

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 March 20, 2025 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 Kopperud. 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, Chris Lane of Samco Capital Markets, Inc., the District’s Financial Advisor, Allen Douthitt with Bott & Douthitt, the District’s bookkeepers, Lonnie Wright, Beth Wright and Chris Sanchez of Municipal Operations and Consulting, LLC, the operations and management contractor for the District and Juhmanie Alexander of Burgess & Niple (“BN”), the District’s engineer and Jesse Trevino of Sunscape Landscaping, the District’s landscapers. In addition, members of the public included Kenny Jerel Wottrich and Valerie Wottrich.

1. PUBLIC COMMENT: Director Bethke called for public comment.

Mr. Wottrich introduced himself and his wife and stated that they were at the meeting to address a fine they received for unauthorized use of the greenbelt. He wants the Board to know that they care about their community and they follow the rules. He noted that he volunteers as a crossing guard at the school and his wife is a kindergarten teacher. He apologized that the greenbelt was utilized without the District’s authorization. He stated that his deck was unsafe and had to be repaired. They obtained approval of the project from the HOA but they were not made aware that the District also had to approve greenbelt access for the contractor’s vehicles. He mentioned that they have never received a violation because they are respectful of the rules and regulations. He worked very hard to ensure that the greenbelt was cleaned up afterwards and that there was no damage. They are asking that the Board to consider waiving the fine.

Director Bethke advised Mr. Wottrich that the Board will address the issue later in the meeting and that MOC will be in touch with him after the meeting with the Board's decision.

Director Bethke asked if anyone else had any public comment. Hearing none, Public Comment was closed and the Board proceeded to the next item of business.

2. MEETING MINUTES: The Board confirmed receipt of the Minutes from the February 20, 2025 Regular Board Meeting. Upon motion by Director McGillicuddy, seconded by Director Kelly and unanimously carried, the Board approved such Minutes.

3. FINANCIAL:

- a) Accounting Report: Mr. Douthitt reviewed the Accounting Report dated March 20, 2025 with the Board, which included a review of the Cash Activity Report and expenditures to be approved at the Board Meeting. Such Cash Activity Report included director and vendor payments, fund transfers and the January 31, 2025 Financial Statement for review and approval by the Board.

Mr. Douthitt also noted that the District received approval of funds from FEMA for winter storm claims but that money was accidentally sent to HCWCID No. 1. Mr. Douthitt is transferring that money and it should show up in next month's Accounting Report. Mr. Douthitt also noted that this money was not included in the budget so it will be additional money that is not currently reflected in the budget.

With respect to the Gallagher check for insurance, MOC is soliciting another insurance proposal because they felt the Gallagher proposal was a little high. If the proposal they receive is higher than Gallagher, they would like to release the Gallagher check. If the proposal is lower, they would like to proceed with the lower proposal.

- b) Arbitrage Reports: The Board acknowledged receipt of the February 17, 2025 Arbitrage Report at the last Board meeting so no action was needed.
- c) Administrative Items: No additional items were discussed.

Upon motion by Director Lee, seconded by Director McGillicuddy and unanimously carried, the Board accepted the Accounting Report and approved all disbursements and transfers set forth in the Accounting Report subject to holding the Gallagher check until another insurance proposal came in. If that insurance proposal was higher than Gallagher's proposal, then the Board approved the Gallagher check.

4. LANDSCAPING:

- (a) Sunscape Landscaping Report: Mr. Trevino reviewed the Landscaping Report. He also noted that Sunscape will be planting trees along the greenbelt during the first week of April. During the second week of April, Sunscape will put mulch in the mulch beds. Mr. Trevino informed the Board that Arturo Hernandez has left Sunscape and that they have hired Ricardo Lopez to replace him. He is a licensed irrigator and has previously worked in the District. Director McGillicuddy asked Mr. Trevino to check the timing of the irrigation in

Cemetery Park because it was going off on the wrong day. It was also noted that there were discarded sprinkler heads near Estes, parallel to Belterra by the mailboxes. Mr. Trevino confirmed that he will check it out and dispose of the discarded sprinkler heads.

The Board asked Mr. Trevino when Sunscape plans to plant turf where it was damaged by a resident's pool contractor on Brentwood. Mr. Trevino stated that he was hoping that some of the area would fill in naturally but he will lay some turf. MOC stated that they have not returned the deposit to the resident yet because they are waiting to confirm that the grass was planted.

Director Bethke mentioned that the plants at the top of Estes are not thriving. Mr. Trevino replied that they installed 1 gallon plants and that 1 gallon plants take a lot longer to fill in. He also mentioned that there were a lot of watering issues in the past year and the plants did not get enough water. He would like to replant after he sees what is coming back and what is not. He thinks the plant size and the watering issues caused the growth issues, not the type of plant.

Sunscape is planning to plant mixed Pentas. One of the Directors asked if a soil issue could be affecting the growth of seasonal color plantings. Mr. Trevino confirmed that it could and that he would test the soil and maybe take out some of the old soil, add new soil and compost it all together.

Director Bethke mentioned that there are a couple of big branches on Estes at the trail crossing. There is also a cedar leaning over the trail. Mr. Trevino noted that he will take a look.

- (b) Trail Maintenance: With respect to the trail screening, Mr. Trevino still has one section to complete.

Upon motion by Director McGillicuddy, seconded by Director Lee and unanimously carried, the Board approved the Landscaping Report.

5. ENGINEERING:

- a) District Report: Mr. Alexander reviewed the District Engineering Report.

Mr. Alexander asked if B&N should keep the Water Model Scenario on the Engineering Report. After a discussion which included confirmation that B&N will keep and the District will have access to the model and all data from the Water Model, the Board approved the removal of this item from the Engineering Report.

With respect to the watering schedule item on the Engineering Report, Mr. Alexander asked if B&N can remove this item from their report. The Board agreed that they can remove this item from their report.

- b) WWTP Joint Report: Mr. Alexander reviewed the Joint Facility Report.

With respect to the potential 4.2 million gallon tank, Mr. Alexander noted that they are

progressing on the design and the geotechnical proposal has been sent. Director Bethke mentioned that the Board authorized her to speak with the school district regarding use of their irrigation system in exchange for landscaping. She noted that she spoke to a person in the facilities department and then to the Chief Operating Officer who had some questions and told her he would get back to her after Spring Break.

With respect to the drip field repairs, Proscapes let MOC know there could be some problems downstream after the first repairs were made and those problems are now surfacing. Proscapes will send a proposal for the Board to review.

- c) Additional Action Items: No additional action items were approved.

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

6. MANAGEMENT AND OPERATIONS: Mr. Wright and Ms. Wright reviewed the Operations Report and the Management Report.

It was again noted that the District received approval of the FEMA claim. However, administrative costs incurred by MOC with respect to the FEMA claim have not been paid. To pursue the administrative costs, FEMA ordinarily requires that the applicant demonstrate that the costs were paid to a low-bid contractor selected through a competitive bidding process. Unfortunately, this requirement is often inconsistent with how Municipal Utility Districts operate. Instead of bidding the management of disaster response and FEMA applications, districts typically assign these tasks to their existing operations and management contractor and/or staff. Mr. Wright has run into this problem before and has even had an attorney from another district write a detailed letter to FEMA, but in his experience, they have always been difficult about this issue. With the amount of time it is costing the District to try and collect this remaining amount, he believes it is a wash and is requesting that the District authorize MOC to forego pursuit of the administrative fees for their work on the FEMA claim.

Upon motion by Director Bethke, seconded by Director Kelly and unanimously carried, the Board accepted the General Manager's Report. The Board also expressed its thanks to everyone at MOC for their efforts in collecting the FEMA claim.

The Board discussed that with respect to the Lift Station 1 cleanout, a lot of sludge remained after the tank was drained. The Board asked why there was so much sludge. Mr. Wright believes it is due to past plant membrane performance. Mr. Wright mentioned that he has a proposal of \$28,000 to sandblast and then epoxy the walls of the Lift Station. He also noted that this is a shared expense with HCWCID No. 1.

Mr. Wright then mentioned that he received a quote of \$7,500 to paint Lift Station No. 4 vault box piping and that this was in the current budget for \$25,000.

With respect to Lift Station No. 6, MOC received a quote of \$24,000 to paint the wet well piping and vault box piping. This is also in the current budget for \$45,000.

Ms. Wright continued with the Management Report noting that the District had 4 watering violations. There are two pool builds, MOC has made sure that both residents understood that they cannot enter the greenbelt and they have both signed an acknowledgment to that effect. In addition, Ms. Wright mentioned that there was damage to an electric box and it appears that someone hit it. MOC will get it repaired.

With respect to the 100 acres, Ms. Wright reviewed a photograph of the damage that e-Bikes are causing in the greenbelt. It was noted that this matter will be discussed under the Administrative, Legal and New Business Agenda item but Ms. Wright wanted the Board to see the damage that e-Bikes are causing to District property before they have that discussion.

Ms. Wright stated that representatives of the Belterra Community Association (“BCA”) had approached her about potentially increasing the number of law enforcement patrols around holidays throughout the year. Mr. Kutac asked if the BCA was requesting to formally participate in the District’s contract with the Sheriff’s Office. Ms. Wright stated that the BCA was not making such a request, and that Sergeant Mayes had stated that working through the Districts’ contract would be more efficient. Instead, the BCA proposes to reimburse the Districts for additional shifts ordered under the Districts’ contract. It was noted that the Districts would be evaluating the current monthly base fee and the amount of patrols to be requested thereunder. Ms. Wright mentioned that the HCWCID No. 1 Board asked Ms. Wright to request more specifics on the BCA request so that the Board could determine whether the additional patrols could be incorporated under the Districts’ contracts without the BCA needing to participate. She also noted that HCWCID No. 1 does not want to see an increase in BCA fees. Mr. Kutac mentioned that it appears the BCA wants more holiday coverage and hopefully, the District can absorb those costs. It was noted by the Board that the crimes in the District appear to be crimes of opportunity. The car burglaries were all cars that were unlocked. The Board asked Ms. Wright to get more information from the BCA.

Upon motion by Director Bethke, seconded by Director Kelly and unanimously carried, the Board approved (1) the proposal from Preventive Services, L.P. for \$28,000 for sandblasting and painting Lift Station No. 1; (ii) the proposal from Preventive Services, L.P. for \$7,500 for sandblasting and painting Lift Station No. 4; and (iii) the proposal from Preventive Services, L.P. for \$24,000 for sandblasting and painting Lift Station No. 6.

The Board also mentioned that it is not interested in Flock at this time.

The Board would like to schedule a Joint Parks Committee meeting to discuss the aesthetic plans for the monuments.

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

7. EXECUTIVE SESSION: With regard to Item No. 6(b) and 7(d) of the posted agenda for the meeting, upon motion by Director McGillicuddy, seconded by Director Kelly and unanimously carried, the Board retired, along with Mr. Kutac to Executive Session at 6:40 p.m. The Board reconvened at 6:51 p.m. No action was taken during the Executive Session.

Upon motion by Director Bethke, seconded by Director Lee and unanimously carried, the Board found that, due to circumstances unique to the fine discussed earlier, a reduction of the fine to \$500 is warranted.

8. ADMINISTRATIVE AND LEGAL:

- a) Website: Mr. Kutac stated that he understood that Mr. Douthitt had reviewed the materials that Inframark had provided to verify the outstanding invoices. In looking through the invoices, it was realized that the amount the Districts were questioning with Inframark was insignificant by comparison to the cost of acquiring the domain name or changing the domain name. It was also noted that HCWCID No. 1 agreed to pay the total amount \$102,749.35 under the proposed memorandum of understanding ("MOU"). If the Board approves the MOU as presented in the packet, a date can be set for Director McGillicuddy and Mr. Kutac to meet to verify the password.

Upon motion by Director McGillicuddy, seconded by Director Bethke and unanimously carried, the Board approved the version of the MOU in the Board Packet.

Mr. Kutac also noted that he will prepare an escrow agreement to maintain the passwords for the District.

- b) Rate Study: Mr. Kutac stated that in recent discussions have indicated that it may be possible to avoid volume rate increases for the next year as long as the District is able to stick closely to its budget due to the District's overall financial position. However, the District is still uncovering for water on a per-gallon basis and Expergy has not completed its review. Mr. Joyce of Expergy will also be looking at the District's base rate in light of the law enforcement increase and other increases. In addition, Expergy will review the possibility of reduced revenue due to drought restrictions. He is close to providing a draft report of his findings. Mr. Joyce will send the rate report to Mr. Kutac and Mr. Douthitt for review.
- c) Rules and Regulations: Mr. Kutac reviewed the proposed revisions to the Rules and Regulations in detail. He has based this draft on input from the Joint Committee's recommendations. He is adding a definition for eBikes, motor vehicles and other vehicles, which would cover golf carts and ATVs. He noted that the District wants to allow certain activities in the greenbelt like walking, jogging and playing while prohibiting activities that will damage the greenbelt, like damage caused by a truck or trailer. He discussed that Hays County's position is similar to the District's position on eBikes, based upon the discussion at the committee meeting. He mentioned that there is a proposed 10 mph limit. Mr. Kutac asked the directors to provide comments to him between this meeting and the April meeting.
- d) Conferences: The Directors were asked to coordinate with MOC if they would like to attend the Case or AWBD conferences. The AWBD conference is in San Antonio from June 12th through 14th and the CASE conference is in Corpus Chris from June 26th through 28th.
- e) Water Supply Items: No update.
- f) Calendaring: The next regular Board meeting will tentatively be scheduled for April 17, 2025 at 5:45 p.m.

8. EXECUTIVE SESSION: With regard to Item No. 7(h)(i) of the posted agenda for the meeting, Upon motion by Director McGillicuddy, seconded by Director Lee and unanimously carried, the Board retired, along with Mr. Kutac to Executive Session at 7:12 p.m. The Board reconvened at 8:01 p.m. It was noted that no action was taken during the Executive Session.
9. ADJOURNMENT: There being no further business to conduct, Director Lee moved that the meeting be adjourned, which motion was seconded by Director Bethke and unanimously approved. The Board adjourned until further call.

APPROVED AND ADOPTED on the 17th day of April 2025.


Sean McGillicuddy, Secretary

(DISTRICT SEAL)

