

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 July 18, 2024 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 Lee. 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 financial advisor for the District, Allen Douthitt with Bott & Douthitt, the District’s bookkeepers, Lonnie Wright and Chris Sanchez of Municipal Operations and Consulting, LLC, the operations and management contractor for the District, Lauren Barzilla of Burgess & Niple (“BN”), the District’s engineer and Jesse Trevino from Sunscape Landscaping, the District’s landscaper.

1. PUBLIC COMMENT: Mr. Kutac called for public comment. Hearing none, the Board moved to the next Agenda item.
2. MEETING MINUTES: The Board confirmed receipt of the Minutes from the June 18, 2024 Special Board Meeting. Upon motion by Director Bethke, seconded by Director McGillicuddy and unanimously carried, the Board approved the June 18, 2024 Meeting Minutes.
3. FINANCIAL:
 - a) Accounting Report: Mr. Douthitt reviewed Bott & Douthitt’s Accounting Report dated July 18, 2024 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 Financial Statements for May 31, 2024 for review and approval by the Board.

Ms. Lane discussed the potential tax rate in the event the District issues a bond for water infrastructure improvements. She noted that HCWCID No. 1 has bonds that will be paid off in the next couple of years. If the District wants to be more consistent with the HCWCID No. 1 tax rate, Ms. Lane discussed the following scenarios that would help the District keep their taxes close to HCWCID No.1's taxes: (i), the District could issue a bond with a longer pay-back period so that it would lower the payments; (ii) the District could get approval to issue a bond and then could refund the bond at a later date when the rates are lower; or (iii) the District could use some of its fund balance to lower the total bond issuance.

The Board discussed the Budget Comparison in the Bookkeeping Report and Director Kopperud mentioned that he would like to get proposed items for infrastructure for the upcoming budget. The Board discussed items to be added to the budget.

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

- b) Audit Engagement: Mr. Kutac presented the Maxwell, Locke & Ritter proposal to prepare the District's audit for FYE September 30, 2025. He noted that the fee is \$18,500.

Upon motion by Director Bethke, seconded by Director Kopperud and unanimously carried, the Board authorized the engagement of Maxwell, Locke & Ritter to prepare the Audit Report and authorized signature of the Engagement Letter.

4. LANDSCAPING:

- (a) Sunscape Landscaping Report: Mr. Trevino reviewed the Landscaping Report. During the report, he noted that the kid friendly mulch is getting low in all of the parks and may need to be refilled. The Board discussed that the kid friendly mulch is a softer mulch used in playgrounds. They have been having Fun Abounds fill the mulch but it would be easier to keep up with if Sunscape could do it. With that in mind, the Board asked Mr. Trevino to give them a quote to refill.

Director Bethke mentioned that the base of the tree, by the trail map sign near Monarch, appears to have been clipped by machinery yesterday. Mr. Trevino stated that he will take a look at it. They were resurfacing trails yesterday and it may have been hit by the Bobcat.

Director Bethke asked Sunscape to do a fence line check.

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

- (b) Trail Maintenance: No update.

5. ENGINEERING:

- a) District Report: Ms. Barzilla reviewed the District Engineering Report.

Ms. Barzilla stated that with respect to the Mockingbird Trail repair, Dig Dug corrected the issue and it looks good. She is recommending approval of Pay Application No. 1 for \$27,348.96. That will still leave retainage until the re-vegetation is established.

Upon motion by Director Kelly, seconded by Director McGillicuddy and unanimously carried, the Board approved Pay Application No. 1 for Dig Dug for \$27,348.96.

With respect to the water modeling, Ms. Barzilla reminded the Board that there is still the possibility of the homes in Pinnacle, with pressure problems, to move back to the original WTCPUA pressure plane. She then explained that the water modeling is a completely separate project than the potential water tank.

The Board asked that Ms. Barzilla remove the watering schedule item from the Engineering Report because revising the water schedule is not necessary at this time. Mr. Kutac will let everyone know if it needs to be discussed in the future.

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

With respect to the Belterra Community Association's ("BCA") xeriscaping policy, Ms. Barzilla mentioned that HCWCID No. 1, at a cost not to exceed \$10,000, directed the District's engineer to determine the amount of xeriscaping that could be allowed in the District without adversely affecting the drainage or jeopardizing the District's drainage and water quality. Director Bethke mentioned that she met with the Marsha Hove of the BCA. The BCA was hoping that the District's engineer could write the policy. Director Bethke explained to Ms. Hove that that is not possible. Director Bethke then noted that the \$10,000 fee for engineering services would be shared expense with HCWCID No. 1.

Upon motion by Director McGillicuddy, seconded by Director Kopperud and unanimously carried, the Board, at a cost not to exceed \$10,000, directed the District's engineer to determine the amount of xeriscaping that could be allowed in the District without adversely affecting the drainage or jeopardizing the District's drainage and water quality.

Ms. Barzilla then reviewed the Water Model Questions and Answer sheet in her report and explained that this is her response to Director Bill Dally's (HCWCID No. 1), questions. She thought the questions were very helpful and wanted to share them with the Board. The Board discussed HCWCID No. 1's concerns about the cost/benefit of water tanks to their district. The Board also discussed the process to prevent water from entering the District's potential water tank in the event of a Boil Water Notice from the WTCPUA. Director McGillicuddy noted that he does not want to spend a lot of money on a water tank if it will not address the Board's concerns. The Board then discussed growth and whether the WTCPUA will be able to keep up and retain the water pressure required to avoid Boil Water Notices. Director Kopperud stated that if the District has a water tank, it would probably not have to worry about growth because it would create its own pressure. Director Kopperud asked if it was possible to do a pros and cons list of having a water tank to help the districts with a decision. Ms. Barzilla replied that she could do a pros and cons list.

The Board asked MOC to do a news story on the purple fire hydrants so that the residents know what they are.

- c) 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:

- a) Manager and Operations Report: Ms. Wright reviewed the Operations Report.

Mr. Wright noted that the membranes were replaced and the plant is working well now. He mentioned that using this vendor had worked out well and that they did a very good job based on preliminary results. Some irrigation heads were stopped up before the membrane units were replaced. He will work with Sunscape to address the broken heads.

It was noted that with respect to the Purple Fire Hydrants, MOC was trying to get the Fire Department to do a flow test but the Fire Department is not responding.

The resident on Mesa Verde Drive is concerned that a tree in the greenbelt is interfering with the growth of a tree in her yard. MOC will assess and come up with a plan.

Mr. Wright discussed the cut-off list and noted that due to Hurricane Berryl, their Houston office did not have power for several days so he would like to continue working with the customers that have not paid their bills yet.

Upon motion by Director Bethke, seconded by Director Kopperud and unanimously carried, the Board approved Sunscape's Proposal No. 29109 for \$10,531.88.

Director Bethke asked if MOC could check the culverts that are clogged.

The Board then discussed the nature trail and the wet areas. Director Bethke noted that some berms have been knocked down or worn away over time. Ms. Barzilla asked Director Bethke to drop a pin on the areas she is concerned about and she will check it out.

With respect to the pedestrian bridge south of the purple fire hydrant, the Board asked if MOC could check to make sure it has been repaired.

- b) Public Hearing for Violations of District Rules: No hearings were required.

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

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

7. ADMINISTRATIVE AND LEGAL – Item 7:

- a) LCRA Curtailment Plans: Mr. Kutac informed the Board that the LCRA had comments to the curtailment plan submitted in May, noting that the church would not be taken into account until after it comes online. However, since it has rained a lot lately, it does not appear that the Curtailment Plan would become effective this year.
- b) Rate Order Consultant: Mr. Kutac noted that Mr. Joyce of Expergy sent a proposal to provide a rate study for the District. Mr. Kutac stated that he has reviewed the proposal. It is thorough and incorporates the matters discussed by the Joint Finance Committee. Expergy has estimated that the cost to provide a Rate Study for the District and HCWCID No. 1 would be approximately \$30,000.

Upon motion by Director McGillicuddy, seconded by Director Kopperud and unanimously carried, the Board approved the engagement of Expergy and approved the proposal, subject to any additional input from the Joint Finance Committee.

- c) EPA Letter/AWIA Compliance: The Board asked for a risk assessment. Mr. Kutac will work with Mr. Wright to get a proposal for MOC to do a risk assessment.
- d) Texas DPS/Cybersecurity Warning: Mr. Kutac explained that the District received a letter from the Texas Department of Public Safety warning of possible cybersecurity attacks on water and wastewater facilities. The Board discussed the SCADA system and the security that MOC has in place to change passwords when an employee leaves MOC. Director McGillicuddy asked that MOC do a yearly assessment on the SCADA security systems.
- e) District Website: Mr. Kutac stated that HCWCID No. 1 has authorized termination of the Touchstone agreement for website hosting and approved the Especially Digital Agreement for website hosting.

Upon motion by Director McGillicuddy, seconded by Director Bethke and unanimously carried, the Board authorized the District's Attorney to issue a Notice of Termination to Touchstone if the Joint Management Committee approves the new website designed by Especially Digital.

Upon motion by Director McGillicuddy, seconded by Director Bethke and unanimously carried, the Board authorized approval and execution of a contract with Especially Digital.

Director Bethke asked Mr. Kutac to forward a link to the new website to the Directors.

- f) Waste Disposal Services: The Board discussed the proposals by Hill Country and Texas Disposal Services ("TDS") for waste disposal services when the Texas Disposal Services contract expires. With respect to Texas Disposal Services, they are increasing their price by 3%. However, they have agreed to increase the bag pick up to three bags and would pick up yard waste four times a year. If terminated, TDS will charge to pick up its trash cans/carts. It was noted that the concern with Hill Country is that they originally said they do not have the capacity to pick up trash in one day but could do it in two days. Director McGillicuddy stated that he was impressed with Hill Country but he is wary of changing in general because

he feels that if it does not work with Hill Country that it will cause major problems. The Board expressed that its preference is to stay with TDS and they would like HCWCID No. 1 be informed that their preference is to stay with TDS. However, they also want to use the same company as HCWCID No. 1 so that the service provider is consistent across Belterra.

- g) Calendaring: The Board determined that the next Board meeting will tentatively be scheduled for August 15, 2024.

8. EXECUTIVE SESSION: With regard to Item Nos. 7(i)(i) and 7(i)(ii) on the posted agenda for the meeting, upon motion by Director Kopperud, seconded by Director Bethke on and unanimously carried, the Board retired, along with Mr. Kutac to Executive Session at 6:28 p.m.

Following such Executive Session, upon motion by Director Bethke, seconded by Director McGillicuddy and unanimously carried, the Board reconvened in public session at 7:45 p.m.

It was noted that the Board received an update on matters related to Item Nos. 7(i)(i) and 7(i)(ii), but that no action was necessary in connection with either matter.

9. ADJOURNMENT: There being no further business to conduct, Director Kopperud 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 15th day of August 2024.


Sean McGillicuddy, Secretary

