

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 the 17th day of December, 2020, 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:

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| 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. Also present via Zoom video/audio conferencing were Matt Kutac of the law offices of Matthew B. Kutac, PLLC, Andy Barrett with Andy Barrett & Associates, PLLC, Kristi Hester of Inframark, the District’s general management and operations contractor, Chris Lane with SAMCO Capital Markets, Inc. (“SAMCO”), the District’s financial advisor, Lauren Barzilla of CMA Engineering (“CMA”), the District’s engineers, Allen Douthitt of Bott & Douthitt PLLC (“Bott & Douthitt”), the District’s bookkeeper, Judy McAngus and Vicki Hahn, paralegals with Winstead PC and Chris Calvis 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, and hearing no response, the Board proceeded to the next item of business.

2. The Board reviewed the Minutes from the October 15, 2020 Regular Board Meeting. Following a review thereof, upon motion by Director McGillicuddy, seconded by Director Harris and noted abstention from Director Lee (who was not a Board member at the time of such meeting) and unanimously carried, the Board approved said Minutes.

3. The Board reviewed the Minutes from the November 19, 2020 Regular Meeting. Following a review thereof, upon motion by Director Harris, seconded by Director McGillicuddy and unanimously carried, the Board approved said Minutes.

4. The Board reviewed the Minutes from the November 23, 2020 Special Board Meeting. Following a review thereof, upon motion by Director McGillicuddy, seconded by Director Kelly and unanimously carried, the Board approved said Minutes.

5. Mr. Kutac gave an update regarding the status of pending reimbursements from the District's Series 2020 Unlimited Tax Utility Bonds ("Series 2020 Utility Bonds"). He noted that at the last Board meeting, the Board had approved a Joint Full and Final Release and the separate Joint Instruction Letter ("Agreements") between L.H. Belterra LLC, and Preston Hollow Capital between the District and LH Belterra LLC as assignee of Mak Foster Ranch, L.P. and Crescent Belterra TX, LLC as each related to the reimbursement of developer costs for facilities accepted by the District through issuance of the District's last series of utility bonds. He stated that he had notified the Developer that the forms of the proposed documents had been approved by the Board, but he has not received a reply. He will follow-up with the Developer again and update the Board at the next meeting and discuss a further course of action based on the status at that time.

6. The Board recognized Allen Douthitt who presented Bott & Douthitt's Accounting Report dated December 17, 2020, which included a review of the Cash Activity Report Including Receipts and Expenditures. Such Cash Activity Report included director and vendor payments, fund transfers and the Financial Statements for October 31, 2020 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. Bott & Douthitt's reports are attached hereto as **Exhibit "A"**. During his report, Mr. Douthitt discussed the Board's instructions from a prior meeting to separate the general ledger entries with respect to the joint facility related entries that are shared by HCWCID No. 1 and the District. Those numbers are reflected in this month's Bott & Douthitt reports.

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

7. Chris Calvisi with WLE reviewed the monthly WLE Landscaping Service Report, provided in advance to Inframark, and posted on the Board's Google Drive. He noted that the Dianthus flowers planted by WLE (and supposedly deer resistant), are being eaten by the deer. WLE is sending a crew to replant the flowers and hopefully, the deer were sampling and will

decide they do not like the flowers. Ms. Hester of Inframark noted that WLE has moved to bi-weekly services until March when it will return to weekly service. It was also noted that the vegetation in certain areas (reviewed on a map by the Board), are only mowed three times a year. It was noted that the vegetation in the new 210 area appears to be waist high and the sprinkler heads can't irrigate when the vegetation is so high. Mr. Calvisi said he would send a crew to look at the areas and take care of them if needed. Ms. Barzilla reminded him to be careful of the irrigation system. With that reminder being noted, Mr. Calvisi left the meeting. After his exit, it was noted that Mr. Calvisi had indicated, at a prior meeting, that WLE was preparing a plan with respect to the Mesa Verde entrance redesign, but it was noted that the Board had not received such proposal. Ms. Bethke noted that when she last spoke to Mr. Calvisi, he was waiting on internal approval from WLE and would like an update at the January meeting on such mater. No action was needed by the Board.

8. Lauren Barzilla of CMA presented CMA's monthly Joint Wastewater Treatment Plant ("WWTP") and 210 Reuse Irrigation engineering report, a copy of which is attached hereto as **EXHIBIT "B"**. In Ms. Barzilla's report she confirmed that HCWCID No. 1 had approved Pay Application No. 3 for \$37,740.60 for the Drum Screen Replacement. She noted that the concrete has been poured for the columns and the forms have been pulled. She also reported additional action taken by HCWCID No. 1 at its last meeting with regard to the necessary approval and authorization for a Change Order under the Drum Screen Replacement contract for a necessary discharge pipe which should not exceed \$4,500. She noted that this portion of the project should be complete around January 12, 2021.

9. Ms. Barzilla then moved on to CMA's District's Engineering Report, a copy of which is attached hereto as **EXHIBIT "C"**. A summary of her report is as follows:

- Brentwood Drainage Project:
 - The project has been accepted.
 - Inframark was able to complete construction of the berm for less than their initial estimate. The new contract amount is for \$39,450.77 which is less than the \$41,009.33 originally estimated and approved. She requested that a Change Order for a reduction in costs (-\$1,558.56) be approved by the Board. Following a brief discussion thereof, upon motion by Director McGillicuddy, seconded by Director Harris and unanimously carried, the Board approved such Change Order.
 - Ms. Barzilla reviewed and recommended approval of Pay Application No. 2 for \$2,966.86 which she noted was the final payment, which included retainage, to close out the Brentwood project. Upon motion by Director McGillicuddy, seconded by Director Harris and unanimously carried, the Board approved Pay Application No. 2 for such project.
- Fire Station: All public utilities have been installed and they are hoping to achieve final completion in January;

- Naples Sidewalk Extension and Trail Project: Ms. Barzilla and Directors McGillicuddy and Bethke walked the 210 area and flagged 10,000 feet of the proposed new trail. Ms. Barzilla noted that the surveyor is aware that the proposed trail route has been flagged and will be out to survey the area, review such proposed alignment with Directors McGillicuddy and Bethke and then CMA will begin initial work on construction plans for such trail.

Ms. Barzilla concluded her report and upon motion by Director Kelly, seconded by Director Bethke and unanimously carried the Board accepted both engineering reports.

10. Kristi Hester reviewed Inframark's General Manager's Report, a copy of which is attached hereto as **EXHIBIT "D"** and in particular, the executive summary memorandum dated December 17, 2020. Ms. Hester's gave the following updates:

- Wastewater Treatment Plant: There were no compliance issues for the month of November, the EQ Basin Rehab is underway and is 80% complete with completion expected by December 22nd. The Blower Upgrade is underway and tank equipment is expected to be delivered December 11, 2020. Inframark will install air diffuser lines the week of December 14th.
- Distribution System: After the first of the year, Inframark is sending crews from Houston to assist with the AMI meter installation which will help move the meter replacement project along much more rapidly.
- Collection System: When reviewing the results of televising the collection system, she noted that a couple of areas for preventive maintenance had been identified but that no repairs are needed at this time.
- Drainage Pond: They are cleaning the sedimentation out of the ponds for the next two months because it is easier to clean in winter.
- Parks - Trails: They are looking for more areas for the placement of additional trash cans along the trails.
- Construction: Construction is continuing on the Fire Station, it being noted that the tie into the District's water line has been completed and pressure testing and water quality samples will be scheduled soon.
- Customer Care: Ms. Hester is trying to schedule a joint Customer Care Committee meeting with HCWCID No. 1. She also mentioned that a discussion about Touchstone needs to happen.
- Sidewalk: As a result of the annual sidewalk survey performed by Inframark, several areas of sidewalk have been identified as being uneven and need to be repaired. CCR, the concrete repair company, is sending out a representative to review those areas and will provide a bid for such repairs.

Ms. Hester requested that two action items be addressed by the Board:

(1) She noted that Inframark obtained approval from Hays County WCID No. 1 (“HCWCID No. 1”) Board to install Air Diffusers in the EQ Tank for Blower Upgrade at a cost of \$8,500 which is charged towards the \$150,000 budget cap and requested concurrence from the Board. Upon motion by Director Harris, seconded by Director McGillicuddy and unanimously carried, the Board approved the \$8,500 expenditure for such installation.

(2) In addition, she noted that with respect to the 225 Tobago Drive pool construction, unbeknownst to anyone at the time, the resident had installed an outdoor kitchen and a bathroom and thus Inframark, per District policy, had requested that a grinder pump be installed at such location. Following review of a standard form of Grinder Pump Agreement, upon motion by Director McGillicuddy, seconded by Director Kelly and unanimously carried, the Board approved the agreement and authorized its execution.

11. Kristi Hester noted that she had received a request from a resident at 449 Catalina with regard to access to the greenbelt area behind such residence for construction of a pool. The Board noted that the vegetation in that particular green belt area (which had been recent disruptions due to District projects and another pool construction project) had not yet grown back in and that it would appear that giving access to use this particular greenbelt area behind such address would not cause any additional damage to such area. It was also reconfirmed that no 210 irrigation or other District facilities fall within the greenbelt area in question. Following such discussion, upon motion by Director Harris, seconded by Director Kelly and unanimously carried, the Board approved a variance to allow the resident to access the greenbelt to install the pool.

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

12. The Board’s discussion returned to the Touchstone website issue and determined that this issue will be initially discussed at the Customer Care Committee level.

13. Mr. Kutac noted that he reviewed the Board’s draft election policy and he had Ms. McAngus review and revise the policy as well. He explained that he wanted to allow additional time for review and comment on the policy before it is approved. Mr. Kutac noted that he would add this item to the agenda for the next Board meeting.

14. Mr. Kutac informed the Board that he presented the Board’s counter-offer to use the Belterra Centre for meetings to HCWCID No.1 of \$600 a month and unlimited use of the Belterra Centre, and that it was not accepted by HCWCID No. 1. The Board discussed various locations (the Belterra Amenity Center and the ESD No. 6 building that is currently under construction) that might work for Board Meetings and Committee Meetings. Ms. McAngus noted that no update to the District’s existing Amended Order Designating Offices Outside the District (“Order”) would be required if the Board used either of the suggested meeting spaces (as the amenity center was already included in the current Order and the ESD building falls within the District boundaries). It was determined that the Board Members would pursue more information

on the various possibilities and the matter would be discussed in a future meeting after more information is obtained.

15. In connection with the misappropriation of funds by the District's previous bookkeeper, Matt Kutac presented a proposed Resolution Regarding Misappropriation of Funds by Inframark Employee ("Resolution") which he had posted on the Google drive. He noted that he had requested that Inframark's counsel confirm the amount in said Resolution that Inframark has agreed to pay to the District, but he had not yet received a response. After review by the Board, upon motion by Director Bethke, seconded by Director Kelly and unanimously carried, the Board approved the Resolution adopting the findings and conclusions of Maxwell Locke & Ritter LLP's report ("MLR Report") on such misappropriations as previously presented to the Board and attached to said Resolution, and further adopted the internal control recommendations in such MLR Report.

16. Mr. Kutac noted that there were no updates with regard to District matters with either the Lower Colorado River Authority or West Travis County Public Utility Agency.

17. The Board confirmed the date of February 4, 2021 at 6:00 p.m. for a Special Board Meeting for the main purpose of reviewing and approving the District's 9.30.20. The Board also confirmed its next regular Board Meeting would be scheduled for Thursday, January 21, 2021 at 5:45 p.m. and it was noted that Kristi Hester would confirm all upcoming committee meetings with the committee members.

There being no further business to conduct, Director Harris 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 this 21st day of January, 2021.




Sean McGillicuddy, Secretary