MOC has been checking the PRV's to make sure they are all open. The data suggests that the low-pressure problem is a WTCPUA issue. The contractually required psi is 35 psi. The lowest pressure reading in the initial report showed approximately 14 psi on the WTCPUA side.

iv) Irrigation Schedule: The Board continued to discuss the pressure issues and a potential option to stagger the irrigation times in certain areas of the neighborhood that experience higher irrigation demand to evaluate the effects on the pressure.

v) Action Items:

- Upon motion by Director McGillicuddy, seconded by Director Kopperud and unanimously carried, the Board authorized up to \$5,000 for a design engineer to study the gabion wall damage and determine if it should be considered hazardous.

- Upon motion by Director Kelly, 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 Operations Report. The Operations Report is included in the Board Packet. In addition to the items listed on the reports, he mentioned that:

Mr. Wright informed the Board that Hyperion believes that the damage caused to the SCADA system from the lightning strike should be covered under the TML policy. Hyperion has sent a proposal for repairs to HCWCID No. 1 and they have approved. Director McGillicuddy requested that MOC get a surge protector for lightning strikes. Mr. Taylor mentioned that there was a surge protector but it was burned out during the lightning strike. MOC is planning to get another one.

Mr. Wright reviewed the TCEQ inspection report noting that there were four issues but most of the issues were due to the damages caused by the lightning strike. One issue listed in the TCEQ report is that Inframark failed to file the DMR in April. It was filed but it was filed after the deadline.

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

Director Bethke thanked MOC for the work they performed on the Live Oak Trail and noted that it looked really nice.

MOC mentioned that there is a dead tree near the school where the kids walk. MOC said they can take care of the dead tree under their contract. The Board asked that they proceed. The amount to remove the tree falls within MOC's approval limit so no action is needed by the Board.

Mr. Wright reviewed the Sidewalk Survey and photos of damaged sidewalk panels with the Board. Mr. Wright believes he can make all of the necessary repairs for approximately \$30,000. If there is any money remaining, they can use it for aesthetic repairs. Director Bethke mentioned that when repairing, if dirt is removed from the sides of the sidewalk, please replace the dirt so that people are not stepping into a hole on the side of the sidewalk.

Mr. Wright reviewed the Asset Management Plan noting that everything highlighted yellow is critical and MOC will maintain those assets properly and will do their best to keep them running as smoothly and as long as possible.

- b) Public Hearing for Violations of District Rules: No Public Hearings were requested. When asked, Ms. Wright noted that when a resident violates watering restrictions, the charge for the fine is added to their water bill and states that it is for a watering violation. MOC is driving the District at various times during the night to monitor compliance with the water restrictions. Ms. Wright informed the Board that as the water restrictions are being enforced and violations issued, the number of violations is decreasing.

- c) Resident Request: With respect to the resident's request last month to allow him to hire the District's landscaper to trim some trees in the greenbelt at his expense, Mr. Kutac noted that the Board will be reviewing a proposed policy with respect to tree trimming later in the meeting.
- d) Interlocal Law Enforcement Agreement: Ms. Wright stated that she believes the Sheriff's Deputies are doing a good job. They are either stopping by or calling to check in. The deputies are not using the Belterra Centre. Ms. Wright stated that she will ask HCWCID No. 1 if the deputies can use the Belterra Centre to do their paperwork.
- e) Membrane Issue: The Board discussed that the membrane failure constituted an emergency repair so MOC had to order membrane replacements before HCWCID No. 1's regular Board Meeting in September. HCWCID No. 1 ratified this expense during their September 14, 2023 Board Meeting.
- f) Action Items:
 - i) Remaining Storm Debris: No action was taken by the Board.
 - ii) Recommended Expenditures:
 - Upon motion by Director Kelly, seconded by Director Kopperud and unanimously carried, the Board authorized the sidewalk repairs not to exceed \$30,000.

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

8. ADMINISTRATIVE AND LEGAL:

- a) Water Contract Items: The Board discussed the possibility of having a third-party rate study performed to ensure that the District is covering its costs. It was noted that a third-party rate study has not been performed since 2015. Mr. Kutac noted that the WTCPUA usually announces their rate increases in December. The Board determined to add this idea to the December agenda.
- b) Water Conservation and Drought Contingency Plan: The Board discussed changing the limitation on hand watering. Right now, the residents can hand water from midnight to 6 a.m. The Board discussed that this is not a convenient time for most people to hand water and discussed changing the timing on hand watering. Mr. Kutac mentioned that under the WTCPUA Drought Contingency Plan, residents can only hand water from midnight – 6 a.m. and noted that if the Board changes their policy, it will be different from the WTCPUA's which has caused confusion in the past. He also noted that the District has discussed potential changes to the Drought Contingency Plan recently and he recommends making any desired changes prior next Spring. The Board continued to discuss and determined that the subject should be added to the agenda for the February 2023 Board Meeting.

c) Legal Matters:

- i) Modification of Landscaping Contract: Mr. Kutac noted that he has numbers from both MOC and Sunscape for the modification to their agreements but the numbers are not equal. The negotiations are ongoing.
 - ii) Committee Administration Matters: The Board discussed committee assignments and the possibility of the Directors rotating through each committee and the focus of each committee.
 - iii) Tree Trimming Policy: After a discussion regarding the proposed tree trimming policy and review of the Resolution Adopting the Greenbelt Tree Trimming Policy, upon motion by Director Bethke, seconded by Director Lee and unanimously carried, the Board adopted the proposed policy and approved the Resolution Adopting the Greenbelt Tree Trimming Policy.
- d) Calendaring: The Board determined that the next regular Board meeting will be October 19, 2023.

9. EXECUTIVE SESSION: With regard to Item No. 6(c)(iii) on the posted agenda for the meeting, upon motion by Director Bethke, seconded by Director Kopperud and unanimously carried, the Board retired, along with Matt Kutac to Executive Session.

Following such Executive Session upon motion by Director Bethke, seconded by Director McGillicuddy and unanimously carried, the Board reconvened in public session. No action was taken by the Board during Executive Session.

Upon motion by Director Bethke seconded by Director Kopperud and unanimously carried, the Board authorized Mr. Kutac and Andy Barrett to meet with the WTCPUA on behalf of the District with respect to the water pressure issues.

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

APPROVED AND ADOPTED on the 19th day of October 2023.


Sean McGillicuddy, Secretary

