

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 December 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 except Director McGillicuddy. 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, Chris Sanchez and Sally Gomez of Municipal Operations and Consulting, LLC, the operations and management contractor for the District, Chris Lane of Samco Capital Markets, Inc., the District’s Financial Advisor, Allen Douthitt with Bott & Douthitt, the District’s bookkeepers and Lauren Barzilla of Burgess & Niple (“BN”), the District’s engineer. Sergeant Troy Mayes, with the Hays County Sheriff’s Department, Aaron Richardson, a resident in the District and Michael Muir, of Muir Incorporated also attended the Board meeting.

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.

Mr. Richardson explained that he received a \$200 fine for violating the water restrictions by watering on the wrong day. He did not realize it was the wrong day. He never received a warning, and said that he did not see any of the signs the District posted concerning watering dates. When he received the fine, he immediately switched his system to water on the correct day. He assured the Board that he has never overwatered and that he was only watering one day per week per the requirements, it was just on the wrong day. He is asking the Board to waive the fine. Mr. Kutac informed Mr. Richardson that the Board will discuss and take action under Item 6 of the posted Agenda.

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

2. MEETING MINUTES: The Board reviewed the Minutes from the November 16, 2023 Regular Board Meeting. Upon motion by Director Bethke, seconded by Director Kopperud and unanimously carried, the Board approved such Minutes contingent upon changing the name of the tree in 6(a) from Mexican Sycamore to Leyland Cypress. Director Kelly noted that HCWCID No. 1 had no problem changing the type of tree to be planted.

3. FINANCIAL:

- a) Accounting Report: Mr. Douthitt reviewed Bott & Douthitt's Accounting Report dated December 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 October 31, 2023 for review and approval by the Board. Mr. Douthitt also noted that the District will use approximately \$585,000 from the Capital Project Fund to pay for the membrane work, the pipe liner repair and the blower projects. Those project costs totaled approximately \$700,000.

- b) Administrative and Action Items:

Upon motion by Director Lee, seconded by Director Kopperud and unanimously carried, the Board approved a resolution authorizing the transfer of the approximately \$585,000 from the Capital Project Fund to pay for the membrane work, pipe liner repair and blower projects.

Upon motion by Director Lee seconded by Director Kopperud and unanimously carried, the Board accepted the Accounting Report and approved all disbursements and transfers set forth in the Accounting Report.

4. LANDSCAPING:

- (a) Sunscape Report: Mr. Trevino did not attend the Board meeting so Mr. Wright will review during the General Manager's Report.

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

5. ENGINEERING:

- a) WWTP Joint Facility Report: Ms. Barzilla reviewed the Joint Facility Report.

Ms. Barzilla noted that with respect to the additional water infrastructure project, she met with the WTCPUA and the WTCPUA is amenable to connecting a portion of the District system to the original, higher pressure plane. The District would need run a water line to connect the portion of the District's system to that line ("Line Extension"). The Line Extension will focus on reconnecting a small group of homes to the original pressure plane to determine if low-pressure issues resolve. Ms. Barzilla recommends completing the



original water model and adding the Line Extension to the water model to confirm that all of the low-pressure problems in the District will be resolved. She discussed that the scope of the original Task Order does not include the Line Extension. Mr. Kutac stated that the water modeling project costs were being split by both the District and HCWCID No. 1. However, the Line Extension would only apply to the District so the District would need to fund the entirety of that model itself. Mr. Douthitt asked that Ms. Barzilla prepare a separate invoice for the Line Extension work so there is no confusion between who is paying for that portion of the work. Ms. Barzilla also made it clear to the Board that the Line Extension would not solve the Boil Water Notice issue because the District's water would still be coming from the WTCPUA and if the WTCPUA issues a Boil Water Notice then the District will be under that Boil Water Notice. The District can only avoid the Boil Water Notices issued by the WTCPUA if they add additional water infrastructure.

- b) District Report: Ms. Barzilla reviewed the District Engineering Report. She noted that B&N would like to advertise for bids for the gabion wall repair.

Ms. Barzilla informed the Board that there is an issue with the water tracking meter. MOC is aware of the issue and they are working on it.

- c) Additional Action Items:

- Upon motion by Director Kopperud, seconded by Director Bethke and unanimously carried, the Board authorized B&N to advertise for contractors to bid on the gabion wall repair.
- Upon motion by Director Bethke, seconded by Director Kelly and unanimously carried, the Board authorized B&N to temporarily proceed under the current Task Order for the additional water infrastructure modeling but to bring a new Task Order for the Line Extension modeling to the January Board meeting.

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

## 6. MANAGEMENT AND OPERATIONS:

- a) Manager's Report: Ms. Wright introduced Sergeant Troy Mayes from the Hays County Sheriff's Department. Sergeant Mays reported that he has met with the community regarding congestion and parking near Rooster Springs Elementary School. People are having issues getting out of their driveways, kids are darting in between cars into the street, etc. He noted that there is congestion on Maeves Way & Harris Drive and it gets so bad that emergency vehicles cannot get through. He is recommending "No Parking" signs prohibiting parking from 2:30 to 3:30 p.m. be placed in strategic locations to alleviate these issues. The Board discussed some additional solutions with Sergeant Mayes. Sergeant Mayes reported that he has met with the County Commissioner who stated that he will be happy to take the recommendation to the County Commissioner's Court for approval. He also mentioned that he will be meeting with HCWCID No. 1 as well about the same issue and his recommendation for "No Parking" signs in HCWCID No. 1. He would like to get approval from the County Commissioner's Court for signs in both districts at one time. His number one concern is the safety of the children.

Mr. Wright noted that he met with Director Bethke and Director McGillicuddy regarding a potential park near Pinnacle. He introduced Michael Muir with Muir Incorporated. Mr. Muir's company specializes in park development. Mr. Muir stated that he would like to meet with the Parks Committee to discuss their vision for the park. Director Bethke noted that the District is in the early stages of planning the park and presented a preferred location for the park. The Board discussed how the potential park would impact the impervious cover requirements in the District. Ms. Barzilla stated that she thought the District has some impervious cover remaining but the District had planned to use that cover for the additional water infrastructure. The Board then discussed that it would like to get the residents to provide their input on what they want to see in the potential park. The Board also discussed that a survey with several options be given to the residents to obtain their input. In addition, the Board discussed how to notify the residents of the survey.

Ms. Wright reviewed the Landscaping Report in Mr. Trevino's absence. Ms. Wright mentioned that there is a new irrigation person at Sunscape. He is still getting his feet wet so Mr. Trevino is still handling irrigation.

Ms. Wright reviewed the General Manager's Report.

With respect to resident requests regarding tree trimming, Mr. Kutac reminded the Board that damage caused to someone's residence by a tree on District property is a potential liability issue. The Board requested that MOC assess the tree at 851 Catalina to determine the potential for damage to the resident's home. With respect to 378 Sand Hills, the Board requested that MOC refer the resident to the District's Tree Trimming Policy whereby the resident can hire the District's Landscaper to trim the tree at the resident's expense.

With respect to 385 Merion, the resident had asked for a variance on the watering restrictions to fill their new pool, but ultimately hired water tankers to fill the pool so they no longer need the variance.

Director Kelly asked that MOC check the wall on Challis Court to see if it is compromised. The resident just installed a pool, and it appears they excavated all the way to the rock wall. He thinks the rock wall does not look like it is stable now.

Ms. Wright mentioned that HCWCID No. 1 has asked that MOC look into other insurance carriers. Mr. Kutac gave some background on HCWCID No. 1's request noting that TML rejected a claim for damages caused to a playscape when a tree fell on it. He also mentioned that TML is a risk pool and not insurance. Mr. Kutac also provided detail on how the District selected TML to provide coverage. The Board requested that MOC obtain some insurance quotes from different carriers.

Mr. Taylor reviewed the Operations Report. He mentioned that Mr. Sillers is no longer with MOC. Mr. Taylor will be covering until they replace him. They are interviewing people. Some of those people interviewing have their A level certification.

Ms. Wright mentioned that Ms. Gomez will be moving back to Houston and MOC has two people who will rotate after Ms. Gomez leaves.



With respect to sidewalk repairs, Mr. Wright informed the Board that the sidewalk repairs are complete.

The Board is pleased that the MOC trucks have their magnetic signs on the trucks. The Board requested that MOC speak with Aquatic Features and ask that they put signs on their trucks while they are in the District.

- b) Public Hearing for Violations of District Rules: The Board discussed Mr. Richardson's request to waive the watering restriction fine of \$200. MOC noted that the resident did not get a warning because the District was in Stage 3 for watering. MOC asked the resident if they could look at the Eye-on-Water application. The resident agreed. Ms. Wright noted that watering on the wrong day was not a one-time occurrence based on review of the Eye-on-Water data. It was also noted that even though he got the fine, he did not immediately change his system to water on the correct day.

After discussion, upon motion by Director Kopperud, seconded by Director Bethke with Director Lee abstaining, the Board approved a motion to vacate the \$200 fine.

c) Additional Action Items:

- Parking Plan: Upon motion by Director Kopperud, seconded by Director Lee and unanimously carried, the Board directed its attorney to prepare a resolution in support of the Parking Plan presented by Sergeant Troy Mayes and authorized signature by the Board President.
- Mesa Verde Park Sign: Upon motion by Director Kelly, seconded by Director Bethke and unanimously carried, the Board authorized replacement of the Mesa Verde Park sign and asked that MOC replace the sign with heavy duty aluminum.
- 172 Brentwood: Upon motion by Director Bethke, seconded by Director Lee and unanimously carried, the Board authorized clean-up of the tree that is down on the fence at 172 Brentwood.
- 851 Catalina: Upon motion by Director Kopperud, seconded by Director Kelly and unanimously carried, the Board authorized MOC to assess the tree in the greenbelt area next to 851 Catalina Lane to determine if it poses a risk to the resident's home. If it poses a risk to the resident's home, then the District will have it trimmed. If it does not pose a risk to the resident's home, the Board authorized MOC to refer the resident to the District's Tree Trimming Policy whereby the resident can hire the District's landscaper to trim the tree at the resident's expense.
- Sunscape Proposals: Upon motion by Director Bethke, seconded by Director Kelly and unanimously carried, the Board approved Sunscape's Proposal Numbers: 28159 for \$1,780.75, 28164 for \$546.57, 28165 for \$707.84. The total cost of the 28165 Proposal is \$1,425.68 but it is a split cost with HCWCID No. 1.

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

7. ADMINISTRATIVE AND LEGAL:

- a) Election Matters: After a discussion regarding the upcoming Director Election in May, upon motion by Director Bethke, seconded by Director Kopperud and unanimously carried, the Board approved the Order Calling the Director Election.
- b) Committee Administrative Matters: This matter is deferred until the February 2024 Board meeting.
- c) Water Contract Items: This item was discussed earlier in the Board meeting.
- d) Water Conservation and Drought Contingency Plan: Mr. Kutac noted that at the recent meeting with the WTCPUA, the WTCPUA asked how robust the District's enforcement is of the watering restrictions. Mr. Kutac told them that it is very robust. They also let Mr. Kutac know that the LCRA is planning to consider modifications to their Drought Contingency Plan, which means that the WTCPUA will most likely modify their plan as well. These modifications would need to be incorporated into the District's Drought Contingency Plan.
- e) Legal Matters:
  - i) Potential Engagement of Litigation Counsel: Mr. Kutac mentioned that he asked Mr. Lackey to review a potential claim on the membranes. Mr. Lackey had a conference call with Ms. Barzilla and Mr. Callegari to discuss the issue. Mr. Lackey plans to have a preliminary report for the Board at the January or February Board meeting.
  - ii) Street Signs: No action was taken by the Board.
  - iii) Holiday Gifts: Mr. Kutac reviewed the legal requirements related to holiday gifts with the Board reminding them that they can only accept gifts with a value of less than \$50 and that with respect to services, they cannot accept services from any vendor that are unreasonably low. They must pay market rate for any services they receive.
  - iv) Inframark Records: Mr. Kutac informed the Board that he received an e-mail from Inframark requesting the status on payment of the last invoices. Mr. Kutac mentioned that in that e-mail, Inframark stated that they have provided all of the records requested. Mr. Kutac is working with Ms. DeLong at MOC to determine if any additional documents are required but he understood that MOC has not received all monitoring data yet. He will request that data and any other missing documentation. Mr. Kutac asked the Board if they wanted to authorize payment of the outstanding Inframark invoices or wait until the District has received the missing documentation. The Board stated that it would like to wait until the District has received all of the missing documents before paying the outstanding invoices.
  - v) Operations and Management Contract: Mr. Kutac reminded the Board that the MOC contract provided for a discount if MOC developed any other

business within the direct area. It was noted that MOC had developed another client in the area so the District will receive a per connection credit on MOC's invoices. Such credit went into effect as of November 1, 2023.

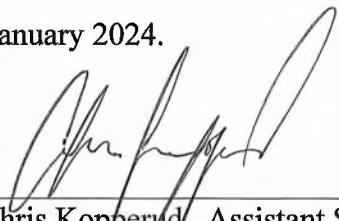
vi) General Legal Matters: No action was taken by the Board.

f) Calendaring: The Board determined that the next regular Board meeting will tentatively be January 18, 2024.

8. EXECUTIVE SESSION: No Executive Session was required.

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

APPROVED AND ADOPTED on the 18<sup>th</sup> day of January 2024.

  
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Chris Kopperud, Assistant Secretary

