

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 January 15, 2026 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 Kopperud. The record shall reflect that all Board members present at the time 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, 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, Lauren Barzilla of Burgess & Niple (“BN”), the District’s engineer, Chris Lane of Samco Capital Markets, the District’s Financial Advisor, and Jesse Trevino of Sunscape Landscaping, the District’s landscapers. In addition, Peggy Smith, a resident of Hays County WCID No. 1, appeared after the beginning of the meeting and was in attendance for a portion of the meeting.

1. MEETING MINUTES: The Board confirmed receipt of the Minutes for the December 18, 2026 Board Meeting. Upon motion by Director Kelly, seconded by Director Bethke and unanimously carried, the Board approved such Meeting Minutes.
2. FINANCIAL:
 - a) Accounting Report: Mr. Douthitt reviewed the Accounting Report 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.

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

3. LANDSCAPING:

- a) Sunscape Landscaping Report: Mr. Trevino reviewed the Landscaping Report. He reported that another Sunscape customer had surplus plant materials on hand due to another customer's change in plans. He proposed using the surplus materials, including the cacti, to enhance the Seneca monument at no cost for the plants. The plan would involve removing the existing boxwoods, retaining the remaining vegetation, and supplementing the area with cacti and limited accent color. When asked, Mr. Trevino noted there may be additional plants available for the Estes location. Estimated labor costs would not exceed \$500. The Board approved the installation of cacti at the Seneca monument.
- b) Trail Maintenance: No update was given.

4. ENGINEERING:

- a) District Report: Ms. Barzilla reviewed the General District Engineering Report.
 - i) Pinnacle Park: TCEQ feedback has been positive, with most water quality issues nearly resolved, contingent on approval by the reviewer. The architect is waiting on B&N before scheduling. Ms. Barzilla is hoping to submit to TCEQ for contributing zone plan approval by the end of next week.
 - ii) Bond Application Report ("BAR"): The BAR amounts differ between HCWCID No. 1 and the District. Ms. Lane reported that the amount for the District is \$5,565,000 while for HCWCID No. 1 it is \$5,955,000. Mr. Kutac noted that if the BARs are over \$5 million, then any amount exceeding the \$5million would come out-of-pocket funding. Prior to submitting its BAR, HCWCID No. 1 wants confirmation that an agreement with the WTCPUA is in place. Due to the recently filed WTCPUA rate appeal, Mr. Kutac recommended deferring action until after the meeting. The Board agreed to hold BAR Application No. 8.
- b) WWTP Joint Report: Ms. Barzilla reviewed the Joint Facility Report.
 - i) Potential 4.2 Million Gallon Planned Tank: Ms. Barzilla is expecting to have plans submitted to all reviewing authorities by early next week. Director Bethke asked whether the District received the last bit of information from the WTCPUA. Mr. Kutac requested that Ms. Barzilla not continue discussions with the WTCPUA pending further discussions regarding the WTCPUA rate appeal. Ms. Barzilla noted that her model and design are based on an assumed flow rate of 2,222 gpm for the flow meter; if that figure changes, the only potential impact would be between the street and the tank, and the impact would be minimal. Mr. Kutac noted that there had been a lot of emphasis on the tank fill rate. While filling the tank over a short period would be ideal, using full capacity over several days could result in increased volume rates later in the year. Gradual filling may be the best approach. Director Kelly questioned whether HCWCID No. 1 intends to participate and expressed concern about the inequity of being required to provide water during emergencies if they do not participate. He recommended defining interconnect parameters and clearly specifying what constitutes an "emergency," noting that low pressure alone should

not qualify. The Board requested that the term “emergency” be clearly defined in any agreement. The Board also expressed concern about committing significant funds amid uncertainty. The Board asked whether the District could establish a fee structure for emergency water. Mr. Kutac noted the difficulty of defining emergencies comprehensively, as disputes are likely to arise over borderline situations. Director Bethke stated the goal is to ensure other parties understand the consequences, and Director Kelly emphasized avoiding future conflicts with HCWCID No. 1. Mr. Wright replied that HCWCID No. 1 has asked him what defines an emergency so there are ongoing discussions. His main concern is fire protection. The Board asked whether the District could charge HCWCID No. 1 if the District does not agree that the situation constitutes an emergency. Director Bethke asked whether she should contact the school district to let them know of the possibility that the District may pursue an alternative direction if they do not give the District a response on the proposed reclaimed water irrigation lease. The Board agreed. Mr. Kutac also recommended moving forward with installing irrigation on the previous director’s lots to avoid future issues regardless of the school district’s decision. He further advised that the matter be discussed at the committee level and then brought back to the Board in February for approval.

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

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

- 5. PUBLIC COMMENT: Noting that a member of the public had joined the meeting, Director Bethke returned to Item 1 on the agenda and called for public comment.

Ms. Smith, a resident in Belterra for over 20 years, expressed concerns regarding ongoing e-bike activity in the community. Over the past two weeks, she has experienced multiple safety issues while walking her dogs, including near-miss incidents on sidewalks and trails, particularly at night and in low-visibility conditions. She reported that e-bike riders often do not slow down, ride on sidewalks and trails, and, in some cases, return to confront pedestrians. She has contacted both the HOA and local law enforcement and was advised that current regulations are limited, with minimal age restrictions and no educational requirements. She emphasized the potential liability and safety risks to pedestrians. The Board noted that the District does not own the sidewalks but does maintain them, and enforcement authority is limited. The District is coordinating with HCWCID No. 1 on signage and has adopted new rules allowing fines; however, enforcement requires law enforcement identification of violators. Board members acknowledged the concern and noted that broader regulatory changes would likely need to occur at the legislative level. Ms. Smith was advised to also raise the issue with HCWCID No. 1, as she resides in that district.

Director Bethke again called for public comment. Hearing none, the Board proceeded to the next Agenda item.

- 6. MANAGEMENT AND OPERATIONS: Ms. Wright reviewed the Operations Report and the Management Report.

- i) Pumps: Mr. Wright reviewed the DNA Chem proposal for \$7,450 to repair the

pumps used to feed the Micro-C chemical at the Belterra WWTP. These pumps have been out of service for some time before MOC was hired. After comparing pricing independently, Mr. Wright confirmed that DNA Chem's quote is reasonable. He noted that the chemical is recommended for membrane systems and, although the District has operated without the pumps, increased flows at the WWTP make it important for all equipment to be fully operational so the plant can perform at its best. Mr. Wright mentioned that HCWCID No. 1 has already approved.

Upon motion by Director McGillicuddy, seconded by Director Kelly and unanimously carried, the Board approved DNA Chem's proposal.

- ii) EQ Basin: Mr. Wright is recommending painting the exterior of the EQ Basin. The cost is \$20,000.

Upon motion by Director McGillicuddy, seconded by Director Bethke and unanimously carried, the Board approved painting of the exterior of the EQ Basin at a cost of \$10,000 per district.

- iii) Sidewalk Expansion: The sidewalk expansion is complete. Director Bethke noted that she has only heard positive comments from the residents.

- iv) Line Televising: The hydro-trucks are televising the lines. Line televising was approved in the budget. When HCWCID No. 1 is completed, they will be moving to the District to televise the District's line. The Board noted that there is no need to notify the residents.

- v) Dredging Belterra Pond: The Belterra pond will begin tomorrow. The work is not expected to impact aquatic life. Active dredging will take approximately one week, with full completion expected within several weeks. Temporary fencing has already been installed.

- vi) E-Bikes: E-Bikes continue to be a significant concern. The Board noted that much of the issue stems from rider behavior. Mr. Kutac suggested including a reminder in the newsletter encouraging parents to address unsafe conduct. Ms. Wright reported that posted signs are frequently removed, with at least one found discarded in a ditch. Director McGillicuddy mentioned the availability of temporary camera systems designed to prevent tampering and noted that they use them at his place of employment. Mr. Wright added that a Houston-based vendor provides similar equipment. Director McGillicuddy will forward vendor information to MOC for further review.

- vii) Pinnacle Park: The District received two bids for Registered Accessibility Specialist services for the park project, which were similarly priced. Ms. Barzilla recommended selecting Rialto based on their experience.

Upon motion by Director Bethke, seconded by Director Lee and unanimously carried, the Board approved the LoneStar Access bid that will be administered under Rialto's contract for \$1,210.

- viii) Live Oak Trail Cleanup: Someone is cutting vegetation on the trail and leaving the debris. Mr. Wright recommended removing the debris due to fire hazard concerns. The Board will continue to monitor the situation.
- ix) Graffiti: Graffiti was removed from the HC2 tunnel. Director Lee reported a concern raised by a HCWCID No. 1 resident that the newly cleaned tunnel may attract additional graffiti. She suggested exploring a proactive approach by partnering with a local school to allow students to paint murals in designated sections of the tunnel, potentially through a contest or organized program. Director McGillicuddy recommended involving the school's art teacher to oversee the project. The Board discussed how to address situations where artwork might be painted over and agreed to consider the proposal further, including the possibility of making it an annual initiative. This item was referred to the Customer Care Committee for further review.

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

- x) Pinnacle Park: Director Bethke noted that the equipment has been narrowed down and selected and it is time for a resident forum. She would like to schedule it for February. The Parks Committee should discuss the forum and the information to be relayed to the residents. She would like to notify residents of the forum by posting it on the District's website and social media.

7. ADMINISTRATIVE AND LEGAL:

- a) Director Election: It was noted that Director Bethke and Director Kopperud are up for re-election. If there are no candidates or write-in candidates running against the current Directors, the election will be canceled. The Board reviewed and discussed the Order Calling Directors' Election to be held on May 2, 2026, the Joint Election Agreement with Hays County, the Contract for Election Services with the Hays County Elections Administrator and the Notice of Election.

Upon motion by Director McGillicuddy, seconded by Director Bethke and unanimously carried, the Board approved the Order Calling Directors' Election.

Upon motion by Director McGillicuddy, seconded by Director Lee and unanimously carried, the Board approved and authorized execution of all election agreements necessary to conduct the election.

- b) Eminent Domain Reporting: Ms. Hahn confirmed that she filed the Eminent Domain Report with the Texas Comptroller's Office.
- c) Law Enforcement Policy: Mr. Kutac reminded the Board that Director Robison submitted a proposal for a revision to the Policy on Access to Law Enforcement Information. He considered the proposal reasonable, but the Sheriff's Office was not comfortable with it. Mr. Kutac confirmed that the originally proposed policy is acceptable to the Sheriff's Office.

Upon motion by Director Bethke, seconded by Director McGillicuddy and unanimously carried, the Board approved such law Enforcement Policy.

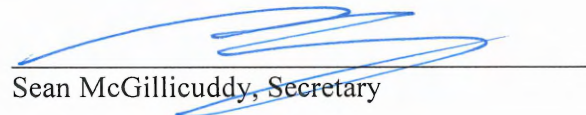
- d) WTCPUA Rate Increase: The Board will discuss in Executive Session.
 - e) Civil Litigation Regarding WTCPUA Rates: The Board will discuss in Executive Session.
 - f) Water System Improvement Project: Mr. Kutac asked the Board to contact him with any comments they may have with respect to draft agreement that he presented at the recent joint meeting or the project in general, and he will address them at the Joint Committee Meeting.
 - g) Committee Administration: The Boards of the District and HCWCID No. 1 agreed that a single Joint Committee is not advisable and instead decided to align all joint committee meetings on the same day. The preferred schedule is the Tuesday before the HCWCID No. 1 meeting.
 - h) Calendaring: The next Board meeting will be February 19th at 5:45 p.m. for the Regular Meeting.
8. EXECUTIVE SESSION: With regard to Item Nos. 7(d) and 7(e) of the posted agenda for the meeting, upon motion by Director Lee, seconded by Director McGillicuddy and unanimously carried, the Board retired, along with Mr. Kutac to Executive Session at 7:11 p.m. Following such Executive Session, upon motion by Director Bethke, seconded by Director Lee and unanimously carried, the Board reconvened in public session at 7:19 p.m. No action was taken by the Board during Executive Session.

Upon motion by Director Kelly, seconded by Director Lee and unanimously carried, the Board the Board authorized the Tank Committee to work with litigation counsel on WTCPUA rate litigation matters as they arise.

9. ADJOURNMENT: There being no further business to conduct, Director Kelly 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 19th day of February 2026.

Hays County Water Control and Improvement
District No. 2


Sean McGillicuddy, Secretary

(DISTRICT SEAL)

