

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 September 19, 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 and Sally Gomez 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. In addition, members of the public included Jacob Stone and Bill Dally.

1. PUBLIC COMMENT: Director called for public comment.

Mr. Stone received a penalty for a pool violation. He stated that he was unaware of the rules and the minute he found out that he was breaking the rules, he ceased excavation for the pool. He respects the District and apologized for the violation. He never had any intent of ignoring the rules or trespassing on the District's property. He is asking for a limited access permit to finish construction of his pool. Mr. Wright asked him if there was any way around accessing the green belt. He responded that the equipment needed is too big to go down either side of his home. The air conditioning units for both his residence and his neighbors block access on one side of his home, and the other side is supported by a retaining wall. The Board reviewed Google Earth to determine if equipment would fit down the side of his home without damaging the HVAC or home, and notified Mr. Stone that they could not take action during public comment, but would take the matter up later in the agenda.

2. Public Hearing on 2024 Tax Rates: Upon motion by Director Kopperud, seconded by Director Lee

and unanimously carried, the Board opened the Public Hearing on the 2024 Tax Rate at 5:49 p.m. The Board called for public comment. Hearing none, upon motion by Director McGillicuddy seconded by Director Kopperud and unanimously carried, the Board closed the Public Hearing on the 2024 Tax Rate at 5:50 p.m.

3. MEETING MINUTES: The Board confirmed receipt of the Minutes from the August 15, 2024 Regular Board Meeting and August 29, 2024 Special Joint Board Meeting. Upon motion by Director Lee, seconded by Director McGillicuddy and unanimously carried, the Board approved both sets of Minutes.

4. FINANCIAL:

- a) Accounting Report: Mr. Douthitt reviewed Bott & Douthitt's Accounting Report dated September 19, 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 July 31, 2024 for review and approval by the Board. Mr. Douthitt noted that water sales are down.

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

- b) Administrative Items: No additional items were discussed.

5. LANDSCAPING:

- a) Sunscape Landscaping Report: Mr. Trevino reviewed the Landscaping Report. Mr. Trevino noted that there are some irrigation head issues in the 100-acre irrigation areas and the screening trees died. Mr. Trevino assured the Board that Sunscape will replace those screening trees once the irrigation is repaired. He is hoping to replace the trees before the end of October. He knows it is later in the season, but he believes the trees will be established and should be ok if there is a freeze. He would suggest Yaupon Holly Trees because they are heartier trees. He also assured the Board that he will make sure the trees are not removed when Sunscape works on the monuments. It was noted that the irrigation head on the hill at Estes is leaking and shooting water out. Mr. Trevino stated that he will get it repaired.

With respect to the budget for the monument work, Mr. Trevino stated that the costs are for 1-gallon plants and that if the District would like bigger plants, the cost in the budget needs to be increased. Mr. Trevino noted that the landscaping budget includes all of the monuments, not just some. Mr. Douthitt confirmed that all of the monument work is included in the budget.

- b) Trail Maintenance: No update.

6. MANAGEMENT AND OPERATIONS – Item 8(b): The Board returned to the discussion regarding Mr. Stone's request for a limited permit to access the greenbelt for his contractor to complete excavation of his pool. When asked about timing, Mr. Stone replied that excavation was 80% completed when he stopped and the contractor told him it would take approximately 60 days to complete the remainder of the pool. Director Lee mentioned that the District has a policy to deny greenbelt access. Mr. Stone responded that he will take responsibility for any damages to the irrigation and to the greenbelt. Director Bethke informed Mr. Stone that the Board will discuss the matter in Executive Session. The Board noted that it will send MOC out to ensure that there is no other way for the pool to be completed without accessing the greenbelt. The Board asked Mr. Stone to get an exact timeline from the contractor and explained that stone wall that had been taken down for access would need to be repaired as soon as possible. Mr. Stone agreed that he would inform the contractor.

7. ENGINEERING:

- a) District Report: Ms. Barzilla reviewed the District Engineering Report. Ms. Barzilla is recommending approval of Pay Application No. 2 for Dig Dug Construction for \$5,850.00 for Mockingbird Trail restoration and revegetation.

Upon motion by Director McGillicuddy, seconded by Director Bethke and unanimously carried, the Board approved Pay Application No. 2 for Dig Dug Construction for \$5,850.00.

Ms. Barzilla recommended final acceptance of Mockingbird Trail Improvements.

Upon motion by Director McGillicuddy, seconded by Director Bethke and unanimously carried, the Board gave final acceptance of the Mockingbird Trail improvements.

Ms. Barzilla recommended approving of Pay Application No. 3, releasing the retainage of \$3,688.77 for Dig Dug Construction improvements to Mockingbird Trail.

Upon motion by Director McGillicuddy, seconded by Director Bethke and unanimously carried, the Board approved Pay Application No. 3 for Dig Dug Construction for \$3,688.77.

With respect to the watering schedule, the Board asked that Ms. Barzilla remove it from her report and add it back to the January 2025 Agenda.

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

With respect to the Treated Effluent Fire Hydrant item, the fire hydrants have been completed. Ms. Barzilla will remove this item from her report.

With respect to the Drip Field repairs, Ms. Barzilla spoke to Mr. Trevino and Mr. Trevino informed her that the drip field repairs do not appear to be leaking. Ms. Barzilla informed the Board that HCWCID No. 1 has approved Pay Application No. 2 for \$22,903.68 for Proscapes' repair of leaks in the drip fields.

With respect to the potential 4.2 million Gallon Tank and Pumping Station Improvements, HCWCID No. 1 has authorized Ms. Barzilla to move forward with the survey but not move

forward with the geotechnical engineer. HCWCID No. 1 would like to do preliminary site layout so the geotechnical engineer knows what to do. Ms. Barzilla said that she will prepare a memo summarizing the meeting with the WTCPUA engineers and general manager. Ms. Barzilla noted that the WTCPUA has a new transmission line planned on 290 for another pressure plane that should alleviate pressure issues. It is currently being designed. The WTCPUA is also hoping to install an additional storage tank. The Board then discussed an ad hoc committee to work on this project.

Upon motion by Director Bethke, seconded by Director Kelly and unanimously carried, the Board appointed Director Bethke and Director Lee to the ad hoc committee.

Mr. Kutac mentioned that he will speak to HCWCID No. 1 about an ad hoc committee.

With respect to xeriscaping, Ms. Barzilla has been unable to find a specific coefficient to determine how xeriscaping will impact existing drainage facilities. She spoke to an engineer in the Burgess and Niple office in Arizona and was able to find run-off coefficients that show the potential impact of xeriscaped yards. Ms. Bethke would like to draft a letter to the BCA stating that any changes to their xeriscaping policy could adversely affect District operations and recommend that they make no changes to their policy. Director Kelly would prefer that the letter not include any recommendations with respect to xeriscaping solutions to the BCA. The Board discussed the letter and determined that they would like the letter to state that HCWCID No. 1 and HCWCID No. 2 do not support a change in the BCA's policy that would allow for large-scale xeriscaping.

Upon motion by Director Kopperud, seconded by Director Lee and unanimously carried, the Board authorized sending the letter to the BCA.

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

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

8. MANAGEMENT AND OPERATIONS:

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

Mr. Wright informed the Board that the cyber assessment was completed but he does not have the results yet.

With respect to the Superal product, Mr. Wright mentioned that he met with another District today that uses the product. The product should help to get rid of naturally occurring corrosive gases and will control odor. Director Lee would like to know more about the product and what it is made of because she doesn't feel that they actually say what the product contains. Mr. Wright replied that they would not give that information out because it is proprietary to them. However, they told him that the enzyme would eventually be reduced to carbon and water. Mr. Wright discussed the set-up fees and the monthly fees for the product and service. The total cost for the first year, including setup and 12 months of service, was estimated to be \$171,000, which cost would be split by the Districts. Mr. Kutac

also stated that the Superall representatives stated that there is a 30-day termination period in the contract, so if the District does not think the treatments are beneficial, the service can be cancelled without incurring additional monthly costs. The Board discussed that the lift stations will burn through the enzymes at different rates. Mr. Kutac noted that the treatments also have the potential to reduce odor from the wastewater plant, which residents in Hays County WCID No.1 have complained of recently. The Board asked Mr. Wright to give a report at the next meeting on how the product is working for the other district in Houston. Director Kelly stated that he would be more inclined to approve use of the enzyme treatments if the company were able to estimate cost savings with respect to maintenance if the product is used. Mr. Kutac recommended asking MMBR if they have any concerns with how using the product would affect the membranes. He also mentioned that he would like to see a contract.

The WTCPUA will be implementing a free chlorine conversion beginning October 7th and lasting until October 28th. The Board would like to notify the customers of the switch. The switch usually happens because of a supply issue. The Board asked that MOC notify the residents by all means of communication. Director McGillicuddy would like to let the residents know by October 1st.

The Board discussed that they met with landscape architecture firms to discuss the design for the proposed pocket park. The Board also asked Ms. Barzilla to prepare a Task Order in connection with her services.

Upon motion by Director Bethke, seconded by Director McGillicuddy and unanimously carried, the Board authorized issuance of a RFQ for landscape architecture services for the proposed pocket park.

- b) Public Hearing for Violations of District Rules: No hearings were required but some violations were discussed.
- c) Additional Action Items: No additional action items.

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

9. FINANCIAL - ITEM NO. 5:

- a) Operating Budget: Mr. Douthitt reviewed the proposed budget. In his report, he mentioned that the LCRA sent a letter that they are increasing their rates effective January 1, 2025. He will incorporate that change into the final budget. Mr. Douthitt then noted that HCWCID No. 1 offered Mr. Kutac and Mr. Douthitt a CPI increase. He has included it in the budget but will happily remove it if the Board does not agree. He is continuing to reserve \$50,000 for natural disasters. The \$50,000 will remain in the fund balance and will be increased by \$50,000 per year so in three years, the District will have \$150,000 in the budget for clean up in the event of a natural disaster. The Board discussed not including the wildflower budget newly proposed by Sunscape and cutting the budget for the master monument landscaping project by \$25,000. The Board then discussed the budget for the planned pocket park. The Board requested that the budget stay at \$300,000 for the design and build of the planned pocket park. The Board removed the proposed Mockingbird Trail drainage repair for \$60,000, but may address the matter in a future budget year.

Upon motion by Director McGillicuddy, seconded by Director Lee and unanimously carried, the Board adopted the operating budget with the changes noted above, and approved a Resolution Approving the Operating Budget for the fiscal year ending September 30, 2025.

- b) Debt Service Budget: Upon motion by Director Bethke seconded by Director Kopperud and unanimously carried, the Board adopted the Resolution Approving the Debt Service Budget for the fiscal year ending September 30, 2025.
- c) Order Setting Tax Rate: Upon motion by Director Lee, seconded by Director Kopperud and unanimously carried, the Board approved the Order Setting Tax Rates for 2024, authorized filing and posting of same provided that the Tax Rates are changed to \$0.7300 total tax rate, \$0.2200 Operating and Maintenance Tax Rate and \$0.5100 Debt Service Tax Rate.
- d) Truth In Taxation (TNT) Worksheet: The Board reviewed the Truth In Taxation worksheet. Upon motion by Director Bethke, seconded by Director Kopperud and unanimously carried, the Board approved the TNT Worksheet and authorized signature by the President

10. ADMINISTRATIVE AND LEGAL – Item No. 9:

- a) Website: With respect to changing the website provider to MOC, it has not happened yet because the District has not been able to obtain the GoDaddy password. At this point, the account appears to be owned by Kristi Hester, formerly of Inframark. Mr. Kutac and Director McGillicuddy tried to go through GoDaddy customer service to get the account password changed but they have been unsuccessful. Touchstone has agreed to continue service. Mr. Kutac will keep working on the issue.

Upon motion by Director Bethke seconded by Director Kopperud and unanimously carried, the Board authorized the additional services by Touchstone pending resolution of the account issues with GoDaddy.

- b) Waste Disposal Services: Mr. Kutac reviewed the revisions to the Texas Disposal Systems agreement.

Upon motion by Director Bethke, seconded by Director McGillicuddy and unanimously carried, the Board approved the TDS Agreement

- c) Kubota Membrane Warranty Claim: Mr. Kutac will update the Board in Executive Session.
- d) Calendaring: The Board determined that the next Board meeting will tentatively be scheduled for October 17, 2024.


11. EXECUTIVE SESSION: With regard to Item Nos. 7(c), 8(b) and 9(e) on the posted agenda for the meeting, upon motion by Director Bethke, seconded by Director Lee on and unanimously carried, the Board retired, along with Mr. Kutac to Executive Session at 8:17 p.m. No action was taken during the Executive Session.

Following such Executive Session, upon motion by Director Bethke, seconded by Director Kopperud and unanimously carried, the Board authorized participation in investigation of potential claims related to membrane units in an amount not to exceed \$25,000.

Upon motion by Director Bethke, seconded by Director McGillicuddy and unanimously carried, the Board issued an order granting a two-week variance to the residents of 305 Brentwood subject to the following conditions: payment of existing penalties, establishment of a \$2,000 greenbelt deposit, repair of the stone wall upon completion of excavation work to prevent further ingress/egress, and customer responsibility and payment for all damages to District property. The Board noted that the variance was granted in consideration to the specific factors related to access at 305 Brentwood, and that its policy on greenbelt access has not changed.

12. 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 17th day of October 2024.


Sean McGillicuddy, Secretary

(DISTRICT SEAL)

