

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 January 16, 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. 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, 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 Lauren Barzilla of Burgess & Niple (“BN”), the District’s engineer and Jesse Trevino of Sunscape Landscaping, the District’s landscapers.

1. PUBLIC COMMENT: Director Bethke called for 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 December 19, 2024 Board Meeting. Upon motion by Director Kopperud, seconded by Director McGillicuddy and unanimously carried, the Board approved such Minutes.
3. FINANCIAL:
 - a) Accounting Report: Mr. Douthitt reviewed Bott & Douthitt’s Accounting Report dated January 16, 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 November 30, 2024 Financial Statement for review and approval by the Board. Mr. Douthitt stated that he received the tax levy for 2024. For the year, it looks like tax levy will cover the budget.

- b) Audit: Mr. Douthitt also noted that he sent the paperwork to the auditor but the audit is not ready yet. He also discussed that the filing deadline for the audit is February 12th which is before the District's regularly scheduled meeting in February. The Board discussed having a special meeting on February 10th to accommodate the deadline.
- c) Administrative Items: No additional items were discussed.

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 Landscaping Report: Mr. Trevino reviewed the Landscaping Report and the Irrigation Report. With respect to culvert near Harris, Director McGillicuddy did not realize that Sunscape would use concrete. Mr. Trevino responded that there is a pipe under the culvert, but Sunscape added the concrete to prevent debris from going into the pipe. Director McGillicuddy asked about vegetation. Mr. Trevino noted that it would be hard to add vegetation because of the surrounding hard caliche and gravel. Ms. Barzilla suggested a mat or putting bigger rocks around it. The Board requested that the culvert look a little more natural but requested that not too much Riprap be added. They would like a combination of an erosion mat and rock. The Board asked when spring plants will be planted. Mr. Trevino stated that they would be planted in late February if no freezes are expected. At the same time, he is hoping to revegetate on Estes.
- (b) Trail Maintenance: With respect to the nature trail at Pinnacle, there was a stuck valve which left the trail very saturated but it did not wash out the trail. Sunscape shut off the valve and Arturo Hernandez will be on site tomorrow to fix it. Mr. Trevino also mentioned that motorized vehicles are damaging the trails by making ruts.

5. ENGINEERING:

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

With respect to proposed Pinnacle Park, Ms. Barzilla gave the cad files to Landscape Architect and they have a meeting scheduled in a week or two.

With respect to the watering schedule, the Board discussed that the LCRA might be implementing Stage 2 restrictions due to lake levels and anticipated inflows. Mr. Kutac noted that the Board had previously discussed the possibility of adjusting the watering dates. The Board discussed that they would like to know a final plan with respect to the proposed water tank before they consider changing the watering schedule. Ms. Barzilla agreed. The Board also would like the watering schedule to be consistent with HCWCID No. 1's watering schedule.

With respect to engineering rates, Ms. Barzilla met with Director Bethke and Director

Kopperud. B&N's rates have not been updated since 2020. The updated rates and the standard agreement are in the Board Packet. In lieu of an escalator, B&N has requested that the District review their rates every two years. Director Kopperud would like to discuss the rates in Executive Session. The Board asked if Ms. Barzilla is considered a principal at B&N and she confirmed that she is. She also mentioned that the increase is based on inflation. Mr. Kutac mentioned that HCWCID No. 1 had assigned the increase request to the Financial Committee and the committee wanted to meet with the District's Financial Committee to make sure the rates are consistent between the Districts.

With respect to the proposed Pinnacle Park, the survey went out Monday, January 13th and will be closing January 26th. The survey is open for two weeks. The Board asked that MOC send out a reminder regarding the survey next Monday (one week after the survey was originally sent out) and that the reminder be posted on social media.

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

With respect to the Reuse Irrigation pressure issues, Sunscape tested the air release valve and it needs to be replaced. Replacing the air release valve will not solve all of the reclaimed water pressure problems near the ESD but it is a step in the right direction. The malfunctioning air valve results in more air in the line so that when the irrigation zones are activated, the heads are spraying air and reclaimed water, rather than just reclaimed water.

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

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

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

Mr. Wright noted that MOC is working with Proscape on alarm issues. The alarms are functional but there are some alarms that are still going off mistakenly.

With respect to the Lift pump that was replaced at Lift Station No. 6, it has a one year warranty.

There is a new pool build request at 11816 Mesa Verde. The Board asked that since it is backing up to the greenbelt that MOC make sure the resident knows they are not authorized to use the greenbelt. Ms. Wright responded that she has already reviewed this issue with the resident and had them initial that they are aware that they cannot use the greenbelt.

With respect to the kiddie mulch, if the weather permits, they are going to install this week. If it freezes, then they will do it next week.

Mr. Wright mentioned that MOC is putting the emergency plan in place for a potential freeze. The Board noted that a local plumber put some information on social media, but later removed it and posted the MOC video on his website.

Upon motion by Director McGillicuddy, seconded by Director Lee and unanimously carried, the

Board accepted the General Manager's Report.

7. ADMINISTRATIVE AND LEGAL:

- a) Website: Mr. Kutac noted that Inframark ran into problems in restoring the GoDaddy credentials for the District website because Ms. Hester's e-mail address was not the address used to set up the domain name. Inframark tried to reset the password but the e-mails from GoDaddy were not coming to Inframark. Mr. Kutac was able to ascertain that the GoDaddy records reflect that certain other individual employed by Inframark were the originators of the domain name. Mr. Kutac passed these names to the attorney at Inframark, but Inframark is still in the process of attempting to recover the credentials. If Inframark receives an e-mail from GoDaddy and is able to obtain the credentials, then the District does not need to take further action. However, if they do not receive the e-mail from GoDaddy, then the District may need to pursue other actions, which Mr. Kutac reviewed.
- b) Proposed Hourly Rate Adjustment for B&N: The Board will discuss with Mr. Kutac in Executive Session.
- c) Water Supply Items: Mr. Kutac discussed that it is likely that the LCRA is expecting to be in Stage 2 as of March 1st unless the areas gets a lot of rain in the near future. The Board discussed that if the watering stages are changing again, they would like to inform the residents. Mr. Kutac suggested sending out and/or posting the LCRA message to social media. The Board asked MOC to post the LCRA message to the District's website and on social media. The Board also asked MOC to check with Mr. Kutac as to wording.
- d) Legal Matters:
 - i) Kubota Warranty Claim: Will be discussed in Executive Session.
 - ii) E-Bikes: This topic was discussed earlier but Mr. Kutac wanted the Board to know that MOC got a couple of reports concerning e-bikes in the greenbelts and on trails, and someone posted on the neighborhood Facebook page asking if people are allowed to ride e-bikes in such areas. Under the current District rules, there is no specific declarations regarding e-bikes in greenbelt areas. The Rules provide that walking, hiking, jogging and biking are permitted. Mr. Kutac reviewed the current statutes applicable to e-bikes and their regulation. Mr. Kutac recommends that if the Board wants to specifically prohibit E-Bikes in the Greenbelt that it adopt amended rules at the next Board Meeting. Director McGillicuddy mentioned that he understands that the legislature will be addressing this issue. The Board discussed the difference between E-Bikes, Bicycles and Motorbikes. The Board would like for the Joint Customer Care Committee to discuss this matter and bring back a recommendation.
 - iii) Rate Study: Mr. Kutac mentioned that a call on Monday with Mr. Joyce went well. Part of the discussion included the interconnect meter which is causing water tracking issues. MOC is tracking data for each District, and clarified that the tracking issues arise due to water flowing in both directions past the meter. They recommend that each district sign an agreement to memorialize the process that MOC currently implements to track water consumption between the Districts. The other way to deal with the issue is to turn off the

interconnect meter, which is how this issue was dealt with in the past. The interconnect meter was off until the District began receiving reports of low water pressure from residents. MOC would like to get rid of all of the interconnect meters because they are not accurate. Mr. Kutac stated that he would not recommend removing the meter even if it is not used to determine flow between the Districts. Ms. Barzilla asked if a check valve would work. Mr. Wright thought it would. Mr. Wright again noted that the issue with the interconnect meter is that water can flow both ways through the meter. If the Districts move forward with the proposed water tank, that would solve the issue because then the water would only flow one way. Mr. Kutac also mentioned that Inframark never stopped charging the water purchase adjustment for the District Mr. Joyce is reviewing the impact of potentially removing this charge.

- e) Calendaring: The Board determined that the Board will schedule a special Board meeting on February 10th at 5:00 p.m. to review the audit. The next regular Board meeting will tentatively be scheduled for February 20, 2025 at 5:00 p.m.

8. EXECUTIVE SESSION: With regard to Item No. 6(d), 7(b) and 7(d)(i) of the posted agenda for the meeting the Board retired, along with Mr. Kutac to Executive Session at 6:47 p.m. The Board reconvened at 7:18 p.m. No action was taken during the Executive Session.

Upon motion by Director Bethke, seconded by Director Lee and unanimously carried, the Board authorized moving forward with the cybersecurity assessment recommendations. The cost is \$123,865 with a 20% contingency. It is a shared cost. Director McGillicuddy would like for Section 3 of the cybersecurity plan implemented by this time next year in the 2026 fiscal year budget.

With respect to B&N's requested rate increase, the Board decided to table until next month.

With respect to item 6(c) of the agenda, Director Bethke noted that the Monarch repair was not how she would have preferred. The Board discussed having Sunscape stick to landscaping projects and perhaps looking elsewhere for special outdoor projects. They have no landscaping complaints, and noted that Sunscape made additional efforts on fence lines. The Board also mentioned concerns with respect to delays and quality. The Board then noted that they would like the landscaping increase to be set at 3%. Mr. Douthitt stated that the increase is already covered in the budget.

Upon motion by Director Kopperud, seconded by Director Kelly and unanimously carried, the Board approved the 3% rate increase to be effective as of January 1, 2025.

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 20th day of February 2025.


Sean McGillicuddy, Secretary

(DISTRICT SEAL)

