

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, open to the public, at 151 Trinity Hills Drive, Austin, Texas, its meeting place outside the boundaries of the District on October 17, 2019, and the roll was called of the members of the Board of Directors, (herein referred to as the "Board") to-wit:

Royce Wachsmann	President
Samantha E. Bethke	Vice President
Sean McGillicuddy	Secretary
William Carroll Kelly IV	Treasurer/Asst. Secretary
Bill Harris	Asst. Secretary

All members of the Board as listed above were present at the commencement of the meeting except Directors Wachsmann and McGillicuddy. All directors present voted on all such items. Also present were Matt Kutac of the law offices of Matthew B. Kutac, PLLC, Andy Barrett of Andy Barrett & Associates PLLC, Judy McAngus, paralegal with Winstead PC ("Winstead"), Kristi Hester, and Lisa Adkins of Inframark, the District's general management and operations contractor, and Laura Barzilla with CMA Engineering, Inc. ("CMA"), engineers for the District. Also, Kade Thomas and Chris Calvisi with WLE, the District's landscape service provider, were in attendance for a portion of the meeting.

The meeting was called to order, and evidence was presented that public notice of such meeting had been given as required by law.

1. The Board first called for public communications and comments. Hearing no comments, the Board moved on to the next item on the agenda.

2. It was discussed that the Minutes from the Board's September 19, 2019 meeting would be posted on the Google Drive for review early the following week and scheduled for approval at the next meeting.

3. Lauren Barzilla next reviewed CMA's WWTP and 210 Reuse Irrigation Report with the Board, a copy of which report is attached hereto as **EXHIBIT "A"**, and gave a thorough update of the status of construction of the 210 Expansion Project ("WLE contract").

She reviewed Pay Application No. 7 under the WLE contract in the amount of \$418,527.84 and following a motion by Director Kelly, seconded by Director Bethke and unanimously carried, Pay Application No. 7, a copy of which is attached hereto as **EXHIBIT "B"**, was hereby approved.

She next reviewed Change Order No. 7 under the WLE contract in the amount of \$36,230.31 and following a motion by Director Kelly, seconded by Director Bethke and unanimously carried, Pay Application No. 7, a copy of which is attached hereto as **EXHIBIT "C"**, was hereby approved.

In addition, upon motion by Director Kelly, seconded by Director Harris, the Board approved CMA's recommendation (attached as **EXHIBIT "D"**) of substantial completion of Areas 3 and 4 under the WLE 210 Reuse Contract, which included certain punch list items that WLE was working on to complete.

Kade Thomas confirmed that WLE hopes to have Area 6 ready for revegetation within the next few weeks and they are hoping to complete the contract by the end of the year. He noted that he would expect the revegetation work to occur prior to the end of November 2019 and before the first hard freeze of the year.

With regard to the membrane replacement at the HCWCID No. 1 WWTP, Ms. Barzilla noted that 2 of the 3 basins had been replaced, and updated the Board with the possible site plan revisions that may be needed due to the drum screen replacement and bid package for such project.

Ms. Barzilla confirmed there were no further actions needed with respect to the WWTP and 210 Reuse Irrigation Report.

Ms. Barzilla noted that CMA had received, reviewed and signed off on the proposed Hays County Water Control and Improvement District No. 1 ("HCWCID No. 1") wastewater discharge draft permit and is continuing to work with the TCEQ on approval of the permit renewal.

4. Next, Ms. Barzilla presented the CMA general engineering monthly report, a copy of which is attached hereto as **EXHIBIT "E"** and reviewed such report in detail.

Under item II., the Mesa Verde Park Parking Lot project, Ms. Barzilla noted that the pavilion had been installed and that CMA was recommending approval of the final invoice to BJ's Park and Recreation Products in the amount of \$33,066.00. It was noted that Directors Wachsmann and McGillicuddy had met with the contractor on site and helped determine the final lay out of the park benches/tables. Following a review and discussion, upon motion by Director Harris, seconded by Director Kelly and unanimously carried, said invoice was approved. Director Kelly voiced his concern over erosion control measures around the site and asked that the contractor be made aware of such concerns and address them promptly.

Under item III. - Belterra Sidewalk Addition - Ms. Barzilla reported that the project is approximately 50% complete.

In addition, Ms. Barzilla noted that CMA was continuing to work on the compilation of the 7th utility bond application.

Under item V. – Brentwood Drainage - Ms. Barzilla updated the Board on the status of recommended improvements in the area noting that since previous measures implemented by the District had not resolved the issue entirely, CMA will be getting estimates on another proposed solution for the drainage related issues. With respect to such matter, Ms. Barzilla requested approval of CMA's Task Order No. 27 in connection with CMA's design work on the Brentwood drainage design at an estimated cost of \$8,000. Following such discussion and upon motion by Director Kelly, seconded by Director Harris and unanimously carried, the Board approved said Task Order, a copy of which is attached hereto as **EXHIBIT "F"**.

5. No one from the developer was present to give an update with regard to on-going development related activities within the District.

6. Next, Kristi Hester reviewed the Inframark General Manager's Report Executive Summary, a copy of which is attached hereto as **EXHIBIT "G"** and specific discussions and/or action taken was as listed below.

Ms. Hester reviewed and updated the Board with respect to operational matters at the District's wastewater treatment plant ("WWTP"), the 210 Irrigation System and Drip Fields, Distribution System-Billing, Collection System, Drainage/Pond matters, Parks/Trails, on-going construction and miscellaneous other updates noting that the WWTP facilities were all in compliance for the month of August.

Under Item 2)c) by motion of Director Kelly, seconded by Director Harris, the Board approved an expenditure of \$6,500.00 for replacement of the third (and last) VFD replacement at the WWTP.

With regard to the Collection System, Distribution System, under Item 4)a) by motion of Director Harris, seconded by Director Bethke, the Board approved an estimated amount of \$4,263.23 for pavement regrades around manholes, such work to be performed by Lone Star Paving.

With respect to parks and trails, upon motion by Director Bethke, seconded by Director Harris and unanimously carried, the Board unanimously approved a WLE estimate in the amount of \$2,392.50 with regard to certain Mesa Verde drainage issues around the sidewalks.

With respect to the Hays WCID Facebook test page, Ms. Hester indicated that she and Director Bethke will be working with a consultant to properly complete and set up the account and would have further to report at the next meeting.

Ms. Hester completed the review of her summary noting that she had no further action items.

Ms. Hester called on Chris Calvisi with WLE to give his monthly report to the Board. Mr. Calvisi reviewed landscape services improvements that have taken place since the Board's last regular meeting including routine services and additional services such as trimming of tree limbs that encroached upon the sidewalks and completing a tree audit to identify dead trees for removal. He also noted that they are in the process of doing an audit of the flower beds (to determine which beds have areas that need to be filled in, which plant materials that have died off, etc.), and will have proposals for both projects to review with the Parks Committee at an upcoming meeting. It was noted that following such a review, the Parks Committee would work to bring back recommendations to the Board for further consideration. He also noted that they had been working on the trails behind Sand Hills.

7. In addition, Kristi Hester reviewed the current monthly General Manager's Report with the Board, a copy of which is attached hereto as **EXHIBIT "H"**.

Ms. Hester noted that residential connections had jumped to a total of 1,010 in September of 2019 from 892 in September of 2018. In addition, she noted that for September 2019, the average residential consumption was at 17,578 vs. 19,173 in September 2018. She further reported that the monthly water accountability factor was 95% for the most recent reporting period (93% for the previous period). She noted that the WWTP system was in compliance for the August reporting period.

Hearing no further questions and following discussions, upon motion by Director Harris, seconded by Director Kelly and unanimously carried, the Board accepted both the Inframark General Manager's Report and Executive Summary.

8. Lisa Adkins with Inframark reviewed the District's monthly Financial and Bookkeeping Report, a copy of which is attached hereto as **EXHIBIT "I"**. She noted that as of September 30, 2019 the District had collected 99.88% of its 2018 taxes. She also reviewed the profit and loss budget performance charts, the monthly revenue vs. budget comparison chart, the Inframark maintenance cap tracking chart, and HCWCID No. 1's WWTP 1) profit and loss budget performance chart; 2) monthly revenue and budget comparison chart and 3) Inframark maintenance tracking chart, along WWTP joint facility billing reports, balance sheets for operating and debt service accounts, cash balance report for all accounts, cash balance trend chart, check register, a listing of wires and a Quarterly Investment Report. In addition, Ms. Adkins pointed out the payment of \$152,687.25 to Fun Abounds, Inc. with regard to the Bitterroot park equipment. Following a detailed review of such report and check detail, upon motion by Director Bethke, seconded by Director Harris and unanimously carried, the Board approved such report, and authorized the release of such checks and wires as noted thereon and additionally approved the Quarterly Investment Report included therein.

In addition, Ms. Adkins requested that the Board authorize an update of the Inframark approved signatures to those employees of Inframark readily available to execute such checks as needed on the District Manager's account at Bancorp South. Following a motion by Director Kelly, seconded by Director Harris and unanimously carried, the Board authorized such update.

9. With respect to the Interlocal Cooperative Agreement for Law Enforcement Services as proposed with the District, Hays County, Hays County Constable for Precinct and HCWCID No. 1, Matt Kutac noted that the final version of the agreement would need to be placed on the Commissioners Court agenda for approval and upon motion by Director Harris, seconded by Director Kelly and unanimously approved, the Board authorized the execution of final approved version as presented by Matt Kutac.

10. Matt Kutac explained some minor adjustments that were needed to the existing Service Rate Order and reviewed the modifications with the Board mainly regarding a recent purchase water adjustment (reduction) related to rates charged by the West Travis County Public Utility Agency ("WTCPUA") that are passed through to the District's customers. Following a discussion and motion by Director Harris, seconded by Director Kelly and unanimously carried, the Board approved an Order Adopting Amended Service Rate Order, copy attached as **EXHIBIT "J"**.

11. With regard to the proposed updates to the current amended Joint Facilities Agreement between the District and HCWCID No. 1, it was noted that the Joint Infrastructure Committee would be meeting again in advance of the regular November Board meeting and would hope to bring a final proposed form of such amended agreement to the Board for its review and approval at the earliest possible date as soon as the final true up figures are released from CMA and reviewed by the committee and its consultants.

12. Matt Kutac explained legislation in the 86th session that required a minor adjustment to the Board's existing public comment policy. Following a review of such minor changes, upon motion by Director Bethke, seconded by Director Harris and unanimously carried, the Board approved an Amended Order Establishing Public Comment Policy, copy attached as **EXHIBIT "K"**. In addition, Mr. Kutac noted that such legislation also required a change to the District's existing rules and regulations (District Rule 2.2(h)) regarding public participation in Board meetings and following a motion by Director Bethke, seconded by Director Harris and unanimously carried, the Board approved an Order Adopting Amended Rules and Regulations, copy attached as **EXHIBIT "L"**.

13. Matt Kutac took the opportunity to explain policies relating to conflicts of interest and potential conflicts of interest including, without limitation, review of filing requirements and acknowledgment of applicable affidavits and disclosure forms. It was noted that copies of such disclosure forms are readily available at each Board meeting, and that only one or two conflicts of interest had ever been identified throughout the history of the District. As a matter of good practice, however, he recommended that the Board review potential conflicts of interest during the budget-making process each year, and that budget items with respect to which any conflict might exist should be voted upon separately. The Board agreed with such recommendation.

14. Mr. Kutac updated the Board with respect to other minor changes in the recent Legislation Session. Also with respect to the upcoming May 2, 2020 Directors Election, the Board briefly reviewed a summary of information regarding such Directors Election, which such information is now required to be posted on the District's website. It was noted that Judy

McAngus would coordinate with Inframark to handle such posting under an Elections tab on the district's joint website shared with HCWCID No. 1 (www.hayswcid.org).

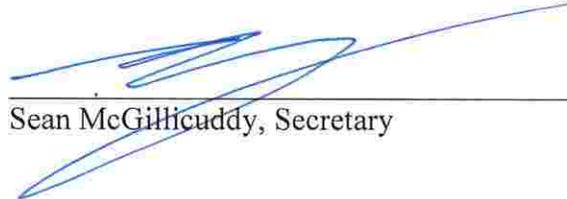
15. With regard to WTCPUA matters, Matt Kutac noted that he feels the HCWCID No. 1 consultants have been able to work together with the WTCPUA consultants and staff on a proposed solution to the sufficiency of water commitments under the existing contract between the WTCPUA and HCWCID No. 1. He further explained that it appears the proposed plan will be approved by the WTCPUA at their next meeting. With that wrapped up, he noted that he felt the HCWCID No. 1 should be in a position to finalize the proposed amended Joint Facilities Agreement with the District.

16. The Board confirmed that its next regular meeting was slated for Thursday, November 21, 2019 at 5:45 p.m. It was noted that Kristi Hester or Lisa Adkins would contact the Board to confirm upcoming committee meetings.

There being no further business to conduct, Director Kelly moved that the meeting be adjourned, which motion was seconded by Director Harris and unanimously approved, and the Board adjourned until further call.

APPROVED AND ADOPTED this 21st day of November 2019.




Sean McGillicuddy, Secretary