

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 November 21, 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, 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. In addition, members of the public included Jacob Stone.

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 October 17, 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 November 21, 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 September 30, 2024 Financial Statement for review and approval by the Board. Mr. Douthitt noted that water sales are down but overall the District will have a surplus that will be transferred to the fund balance.

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.

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

4. LANDSCAPING:

- a) Sunscape Landscaping Report: Mr. Trevino reviewed the Landscaping Report. He mentioned that in November, Sunscape started bi-monthly mowing. Mr. Trevino noted that they are waiting to plant the screening vegetation until spring so that there is more water and the plants have a better chance of survival. Mr. Trevino mentioned that they started the color installation at the monuments but they are not all complete yet. He has one proposal for Monarch Trail to improve the wash out area by adding a culvert to redirect water under the trail instead of over. He also noted that the rip rap project is still on his "to do" list. Director Lee mentioned that her son visited Belterra and complimented the trails and how good they look.

- b) Trail Maintenance: No update.

5. ENGINEERING:

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

With respect to the water tank, there was a Joint Committee meeting two weeks ago and she and Mr. Kutac put together a table for HCWCID No. 1. Mr. Kutac noted that this table is preliminary. He and Ms. Barzilla still have work to do on the refining the costs numbers. The Joint Committee is leaning towards the 4.2 million gallon tank because the cost of the larger tank is not that much higher than the smaller tank and would give an additional 3 million gallons of storage. Ms. Barzilla will not design the water tank until the HCWCID No. 1 and HCWCID No. 2 (collectively, the "Districts") Boards decide on a tank size. Ms. Barzilla mentioned that they received the surveys and the next step is geotechnical engineering. The Board discussed the preliminary table, the currently projected cost per household and the various ways to pay for the tank, including costs repaid through tax rates, the capital fund and/or through utility rates. The Joint Committee is going to review how to apportion the project among the different funding sources. The committee will also speak with Mr. Douthitt to discuss ownership of the tank and the best way to split the cost between the Districts to make the bookkeeping easier and not complicate interdistrict transfers. The Board agreed that it would be a good idea to survey the residents with respect to the low water pressure and their opinions on proceeding with the water tank project. The Board discussed the best way to survey the residents. The Board also discussed the possibility of saving approximately \$200,000 if they can find additional 210 irrigation space without have to lay more 210 irrigation lines. It was then noted that Rooster Springs school may have space that they are not using and they already have a purple pipe. Mr. Kutac suggested that the Districts could offer maintain the landscaping as an incentive. The Board also discussed whether a location owned by the HOA would work but thought it might not be large enough.

Also, Ms. Barzilla does not think there is a reclaimed water line there but she will work with MOC to confirm that. Mr. Kutac also mentioned that HCWCID No. 1 is acquiring two acres that would be available for use. One of the Directors asked what would happen if the residents do not want to proceed with the water tank project. If the District does not proceed, would that cause any liability to the District. Mr. Kutac replied that as long as the Districts are supplying water at 35 psi under normal operating conditions, there is no issue. However, if the pressure goes below 35 psi, then the Districts would need to turn to the WTCPUA to find a solution. It was suggested that the survey mention that the Districts are improving the water system, which may help with Boil Water Notices. Mr. Kutac responded that he would prefer not to add the Boil Water issue because he does not want to create an expectation that there would never be any instance requiring a Boil Water Notice.

Ms. Barzilla mentioned that HCWCID No. 1 approved Pay Application No. 3 releasing retainage of \$2,576.00 for CTX Proscapes' repair of the Drip Fields.

It was noted that Sunscape is having problems with low reclaimed water pressure for irrigation behind the Fire Department. Mr. Kutac clarified that the District has responsibility for reclaimed water irrigation frequency and landscaping behind the Fire Department, but if it is a facilities issue, such as low pressure, then it is the responsibility of HCWCID No. 1.

- 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. Wright reviewed the Operations Report and Ms. Wright reviewed the Management Report.

With respect to the Temporary Membrane Plant, Mr. Wright reviewed pictures and noted that the tank is down 10 feet. When the level gets to the floor, the walls will be power washed. Hopefully, the project will be completed at the first of the year.

Ms. Wright mentioned that the cut-offs for customers is down to 6. She wanted to ask the Board members if they want to approve the cut-offs. She noted that usually, they get the cut-offs to zero. She mentioned that they would not do cut-offs during the Thanksgiving holiday. The Board determined that they would like her to not do any cut-offs until January.

With respect to 305 Brentwood, Ms. Wright noted that everything is back in order. The resident has replaced the fence and you can barely tell that the fence has been repaired unless you look closely. Ms. Wright also mentioned that the resident did not use all of the 14 days. Mr. Trevino only had to replace one sprinkler head and he is working on a price to re-seed the damaged area. Mr. Stone addressed the Board and thanked them. He wants to assure the Board that he has done everything he can to get the ruts out. He acknowledged that the next step is to re-seed the damaged area and he stated that he is happy to do that. He wanted the Board to know that he has tried to be respectful with everyone and tried to comply with all of the rules. He is asking if the District could waive or reduce the fine. If so, he would really appreciate it. The Board then discussed the amount of Mr. Stone's deposits and the cost of the fine. Right now, there is a \$4,000 deposit and a \$6,000 fine. The Board stated that it does not want to fine residents, but there must be some deterrent

against unauthorized greenbelt use to prevent damage to these areas and nearby facilities. Some of the Board members would like to waive the fine and just have Mr. Stone pay for damages. It was noted that Mr. Stone was very cooperative and the Board does not want to punish him for not understanding the rules because when he did learn the rules, he stopped construction immediately and did everything he could to comply with the District's rules. The Board determined to keep the pool deposit until the pool is complete because they are concerned that more damage could be caused during final construction of the pool. The Board also discussed extending time for Mr. Stone to pay the fine until final pool approval.

Upon motion by Director McGillicuddy, seconded by Director Bethke and unanimously carried, the Board reduced the fine to \$3,000, extended the deadline to pay the fine until final pool approval and authorized MOC to hold the pool deposit until the final pool inspection and approval.

The Board authorized MOC to have Sunscape re-seed if Mr. Trevino thinks it is a good time to re-seed.

Ms. Wright reviewed Sunscapes' Proposal No. 31715 for \$3,804.04 to install a drain culvert under a portion of the Monarch trail to help reduce the erosion happening during rain events.

Upon motion by Director McGillicuddy, seconded by Director Bethke and unanimously carried, the Board approved Sunscape's Proposal No. 31715 for \$3,804.04 to install a drain culvert.

Mr. Kutac requested that the Board authorize the President to sign a contract with Superall for enzyme services contingent on Mr. Kutac's review and approval of the contract.

Upon motion by Director McGillicuddy, seconded by Director Lee and unanimously carried, the Board authorized the President to sign a Superall contract contingent on Mr. Kutac's review and approval of the contract.

The Board discussed the upcoming Newsletter and the items that will be included.

The Board thanked MOC for all of their hard work.

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

## 7. ADMINISTRATIVE AND LEGAL:

- a) Committee Administration Matters: The Board discussed committee assignments and asked if any of the Directors would like to change committees.

Upon motion by Director McGillicuddy, seconded by Director Kopperud and unanimously carried, the Board approved changing the Parks Committee to have Director Bethke and Director Kopperud as primaries with Director McGillicuddy as the alternate.

- b) Website: Mr. Kutac has tried working with the GoDaddy brokerage service to buy the domain name. However, after contacting the brokerage representative one time, he has not heard from them again. He will follow-up but he does not have "high hopes" for obtaining

the domain name through the brokerage. He is recommending to the Board that if they want the new website up and running that they redirect it. Mr. Kutac also mentioned that they extended the Touchstone agreement. Director McGillicuddy expressed his opinion that he does not want to redirect the website because of the confusion it can cause with residents. Director McGillicuddy would like to revisit the issue in January.

- c) Pocket Park: Mr. Kutac discussed the Rialto engagement agreement for the landscape design of the proposed Pocket Park. He noted that the version of the agreement in the Board Packet does not have prices but he received the pricing from Rialto earlier in the day. Mr. Kutac reviewed the pricing noting that Rialto has a fixed fee and an hourly fee. He then noted that Rialto has quoted a maximum fee of \$58,500 for the design. Ms. Wright mentioned that the other landscaping architect that submitted a proposal reached out to her for the status. The Board authorized Ms. Wright to contact them and let them know the District is going with Rialto.

Upon motion by Director McGillicuddy, seconded by Director Bethke and unanimously carried, the Board approved the Rialto agreement for \$58,500 for the design of the Pocket Park.

- d) Water Supply Items: Mr. Kutac informed the Board that the WTCPUA amended their Drought Contingency Plan (“DCP”) and returned to Stage 1. Mr. Kutac reviewed the changes and stated that many of the changes were items that the WTCPUA did not incorporate from the last LCRA Drought Contingency Plan, but one of the changes to the WTCPUA’s DCP was to move the prohibition on winter irrigation (Nov. through February) to Stage 3. They also changed the irrigation times. The Board then discussed the Mirasol Springs project and the requirement by the WTCPUA for Mirasol Springs to build a storage tank. Having new developments build a storage tank seems to be a requirement for new developments. It was noted that Mirasol Springs may be on the same pressure plane as the District. Mr. Kutac stated that he will work with Ms. Barzilla to determine if that is the case.

With respect to the Rate Study, Mr. Kutac noted that it was originally planned to be ready for this meeting but it was not. He spoke to Expergy last week and they told him that they are working on the Rate Study and hope to have a report in December.

- e) Legal Matters:

- i) Kubota Warranty Claim: As approved by the Board, Mr. Kutac forwarded the Kubota Warranty Claim information to Mr. Dennis Lozano, a professional engineer, to assist with evaluation of potential claims. Mr. Kutac is hoping to have a report from Mr. Lozano in December, but it may be at the beginning of the new year before the report is ready.

- ii) Previous Operations and Management Agreements: No new information.

- iii) Joint Resolution Regarding Potential Joint Facilities: With respect to the water tank project, Mr. Kutac would like to keep both Boards informed without violating confidentiality and Attorney/Client privilege. With that in mind, he has drafted a Resolution stating that the Districts have a common interest and that whatever information is shared between the Districts will be Attorney/Client privileged and will remain privileged and confidential. Mr.

Kutac noted that he cannot guarantee that it will remain privileged and confidential because a court could decide otherwise. He reviewed the Joint Resolution Regarding Potential Joint Facilities, the Joint Representation Agreement and the Common Representation Letter which (i) acknowledges that Mr. Kutac represents both Districts in this matter; (ii) agrees to keep shared information confidential; and (iii) waives any conflict of interest related to the project.

Upon motion by Director McGillicuddy, seconded by Director Lee and unanimously carried, the Board approved the Joint Resolution Regarding Potential Joint Facilities, the Joint Representation Agreement and the Common Representation Letter and authorized the President to sign all three documents.

iv) Additional Legal and Administrative Matters: Mr. Kutac stated that HCWCID No. 1 was approached by Tower Pro I with respect to installing a cell phone tower in the District. Tower Pro I is a group that finds cell phone tower locations for various mobile companies including T-Mobile, Verizon, AT&T and local 911 types. A cell phone tower in the District would improve cell phone coverage in the District. It was also noted that they can make the cell phone tower look like a tree in the hopes of it blending in.

f) Calendaring: The Board determined that the next Board meeting will tentatively be scheduled for December 19, 2024.

8. EXECUTIVE SESSION: With regard to Item No. 6(c) and 7(b) of the posted agenda for the meeting, upon motion by Director Kopperud, seconded by Director Lee on and unanimously carried, the Board retired, along with Mr. Kutac to Executive Session at 7:09 p.m. Upon motion by Director McGillicuddy, seconded by Director Bethke and unanimously carried, the Board reconvened at 7:48 p.m. No action was taken during the Executive Session.

Upon motion by Director Kopperud, seconded by Director Lee and unanimously carried, the Board acknowledged the receipt and the explanation of the Water System Emergency Respond Plan in compliance with the AWIA.

Upon motion by Director Kopperud, seconded by Director McGillicuddy and unanimously carried, the Board acknowledged the receipt and the explanation of the Community Risk and Resilience Assessment in compliance with the AWIA.

Upon motion by Director Kopperud, seconded by Director McGillicuddy and unanimously carried, the Board authorized the District's attorney to acquire the domain name for the amount discussed in Executive Session.

9. ADJOURNMENT: There being no further business to conduct, Director McGillicuddy 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 19<sup>th</sup> day of December 2024.

  
Sean McGillicuddy, Secretary

(DISTRICT SEAL)

