

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 April 17, 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. 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 March 20, 2025 Regular Board Meeting. Upon motion by Director McGillicuddy, seconded by Director Bethke and unanimously carried, the Board approved such Minutes.
3. FINANCIAL:
 - a) Accounting Report: Mr. Douthitt reviewed the Accounting Report dated April 17, 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, fund transfers and the current Financial Statement for review and approval by the Board.

- b) Annual Review Investment Policy: The Board reviewed and discussed the current Investment Policy. Upon motion by Director Kopperud seconded by Director Lee and unanimously carried, the Board approved the Resolution Acknowledging Annual Review of Investment Policy and Investment Strategies and authorized signature thereon.
- c) Administrative Items: No additional items were discussed.

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

4. LANDSCAPING:

- (a) Sunscape Landscaping Report: Mr. Trevino reviewed the Landscaping Report. Mr. Trevino noted that Sunscape got a little behind schedule on the red areas and trail areas. They are catching up now. He hopes to be back on schedule next week. With respect to replacing the sod where the greenbelt was used without authorization for the pool build by a resident on Brentwood, Mr. Trevino mentioned that he planted the sod to repair the area. Next week he is planting Pentas at the monuments and the main sign at Sawyer Ranch Road.

Director Bethke asked about the status of planting the vegetative screening by the lift station. Mr. Trevino replied that Sunscape replanted two red oaks in the median in front of the fire station.

The Board asked if there was anything that could be done to protect the grass where kids are cutting through instead of staying on the sidewalk. Mr. Trevino replied that there is not.

- (b) Trail Maintenance: No update was given.

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

5. ENGINEERING:

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

With respect to Pinnacle Park, Ms. Barzilla informed the Board that she has provided the CAD file to the architect and once the preliminary design is complete, work on the site plan can start. The Board discussed the irrigation and ensuring it does not spray the wrong direction. Ms. Barzilla noted that heads can be adjusted and moved out of the way.

The Board asked Ms. Barzilla to remove the Water Scheduling item from her Agenda.

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

With respect to the potential 4.2 million gallon tank, The Geotechnical engineer was on site. They are working on a site layout but they are waiting to hear from Hays County with respect to the future Sawyer Ranch Road expansion because they would like to stay out of the right of way. They are hesitant to move forward until they get the information from Hays County. After they receive the right of way information, they will keep working on the site plan. The Board expressed concern that the pressure issues are not going to improve as long as Dripping Springs continues to grow, so maybe it is time for another Joint Committee meeting to discuss moving forward with the potential water tank. Director Lee noted that she is not sure if HCWCID No. 1 is ready to commit so maybe the District needs to consider moving forward on its own. Mr. Kutac asked, if the District moves forward on its own if they would move forward with the currently contemplated 4.2 million tank or a scaled down version. The Board discussed the cost savings with respect to building the larger tank versus a smaller tank and noted it would probably be more cost effective to move forward with the 4.2 million gallon tank. The Board asked that a Joint Committee meeting be scheduled.

Director Bethke mentioned that she spoke to Dripping Springs ISD ("School District") and they are interested in allowing the District to use their irrigation area. Mr. Kutac is working on an initial draft. Mr. Kutac noted that he is preparing a draft easement and a draft lease with the School District for their consideration. Ms. Barzilla reminded the Board that the school's irrigation has not been used in a long time so it will have to be inspected and may require some repairs. The Board discussed how long the system has been off. Ms. Barzilla noted that the system turned on but there are some leaks that will need to be repaired. Mr. Kutac stated that if the repairs are expensive, the Board might want to consider requesting a longer lease with the School District, because if the Board spends significant funds on repairs, it will want to get the benefit of those repairs.

With respect to the Drip Skid and Drip Field Repairs, Ms. Barzilla noted that Central Texas Proscapes has gone out to the site and they are working on putting together some pricing for repairs.

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

Upon motion by Director Kopperud, seconded by Director Lee 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 reviewed the MMBR proposal for \$65,530 and noted that HCWCID No. 1 has approved. He explained that the work is associated with improving the performance of the membranes. Mr. Wright also discussed the programming that automates the cleaning process. Currently, MOC is having to manually set those processes. He believes that if these repairs are made, it will increase the longevity of the system. The Board discussed the costs of repairs and how many more repairs were needed after this one. Mr. Wright responded that this is the biggest portion of the repairs. There may be some chemical pumps that need to be looked at, but this is the next step. Mr. Kutac stated that it seemed as though these repairs might be due to unperformed maintenance and requested confirmation that once they are made, MOC will be prepared to perform the necessary maintenance. Mr. Wright replied

that MOC will be responsible for maintenance and will not need a third party to perform the maintenance. The programming would also give MMBR insight into the system and how it is running.

Upon motion by Director McGillicuddy seconded by Director Kelly and unanimously carried, the Board approved the MMBR proposal for \$65,530.

Mr. Wright mentioned that MOC received a request for a residential tap at Seneca. This is the first residential tap that MOC is handling for the District. MOC contacted the WTCPUA to get the cost for the connection. The cost was \$17,670 with tap fees.

Ms. Wright noted that there were five watering violations and that they were all in Mesa Verde.

Ms. Wright reviewed two concept designs for the proposed park. It was noted that these are conceptual designs, they are not set in stone. The Board discussed what they liked and did not like about each concept. There were some comments about safety concerns with the slide and rocks near the slide. Director Bethke mentioned that she would like the Board to get her or Director Kopperud comments to the designs. She would like to get all of the comments by June so that they can move forward with the design/development and then permitting and construction.

With respect to FEMA, MOC is waiting for FEMA to close the claim.

MOC is still trying to get other vendors pricing for purchase and installation of a trash can on the west side, but so far they are not having any luck getting a reasonable bid.

With respect to the 100 acre reclaimed irrigation area, it was reported that kids are riding through and rutting up the areas. Ms. Wright mentioned that the Hays County Sheriff's Department is using the mule now and they are planning to patrol that area. The Parks Committee would like to go out and see the damaged areas.

The new BCA community manager did not receive the memo from the District with respect to xeriscaping so MOC provided him with a copy. The BCA's board is asking that Director Bethke come and speak to them about the memo. Director Bethke requested that the BCA not change their xeriscaping policy without giving the District the opportunity to review it and the BCA board agreed. It was mentioned that there has been an uptick in BCA violations issued to residents with respect to fences. Director Bethke reminded the BCA community manager that the residents cannot power wash their fences right now. He acknowledged that he had forgotten about that. The District has also asked that the BCA not fine people for having dead grass and plants in their yards because of current watering restrictions.

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

7. ADMINISTRATIVE AND LEGAL:

- a) Website: The Management Committee members have met to discuss the website. They expect that the website will be ready to transition towards the end of the month. Lisa with MOC is working on the transition. She has been in contact with Touchstone. A formal notice will be sent to Touchstone. Communications will be sent to the residents.
- b) Inframark Matters: This matter has been completed. The District has access to the domain name and has paid Inframark for the outstanding amounts.
- c) Escrow Agreement: Director McGillicuddy discussed his concern about almost losing the domain name because only the prior General Manager had the password for the associated accounts. He thought it would be a good idea for Mr. Kutac to hold a list of the District's passwords. Mr. Kutac proposed an escrow agreement between his firm, the District and HCWCID No. 1, pursuant to which his firm would maintain a confidential list of the passwords. Mr. Kutac reviewed the draft escrow agreement, noting that neither he nor his firm would be responsible for updates to passwords or password security.
- d) Rate Study: Mr. Kutac would like to discuss in Executive Session. Expergy has prepared a draft that has distributed to the Directors only.
- e) Rules and Regulations: Mr. Kutac updated Director Kopperud on the discussion, at the last meeting, with respect to the Rules and Regulations. Mr. Kutac noted that he did not receive any comments from the Directors to the Rules and Regulations but he has made a couple of changes to his last draft. The changes he made are aimed at making the Rules and Regulations more understandable to the people who actually review them. He discussed the activities that will be allowed in greenbelt and trail areas and those that will not be allowed. The Board discussed the difference in fines with respect to riding a bicycle or eBike in the green belt and noted that the fine is \$150 for first violation, \$300 for a second violation and \$500 for a third violation. Mr. Kutac also mentioned that HCWCID No. 1 had approved this version subject to the District's concurring approval, , and that upon adoption of the new rules and regulations, HCWCID No. 1 would like to specifically announce that eBikes are prohibited on the Greenbelt and Nature Trails.

After additional discussion, upon motion by Director Kopperud, seconded by Director Kelly and unanimously carried, the Board approved the Rules and Regulations with a modification to Section 2.03(a)(i) to remove exploration of nature areas. The Board instructed MOC to put the announcement on the website as soon as notice was published.

- f) Legislative Matters: Mr. Kutac mentioned that Mr. Douthitt had forwarded some proposed legislation regarding the statutory rate appeal process. Mr. Kutac took the opportunity to mention the legislation as the District is currently undertaking a rate study that may result in rate changes. The legislation would allow for a protest if 10% of any customer class petitioned, as opposed to 10% of all customers. Mr. Kutac noted that he does not think this is an issue because the District only has one customer class. Mr. Kutac further explained the rate appeal process to the Board.
- g) Legal Matters: With respect to Kubota, Mr. Kutac noted that he met with Mr. Lozano and

requested that he review the materials provided as soon as possible due to the potential statute of limitations issues.

- h) Calendaring: The Board would like to schedule a Joint Financial Committee Meeting prior to May 26, 2025. They also discussed scheduling a potential Joint Board Meeting for the week of May 26th at 5:00 p.m. to review the Rate Study Report. The next regular Board meeting will tentatively be scheduled for May 15, 2025 at 5:45 p.m.

8. EXECUTIVE SESSION: With regard to Item No. 7(d) of the posted agenda for the meeting, the Board retired, along with Mr. Kutac to Executive Session at 7:09 p.m. The Board reconvened at 7:21 p.m. No action was taken during the Executive Session.
9. MANAGEMENT AND OPERATIONS: Ms. Wright noted that she had forgotten to mention that the District has three accounts that are uncollectable because the renters have all moved away. The outstanding amount for all three accounts is \$691.13. She requested that the Board allow her to write off these three accounts.

Upon motion by Director Bethke, seconded by Director Kopperud and unanimously carried, the Board authorized MOC to write off the three accounts discussed.

10. 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 15th day of May 2025.


Sean McGillicuddy, Secretary

(DISTRICT SEAL)