

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 February 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 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 January 16, 2025 Regular Board Meeting and the February 10, 2025 Special Meeting. Upon motion by Director Lee, seconded by Director Kelly and unanimously carried, the Board approved such Minutes.
3. FINANCIAL:
 - a) Accounting Report: Mr. Douthitt reviewed Bott & Douthitt’s Accounting Report dated February 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, bond payments and fund transfers and the December 31, 2024 Financial Statement for review and approval by the Board.

- b) Arbitrage Reports: The Board reviewed the arbitrage reporting for the Series 2014 bond issuance. Mr. Kutac informed the Board that there is no rebatable arbitrage. Upon motion by Director Bethke, seconded by Director Kelly and unanimously carried, the Board acknowledged receipt of such report.
- 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, bond payments and transfers set forth in the Accounting Report.

4. LANDSCAPING:

- (a) Sunscape Landscaping Report: Mr. Trevino reviewed the Landscaping Report and the Irrigation Report. Starting in March, Sunscape will go back to weekly service and will apply the first round of pre and post emergent as well as fertilizer. Mr. Trevino also noted that Sunscape covered the concrete culvert that was discussed at last month's meeting with rocks to make it look more natural. In addition, Sunscape added the kiddie mulch into the parks.
- (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) WWTP Joint Facility Report: Ms. Barzilla reviewed the Joint Facility Report.
- b) District Report: Ms. Barzilla reviewed the District Engineering Report.

With respect to the watering schedule, Director McGillicuddy would prefer to follow the District's schedule versus the LCRA and WTCPUA schedules. Mr. Kutac acknowledged that it does appear that whenever the District revises its water schedule to coincide with the LCRA and WTCPUA schedule LCRA or the WTCPUA change their schedule again. The last time this happened, the District decided to follow its own schedule. Mr. Kutac mentioned that HCWCID No. 1 has not had any discussions with respect to changing the water schedule. Ms. Barzilla asked if she should remove this item from the Engineering Report but Director McGillicuddy asked that she keep it on for at least one more month.

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

With respect to the Joint Committee Meeting to discuss the water tank, the committee reviewed results of the survey. It was noted that there was about a 10% response rate with a total of 188 respondents. Out of the 188 respondents, 154 respondents replied that they had some type of low water pressure issue at some point in time over the last year. The data lined up with Ms. Barzilla's modeling report. The committee members agreed that, based on the information that they have compiled and reviewed, it appears that there are locations

within the District that experience low water pressure at times when the WTCPUA storage tank is low. After discussing, the committee thinks that they may be able to pay for the potential water storage tank with minimal impact on the rate structure. It was noted that HCWCID No. 1 has already approved moving ahead with the design phase costs, but Mr. Kutac mentioned that there was some concern amongst members of the HCWCID No. 1 Board that the low water pressure issues are not prevalent enough in their district to warrant the expense of a water tank. Mr. Kutac mentioned that they are also concerned that all of the details of the arrangements between the districts, the WTCPUA and LCRA. Director Bethke then mentioned that Doug Botts is selling his house so he will not be continuing as the President of HCWCID No. 1. Director Bethke thinks there is a time when both districts will have to meet to decide if they are moving forward with construction of a water tank. Director McGillicuddy asked whether the water tank project might affect the rates that the WTCPUA charges the District for water, and Mr. Kutac replied that he did not think the WTCPUA would have a basis to increase the rates. He did note that the rates are different for the District and HCWCID No. 1, which might result in some questions that may need to be resolved with the WTCPUA.

Director Bethke mentioned that the District's engineer determined that there are 4.9 acres of land at the elementary school that already has reclaimed water piping. If the school district agreed to allow the districts to utilize their reclaimed water piping it would save the districts money because they would not have to replace as much of the reclaimed water irrigation area that would be displaced by the water tank. Director Bethke would like the Board's permission to approach the school district to ask if the school district would be amenable to allowing the districts to use that area for reclaimed water and in exchange, the districts would mow and take care of the area for the school.

Upon motion by Director McGillicuddy, seconded by Director Lee and unanimously carried, the Board authorized Director Bethke to approach the school to discuss the proposed use of the area.

With respect to the non-functioning air release valve at the ESD, Ms. Barzilla noted that MOC will be replacing it.

Ms. Barzilla informed the Board that she will not be able to attend the March Board meeting.

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

Upon motion by Director Kelly, seconded by Director Bethke 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.

Mr. Wright noted that the tank is nearly empty and the temporary secondary treatment unit has been removed. They are ready to clean the bottom of the tank and have received two quotes. Mr. Wright reviewed the quotes from K-3BMi and WWTS for basin cleaning and mentioned that both prices were similar. Mr. Wright recommends going with WWTS. The total cost would be approximately \$50,000. When asked how long it will take to clean the basin, Mr. Wright replied that he is hoping

the contractor can complete the work in two days. Mr. Wright noted that now that the tank is almost empty the odor has been stronger, so he would like to get the work scheduled as quickly as possible. Mr. Wright mentioned that HCWCID No. 1 approved the WWTS quote contingent on the District's approving the quote as well.

Ms. Wright mentioned that there is one rule violation for the Board's consideration. The resident was extending their patio and accessed the greenbelt without authorization. The Board asked that MOC issue the standard \$5,000 fine and let the resident know that they can come to the next Board meeting to discuss. The resident is expecting the fine. Ms. Wright also mentioned that the contractor stated that the HOA gave him permission but the new person at the HOA told MOC that he did not give them permission. Mr. Kutac noted that MOC does not need authorization to issue the fine because the fines are a set rate and the District already granted MOC the right to issue violations and fines.

With respect to terminating service for customers who have not paid, the Board gave approval to cut the service.

Ms. Wright mentioned that if the District moves to Stage 2 on March 1st, there is a group of customers that will lose their watering day because the 1st is on Saturday, and there are customers currently scheduled to water on that day. She recommended moving to Stage 2 on March 2nd so that everyone has the same opportunity to water during the week. Ms. Wright also requested permission to send a mass communication to the customers advising that the District is moving to Stage 2 restrictions. The Board asked Ms. Wright to post the watering chart and to also send a mass message on Friday or Monday notifying the residents of the change. The Board would also like MOC to send another mass message on the 28th reminding the residents that the District is moving to Stage 2. The Board provided further instruction to Ms. Wright regarding the issuance of fines, which will commence on March 10th.

Ms. Wright mentioned that MOC is starting to work on the next customer newsletter.

She further noted that Texas Disposal Systems would like to take the Board on a tour of their disposal landfill.

With respect to 305 Brentwood, Sunscape is waiting to re-seed until spring to ensure that the grass grows.

Upon motion by Director McGillicuddy, seconded by Director Lee and unanimously carried, the Board approved the WWTS proposal for the wastewater storage tank cleaning.

With respect to Pinnacle Park, the Parks Committee met with the designer and walked the site. The designer brought high level concept drawings of the proposed park. There is still a lot to do but they will bring their proposals to the Board for approval soon. The designer is planning to give the District two concepts. However, the Board would like to choose one concept to show the residents to get feedback. Once they get feedback from the residents, then they can make tweaks to the concept.

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

7. ADMINISTRATIVE AND LEGAL:

- a) Website: At the last meeting, Mr. Kutac confirmed that Inframark has the District's GoDaddy credentials. Inframark tested the credentials and they can access the GoDaddy account. Mr. Kutac mentioned that with respect to the invoices, there were some invoices that were generated after Inframark no longer worked for the District and the District wanted verification that those were accurate. Yesterday, Inframark supplied spreadsheets and work order documents for the District's review. The difference in the amount that the District has previously verified and the total amount that Inframark has submitted is approximately \$20,000. Mr. Kutac is hoping that by next week, we insert the appropriate amount in the Memorandum of Understanding and have the bank send the first half of the payment. After the District verifies that Inframark has access, then the second half of the payment will be sent to Inframark. Mr. Kutac mentioned that the Memorandum of Understanding was also changed to reflect the bifurcated payment.

Upon motion by Director McGillicuddy, seconded by Director Bethke and unanimously carried, the Board approved the amended Memorandum of Understanding with Inframark.

- b) Proposed Hourly Rate Adjustment for B&N: The committee reviewed the rates and are comfortable with the rates. Mr. Kutac mentioned that the original Engineering Agreement was executed in 2010 and when it was negotiated, the District allowed a limitation of liability. Mr. Kutac does not like limitations on liability in contracts for District services, so he spoke to B&N about increasing their liability. The new proposed liability limit for Task Orders for services under \$50,000 is \$150,000 and for services over \$150,000, the liability is the greater of \$1.5 million or three times the fees paid under the Task Order.

Upon motion by Director Bethke, seconded by Director McGillicuddy and unanimously carried, the Board approved the Amendment to the 2010 Engineering Services Agreement and authorized signature.

- c) MOC Personnel: The Board reviewed the Resolution Approving Changes to Contractor Personnel. Mr. Kutac reminded the Board that MOC is required to inform the Board of any personnel changes. He stated that MOC has done so, but the resolution is proposed to acknowledge changes that have occurred since contract execution.

Upon motion by Director Bethke, seconded by Director Lee and unanimously carried, the Board approved the Resolution Approving Changes to Contractor Personnel and authorized signature.

- d) Sunscape Amendment: Mr. Kutac explained that there was an error in the Second Amendment to the Sunscape Landscaping Agreement so the numbers in the Third Amendment were incorrect. They have been corrected now.

Upon motion by Director Bethke, seconded by Director McGillicuddy and unanimously carried, the Board approved the Third Amendment to the Sunscape Landscaping Agreement.

- e) Possible Cell Phone Tower: The company has selected another site for the cell phone tower

and will not continue to pursue a site in the District.

- f) Travel Expense Policy: Mr. Kutac explained that the daily amount for meals and incidentals when traveling has not been updated in many years. Ms. Hahn looked up the current rate on the GSA website. The current rate is \$80 per day.

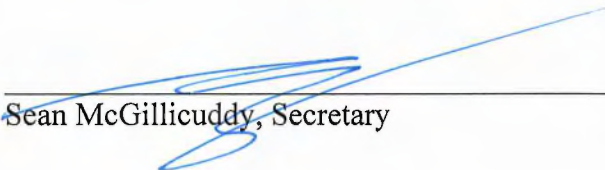
Upon motion by Director Bethke, seconded by Director McGillicuddy and unanimously carried, the Board approved the Order Adopting the Updated Code of Ethics, Travel Expense Policy. . .which increases the travel expenses to \$80 per day. In addition, the Board asked that the Travel Expense Policy be reviewed on an annual basis.

- g) Rate Study: Mr. Kutac noted that he will discuss this issue with the Board in Executive Session.
- h) E-Bikes: There is a joint meeting with HCWCID No. 1 scheduled. HCWCID No. 1 would like Sergeant Mayes of the Hays County Sheriff's Office to attend the meeting. Mr. Kutac noted that HCWCID No. 1 has received reports of kids, that are probably coming from other neighborhoods, riding E-Bikes in the greenbelt. It was also noted that members of the Board had been notified of incidents involving kids throwing rocks at dogs in backyards within the District. The Directors discussed their experiences with aggressive E-bike usage within the District. Director McGillicuddy noted that the Sheriff's Office recently stopped a number of riders and required their parents to pick them up. The Board discussed that under the current District rules, the E-Bikes are allowed on the gravel trails but are not allowed on the natural trails. The Board discussed nature trails versus gravel trails. The gravel trails are considered improved so the E-Bikes can ride on them. Mr. Kutac mentioned that the E-Bikes can be banned from the greenbelt. The Board discussed that they were in favor of amending the rules to address E-Bike usage within the District. One of the Board members brought up an 80 year old neighbor that rides an E-Bike to get around and the Board discussed how prohibiting E-Bikes would affect that neighbor.
- i) Additional Administrative and Legal Items: Mr. Kutac mentioned that he has moved offices and has a large number of District old working files that include drafts and notes which are no longer required to be kept by the District. He stated that he had requested permission from HCWCID No. 1 to dispose of the files, and HCWCID No. 1 thought that it would be a good idea to discard those and other old records at the same time. MOC is having a shred day so if any of the Directors have any documents that need to be shredded, please let them know.
- j) Water Supply Items: Discussed earlier in the meeting.
- k) Calendaring: The next regular Board meeting will tentatively be scheduled for March 20, 2025 at 5:45 p.m.

8. EXECUTIVE SESSION: With regard to Item No. 7(h) 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. No action was taken during the Executive Session.

9. ADJOURNMENT: There being no further business to conduct, Director McGillicuddy moved that

APPROVED AND ADOPTED on the 20th day of March 2025.


Sean McGillicuddy, Secretary

(DISTRICT SEAL)

