

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 August 15, 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. 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, 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.

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 July 18, 2024 Regular Board Meeting. Upon motion by Director Bethke, seconded by Director Kopperud and unanimously carried, the Board approved the Minutes.
3. FINANCIAL:
  - a) Accounting Report: Mr. Douthitt reviewed Bott & Douthitt’s Accounting Report dated August 15, 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 June 30, 2024 for review and approval by the Board. Mr. Douthitt noted that water sales are down. Mr. Douthitt noted that Dig Dug Construction is listed in expenditures to be paid in the

Accounting Report, but that check will be held until Ms. Barzilla has confirmed that all of their obligations are completed.

Upon motion by Director Lee 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 with the above exception for the Dig Dug Construction check.

- b) Administrative Items: No additional items were discussed.
- c) Certified Tax Rolls: The Board acknowledged receipt of the 2024 certified tax rolls from the Hays Central Appraisal District.
- d) Financial Advisor Presentation on Certified Tax Rolls: Ms. Lane of Samco presented the certified 2024 tax data from Hays Central Appraisal District and reviewed the tax rate summary worksheet and recommendation on proposed tax rate. During her presentation, she noted that the District has a solid reserve. She mentioned that there is some confusion at the Texas Comptroller's Office with respect to the unused increment and how it is calculated in the TNT Worksheet, but the District is not expected to use the unused increment so it should not be a concern for the District. The Comptroller's Office may revise the TNT Worksheet next year. Ms. Lane is recommending \$0.73 for the 2024 Tax Rate. HCWCID No. 1 will probably set their 2024 Tax Rate at \$0.69 because they have had more time to pay down debt than the District. She reminded the Board that there are some big expenses expected this coming year.
- e) Proposed Notice on Public Hearing to Set Tax Rate: The Board reviewed the draft Water District Notice of Public Hearing on Tax Rate and noted that even if the Board approves posting the Notice at the maximum rate, it can still lower the rate after it determines its Budget for fiscal year end 2024.

Upon motion by Director McGillicuddy, seconded by Director Bethke and unanimously carried, the Board approved publishing the Notice of Public Hearing with the maximum tax amount of \$0.73.

- f) Operating and Debt Service Budget: Mr. Douthitt does not have the proposed budget yet. He is waiting on the HCWCID No. 1 infrastructure numbers and then he can prepare the District's budget. When he gets the draft budget completed, he will send to the District's Finance Committee for review.

#### 4. LANDSCAPING:

- (a) Sunscape Landscaping Report: Ms. Wright reviewed the Landscaping Report. She mentioned an issue with one of the Sunscape workers and noted that Mr. Trevino immediately dealt with the issue. The worker will not be coming back to the District.

Ms. Wright mentioned that the playground mulch needs to be refilled. She noted that the last time Fun Abounds replenished the playground mulch, they did not fill it to the appropriate level and then charged an additional fee when they came back to fill to the appropriate level. The Board discussed that it would prefer to have Sunscape replenish the

playground mulch.

The Board mentioned that an area near 506 Brentwood needs to be mowed monthly. At the corner of Prescott & Brentwood, the Oak is blocking the street and it is hard to see traffic. The Board asked if MOC would trim that Oak. It was also mentioned that the Sand Hills Lane fence line is on the list for Sunscape to mow but the resident is mowing. MOC will let Mr. Trevino know to check and make sure that area is being mowed by Sunscape.

- (b) Trail Maintenance: No update.

5. ENGINEERING:

- a) District Report: Ms. Barzilla reviewed the District Engineering Report. Ms. Barzilla is recommending acceptance of Pond 12A Gabion Wall Replacement and approval of the Pay Application for Pond 12A Gabion Wall Replacement.

Upon motion by Director Bethke, seconded by Director McGillicuddy and unanimously carried, the Board accepted the Pond 12A Gabion Wall Replacement.

Upon motion by Director McGillicuddy seconded by Director Kopperud and unanimously carried, the Board approved the final Pay Application for \$7,611.80 to Dig Dug Construction.

With respect to Sunscape's Proposal No. 30614, Ms. Barzilla noted that muddy water is pooling in the area. Ms. Barzilla is recommending doing the proposed dirt work and adding the berm to see if it corrects the problem. If not, pavers could be added at a later date.

Upon motion by Director Bethke, seconded by Director Lee and unanimously carried, the Board approved Sunscape's Proposal No. 30614 (dirt work only) for \$1,140.24.

- b) WWTP Joint Facility Report: Ms. Barzilla reviewed the Joint Facility Report. With respect to the culvert repair, Ms. Barzilla let Mr. Trevino know that that culvert is in HCWCID No. 1. Ms. Barzilla noted that HCWCID No. 1 is repairing the culvert.

With respect to possible water system improvements, Ms. Barzilla reviewed the pros and cons list she prepared. The Board discussed whether HCWCID No. 1 is on board to proceed with the project. The Board discussed the option of connecting the approximately 50 homes in Pinnacle that has pressure issues to the old pressure plane as the WTCPUA suggested. Ms. Barzilla noted that they do not know how much it would cost the District to connect those Pinnacle homes to the old pressure plane and since the WTCPUA has not acknowledged that the low-pressure issue is being caused by the WTCPUA, the District would be responsible for the cost. The Board discussed an in-line pump option. Ms. Barzilla spoke to a contractor who has installed in-line pumps but she does not know if it would work in the District or what the cost would be. The Board discussed the growth in and around Dripping Springs and how that growth will impact the District's water pressure issues in the future. Mr. Kutac also mentioned that the Rate Study will take the possibility of water system improvements into account.

With respect to the CPM pipe liner issue, Mr. Kutac has sent a letter to CPM reserving the rights under the warranty and notifying them that if the pipe liner breaks, the District will expect CPM to repair it.

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

Upon motion by Director Kopperud, seconded by Director McGillicuddy 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 mentioned that the membranes are all installed and the WWTP is running exactly as it should be with the exception of the 5.25-million-gallon tank which needs to be cleaned. Mr. Wright discussed that there are three options for removing effluent prior to getting the tank cleaned out. Although the effluent is already treated, Mr. Wright suggests secondary treatment until the tank has been cleaned. The first option is that they can run the effluent through the WWTP. However, he would prefer not to do that because he does not want to overwhelm the membranes. The second option is pumping and hauling which would cost approximately 8 cents a gallon and would be pretty expensive considering that 4 million gallons needs to be pumped and hauled. The third option is to use a third-party portable treatment plant. MMBR has a portable wastewater treatment plant on a trailer and they can treat the effluent with the portable tank and then send it to the District's disposal system. He would recommend the third option. The Board inquired as to whether the irrigation heads need to be repaired in all 210 irrigation areas before the water can be sprayed through it. Mr. Wright noted that Sunscape is already working on repairing the heads, using contract rates. The Board and Mr. Wright estimated that it will take approximately 4 months to drain the tank using a portable wastewater treatment plan. Mr. Kutac noted that the purpose of the tank is to provide effluent storage and reduce the possibility of discharge under permit conditions. He further explained that if the tank is not emptied and cleaned prior to the first hard freeze, the District might be required to discharge. He recommends that the District review the tank level in two months, and if the project is not on track, consider supplementing removal of the wastewater by pumping and hauling.

Upon motion by Director McGillicuddy, seconded by Director Kelly and unanimously carried, the Board approved the \$100,000 cost to dewater the plant.

Mr. Wright then mentioned that the District received a letter from the Texas Department of Public Safety expressing their concerns regarding potential cyberattacks targeting public infrastructure. Mr. Wright received a proposal for \$6,000 from Clarity Consulting Corporation ("Clarity") for a Cyber Security & Operational Assessment.

Upon motion by Director McGillicuddy, seconded by Director Kopperud and unanimously carried, the Board approved Clarity's proposal for \$6,000.

Fun Abounds provided Estimate No. 11488 for \$2,043.00 to replace the rope on the playscape and one section of rope on another piece of play equipment. Director Bethke noted that this is not a safety issue but it is general maintenance.

Upon motion by Director Bethke, seconded by Director McGillicuddy and unanimously carried, the Board approved Estimate No. 11488 for \$2,043.00 for Fun Abounds.

It was noted that residents on Encanto had finished their pool and requested a refund of their deposit. They were issued a notice of violation and fine of \$1,250 for unauthorized use of the greenbelt. They did not pay the fine.

Upon motion by Director Bethke, seconded by Director McGillicuddy and unanimously carried, the Board authorized MOC to return \$2,250 of their pool deposit. That is the \$3,500 less the \$1,250 fine.

Mr. Wright informed the Board that the operator is now Mike Reed instead of John Taylor.

Upon motion by Director Bethke, seconded by Director McGillicuddy and unanimously carried, the Board approved Sunscape Proposal No. 30545 to replenish the playground mulch at a cost not to exceed \$3,730.24.

MOC mentioned that the newsletter will be coming soon.

There are still no “No Parking” signs at the school. The Sheriff’s office is working with the commissioner’s court to proceed with the “No Parking” signs.

- 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 Kopperud and unanimously carried, the Board accepted the General Manager’s Report.

## 7. ADMINISTRATIVE AND LEGAL:

- a) Xeriscaping: Discussed during the Engineering Report.
- b) EPA Letter: Tabled until next month.
- c) Website: Mr. Kutac noted that the District had entered into a contract with Especially Digital to provide website services. MOC hired Lisa Albrecht of Especially Digital so now the website services will be provided by MOC instead of Especially Digital. Director McGillicuddy noted that Ms. Albrecht will be paid \$4,750 separately for the services she has already provided. The new website is expected to go live on September 1, 2024.

Upon motion by Director Bethke, seconded by Director Kopperud and unanimously carried, the Board approved termination of the Touchstone agreement for website services effective as of September 2, 2024.

Upon motion by Director Bethke, seconded by Director Lee and unanimously carried, the Board authorized payment to Lisa Albrecht/Especially Digital for services previously performed in the amount of \$4,750.00.

- d) Mr. Kutac explained that HCWCID No. 1 approved pressure washing during Stage 1.

Upon motion by Director McGillicuddy, seconded by Director Lee and unanimously carried, the Board approved pressure washing during Stage 1 of the DCP.

- e) Waste Disposal Services: Mr. Kutac reported HWCID No. 1 authorized Mr. Kutac to negotiate and finalize the agreement with Texas Disposal Services, in part based on the Board's previously expressed preference to retain TDS.

Upon motion by Director Bethke, seconded by Director McGillicuddy and unanimously carried, the Board authorized negotiation and execution of the contract with TDS, subject to the approval of the terms by the District's legal counsel.

- f) Kubota Membrane Warranty Claim: Mr. Kutac is trying to set up a meeting with Bryan at Kubota to discuss the issue prior to discussing with litigation counsel.
- g) 290 Expansion: Mr. Kutac mentioned that the BCA contacted HCWCID No. 1 to see if anyone is interested in working with them with respect to the 290 Expansion. Director Bethke mentioned that she would work with the BCA and keep both districts apprised.
- h) Calendaring: The Board determined that the next Board meeting will tentatively be scheduled for September 19, 2024.

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

APPROVED AND ADOPTED on the 19<sup>th</sup> day of September 2024.

  
Sean McGillicuddy, Secretary

