

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 January 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. All directors present voted on all such items. Also present were Matt Kutac of the law offices of Matthew B. Kutac, PLLC, Judy McAngus, paralegal with Winstead PC, Chris Lane with SAMCO Capital Markets, Inc. ("SAMCO"), the District's financial advisor, Kristi Hester and Lisa Adkins of Inframark, the District's general management and operations contractor, and Lauren Barzilla with CMA Engineering, Inc. ("CMA"), engineers for the District. In addition, Aaron Googins, consultant to Ashlar Development, LLC ("Ashlar"), the development representative for LH Belterra LLC, ("LH Belterra") was also present. Also, Johnny McDonnell with Weigelt Enterprises, LLC ("WLE"), the District's landscape service provider, and Kristina Moon with Coleman & Associates, a landscape architectural firm, were in attendance for a portion of the meeting. In addition, Tom Honigschmidt, a District resident, was present 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 none, the Board moved on to the next item on the agenda

2. The Board confirmed receipt of the Minutes from the December 11, 2018 regular Board meeting and upon motion by Director McGillicuddy, seconded by Director Harris, said minutes were unanimously approved.

3. The Board confirmed receipt of the Minutes from the December 19, 2018 special Board meeting and upon motion by Director Wachsmann, seconded by Director McGillicuddy, said minutes were unanimously approved.

4. Judy McAngus confirmed that the District's sale of its \$5,350,000 Unlimited Tax Utility Bonds, Series 2018 had closed on time on December 13, 2018 and presented an Amended District Information Form ("ADIF") updating the principal amount of bonds that had been issued to date and upon motion by Director Wachsmann, seconded by Director Harris and unanimously carried, the Board approved said ADIF and authorized its filing with the Hays County Clerk's office and the Texas Commission on Environmental Conservation ("TCEQ").

5. The Board recognized Aaron Googins with Ashlar who noted that Texas Engineering Solutions ("TES"), their project engineer, was working with the contractor on the punch list for Belterra, Sections 20-2 and 21-2, and that he thought the 210 irrigation expansion contract with WLE either had been executed by Ashlar or would be executed by next Monday.

6. The Board moved down their posted agenda to item 13 (regarding park matters) and Kristi Hester introduced Kristina Moon with Coleman & Associates (the park design consultant for the Bitter Root Pocket Park) who reviewed the entire current park plan with the Board. The Board discussed their views with regard to the proposed sidewalk design within the internal park area and additional concrete to replace the proposed decomposed granite to make the path more accessible and easier to maintain in the long run, the change in placement of a few of the rock seating components to be situated more in shady areas and types of grass and erosion control elements as related to the plan (sod in the center play areas). Kristi Hester confirmed that 210 irrigation water could be utilized in the design. Lisa Adkins confirmed that there is a contingency in other areas of the operating budget to assist with the final design and costs of the park development should the final design and implementation exceed the initial park budget. It was noted that the Parks Committee had conducted a final review of the draft plan with the community and it was felt like previously voiced safety related concerns had been properly addressed in the final design by insuring that accessible curbs and sidewalks at the two corners of the park were included. Following such minor changes and directions give to Coleman and Associates, upon motion by Director Wachsmann, seconded by Director Harris and unanimously carried, the Board approved the final design of the park. In addition, it was discussed that they would hope to have bids ready for review and approval at the Board's February meeting, start construction of the Park in March and complete the park sometimes in late Spring. In addition, it was agreed that Kristi Hester would set up one final Parks Committee meeting with the community up at Belterra Centre to present the final approved plan to the community.

7. The Board reopened public comment to allow Tom Honigschmidt who had entered the meeting after the time for public comment, to present a general question concerning when the District's tax rate might be lowered, given that HCWCID No. 1 had lowered its tax rate in 2018. Matt Kutac confirmed that recently HCWCID No. 1 had lowered its tax rate by a small amount (one and one-half cents) mainly due to an increase in assessed value from commercial property that was currently being developed within HCWCID No. 1, along with anticipated sales tax revenue from such development, but that the District did not have such revenue source and had also begun its bond issuance process about five to six years after HCWCID No. 1. It was noted that the District would hope to be able to begin to lower its overall tax rate within the next 5 to 10 years.

In addition, Mr. Honigschmidt asked whether the District was doing anything to preserve certain oak trees on the District's property which were surrounded by cedars. It was noted that the District and HCWCID No. 1 both had a 5 year plan regarding operations and maintenance of such properties and once a year the Districts review and determine what areas within the greenbelts and trails they can focus on. In addition, Mr. Honigschmidt complimented WLE on the landscape services they provide to the District.

8. Lauren Barzilla next presented the 210 WWTP and Reuse irrigation report, a copy of which is attached hereto as **EXHIBIT "A"** and reviewed such report in detail. Ms. Barzilla confirmed that with respect to the Reuse Irrigation Clearing Contract with Knox Sullivan LLC dba Kleensite ("Kleensite"), that CMA, under separate letters dated January 4, 2019, was recommending approval of the following pay applications and final acceptance of contract as detailed herein below, which items were all approved unanimously:

Pay Application No. 6 in the amount of \$3,243.35 upon motion by Director Wachsmann', seconded by Director Bethke;

Pay Application No. 7 in the amount of \$11,326.79 upon motion by Director Bethke, seconded by Director Harris;

Pay Application No. 8 and final in the amount of \$25,353.42 upon motion by Director Wachsmann, seconded by Director McGillicuddy; and

Final Acceptance of such project upon motion by Director Harris, seconded by Director Wachsmann, all of such CMA recommendation letters and copies of the final approved pay applications to the Kleensite contract being hereto collectively as **EXHIBIT "B"**.

With regard to item III on such report, Ms. Barzilla noted that the walk through had just been completed on the 5-acre non-reimbursable 210 irrigation areas (including the Mesa Verde Park, the Wildflower area and Section 21A) and that they are just waiting on a few punch list items to be completed (revegetation and a controller issue), and hoped to finalize the project within the next month.

With regard to item IV (Future 100 + acres of reuse irrigation), Ms. Barzilla noted that she had met with TES and relayed the items which the Districts wanted included into the construction plans (to be incorporated via proposed change orders) and should have the plans back soon for a final review.

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

Under item IIA of such report, Ms. Barzilla updated the Board on the Mesa Verde Park Parking Lot and mail kiosk relocation construction project. She presented CMA's recommendation for payment under Pay Application No. 2 to Champion Site Prep, Inc. in the amount of \$37,368.00, a copy of which is attached as **EXHIBIT "D"**. Following a review thereof and upon motion by Director McGillicuddy, seconded by Director Harris and unanimously carried, the Board approved said pay application. Ms. Barzilla noted that the parking lot was paved today and the contractor is working on irrigation lines. With regard to the mailboxes to be moved, Kristi Hester noted that she

had confirmed that the old locks could be moved from the old boxes to the new ones and should be able to be done in one day - noting that she would coordinate that with Luke Kenzik with the Belterra HOA. Director Bethke inquired as to when the project should be complete and Ms. Barzilla indicated that she would get an updated construction schedule from the contractor. Also, Director Bethke requested that, as soon as it was safe to reopen the sidewalk by the new kiosk location, that it be done.

Under item III. Sections 20-1, 20-2 and 21-2 updates, Ms. Barzilla indicated that CMA was recommending approval of Pay Application No. 14 in the amount of \$118,504.33 under the CC Carlton Industries Ltd. Street, Drainage, Water and Wastewater Improvements - Public Improvements contract for such sections and reviewed CMA's recommendation for payment thereof, a copy of which is attached hereto as **EXHIBIT "E"**. Following a motion by Director Bethke, seconded by Director Wachsmann and unanimously carried said pay application was hereby approved.

Under item IV., the proposed Belterra Sidewalk Addition (tying Belterra Drive to Sawyer Ranch Road), Ms. Barzilla updated the Board with regard to ADA compliance related matters and indicated that so long as the sidewalk follows the slope of an existing roadway (Belterra Drive in this case), there is no requirement to adhere to minimum/maximum slopes on the design of the sidewalk. The Board concurred that the guidelines allowing such variance should be followed. Ms. Barzilla indicated that she should have a CMA Task Order with regard to the design and construction oversight for the Board's review and approval at the next regular meeting. In addition to the proposed sidewalk addition, Director Bethke inquired as to whether one additional sidewalk extension could be added to project (an estimated 10 feet or so) to tie in the existing Belterra Boulevard sidewalk to the Naples cul-de-sac sidewalk, thus allowing additional access to the nearby Bitter Root Pocket Park, which final park plan was approved earlier in the meeting. The Board concurred that such minor addition could be included in the overall sidewalk project design.

In furtherance of discussions in the engineer's WWTP and 210 report and item number 7 of the agenda, Matt Kutac explained that it was his understanding that the developer had executed the contract with WLE for the construction of the additional estimated 100 acres of 210 reuse irrigation, and that he would recommend that the Board approve of the award of such contract to WLE. Following a discussion and motion by Director McGillicuddy, second by Director Bethke and unanimous approval, the Board authorized the award of such contract.

With regard to item V. on engineer's WWTP and 210 report - the, WWTP Membrane Replacement, Matt Kutac distributed copies of his proposed revisions to the standard 5 and 10 year warranties proposed by Kubota, the low bidder for the membrane replace project. Mr. Kutac noted that he had had received comments on the warranties from Robby Callegari with CMA, Scott Manual with Inframark and Volunteer Infrastructure Committee Member and former HCWCID No. 1 director Roger Durden and summarized the comments for the Board. Mr. Kutac noted that he would work with Kubota on such proposed warranty changes and it was noted that CMA was hoping to have the needed information from Kubota on the cost of the proposed new bar screens within the next few weeks. It was noted that action items would be added, as needed, to the upcoming special meeting agenda to be discussed later in the meeting. Mr. Kutac noted that HCWCID No. 1 had agreed with the warranty changes and that, subject to Kubota's acceptance of the revised warranty, HCWCID No. 1 had approved award of the contract to Kubota, with any changes related to the bar screen proposal to be handled by change order as necessary.

10. Lisa Adkins with Inframark reviewed the District's monthly Financial and Bookkeeping Report, a copy of which is attached hereto as **EXHIBIT "F"**. She highlighted a few items on the current check detail listing dated January 17, 2019 and noted that she had included new summary of Surplus Funds from the recent sale of the series \$5,350,000 Series 2018 Utility Bonds and that the amount of surplus bond funds was \$225,390.62. In addition, she noted that as of December 31, 2018, the District had collected 77% of its 2018 taxes vs. 76% of its 2017 taxes as of the same date last year. Also she reviewed the Quarterly Investment Report for the October 1 through December 31, 2018 period with the Board. She indicated that the bulk of the District's funds are invested in TexPool. Following a detailed review of such report and check detail, upon motion by Director McGillicuddy, seconded by Director Harris and unanimously carried, the Board approved such report, authorized the release of such checks and wires as noted thereon and approved the Quarterly Investment Report.

11. The Board recognized Johnny McDonnel with WLE who reported that WLE was applying the annual weed prevention products throughout Belterra, and would be starting to put out the Spring mulch through the flower beds and that Spring flowers would follow in March. He noted that they were continuing to focus on safety throughout Belterra and that WLE is still proud to consider Belterra their number 1 client. He noted that some suggestions for seasonal color would be presented at an upcoming joint Parks Committee meeting.

12. Kristi Hester reviewed Inframark's annual Customer Service - Operations Recap for Belterra including both the District and HCWCID No. 1) with the Board, a copy of the presentation attached hereto as **EXHIBIT "G"**.

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

Under item 1 of the summary, Ms. Hester updated the Board with regard to HCWCID No. 1's WWTP operations, noting that there were no actions that the District needed to approve regarding shared costs at the WWTP this month.

Under item 2 of the summary, regarding 210 irrigation system matters, Ms. Hester requested approval of \$1,753.25 for WLE needed repairs to the 210 reuse irrigation system. Upon motion by Director McGillicuddy, seconded by Director Wachsmann and unanimously carried, said repairs were authorized and payment approved.

Under item 3 of the summary - Distribution System - Billing, Ms. Hester reported that the West Travis County Public Utility Agency ("WTCPUA") had conducted the temporary tie-in to the HCWCID No. 1 and District systems as had been discussed at the Board's December meeting. Ms. Hester noted that they had tied in around 8:00 a.m. and completed the project, thus disconnecting from the system around 2:00 p.m. today and that all appeared, at this point, to have gone smoothly. In addition, Ms. Hester noted that she was checking with Inframark's Houston office to see if they might be able to send a crew in to handle the installation of the new Badger meters over a 4-5 day period, rather than spreading out the installation of the replacement meters over a 12 month period using Inframark's Belterra assigned crew. She indicated she would expect to have a confirmation from her Houston office as to a proposed time and pricing for the Board's review at the next regular meeting, and felt it would be similarly priced, but with a condensed installation schedule. It was

explained that this would allow the initial (200) customers to have more time to take advantage of the new features of the automated meters as well as simplify Inframark's notification to affected customers (i.e., they would not have to repeat the notification process each month to a smaller group of customers and receive calls from customers that relate to the installation, etc. over a longer period of time).

Under 6)a) of the summary – Parks and Common Areas, a tentative date was set for Tuesday, January 29<sup>th</sup> at 4:30 p.m. at Belterra Centre for a final community presentation of the plan design as had been approved earlier in the meeting for the Bitter Root Pocket Park. It was agreed that Directors Bethke and McGillicuddy would attend such presentation.

Under 6)c) of the summary, Ms. Hester relayed a request to the Board from Sandra Wade, who resides at 490 Harris Drive for the removal of moss from a live oak tree in the District's green belt area behind her home in the amount of \$1,732.50. It was discussed that the District did not have the funds to respond to similar requests from all its customers with regard to the oaks or other trees in the greenbelt areas of the District and that as discussed earlier in the meeting, the District has a five year plan and reviews the plan on an annual basis with regard to what related maintenance items are handled in each year. Matt Kutac informed the Board about a Tree Care Agreement that had been done with another resident in HCWCID No. 1 - where HCWCID No. 1 allowed the customer to handle and pay the cost of tree maintenance related services. It was agreed that such an agreement could set a precedent as to how the Board handles such matters in the future. Ms. Hester stated that she did not believe, in this case, that the customer would be willing to pay for such service. It was agreed that the Parks Committee would review the matter further and come back to the Board with a recommendation.

13. Next, Kristi Hester reviewed the current monthly General Manager's Report with the Board, a copy of which is attached hereto as **EXHIBIT "I"**. She reported that the average usage in the District for the most recent reporting period was 5,962 (down from 9,349 last year). Also, it was noted that Inframark did not have any write offs to recommend to the Board at this time. Ms. Hester reported the District's water accountability percentage for the last two years was 94%. It was discussed that the publisher of the Belterra Lifestyle Magazine had wanted to do an article on the new Bitterroot Pocket Park, but that most likely their publication deadline would likely pass before the District would be able to provide input. It was agreed that now that the park plan had been finally approved, that the District might want to write up an article for publication in their next edition.

In addition, Ms. Hester noted that she would be setting up a Google Drive account for the District and would work with the Board members once she has the account set up on its usage, etc.

Following such discussion, upon motion by Director Wachsmann, seconded by Director Harris and unanimously carried, the Board accepted both the Inframark General Manager's Report and Executive Summary.

14. It was noted that no action at this time was necessary with respect to the proposed Interlocal Cooperative Agreement for Law Enforcement Services with Hays County and the Hays County Constable for Precinct 4. Mr. Kutac noted that the County Attorney had missed getting the item on the Commissioners Court agenda for December and had hoped it would be on their January agenda.

15. With regard to matters relating to the Lower Colorado River Authority and WTCPUA, Matt Kutac noted that Kristi Hester had noted that it was time for the District to update their Drought Contingency Plan and that they would be working on a proposed redraft of such policy for presentation to the Board within the next few months.

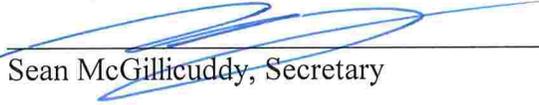
16. Matt Kutac updated the Board with respect to the fact that the Texas Legislature is recodifying the District's special legislation into the Special Districts Local Laws Code (a separate Code initially enacted following the enactment of the District's special legislation) and that Andy Barrett and Mr. Kutac have been working with the Legislative Council on reviews of such legislation. He also noted that Mr. Barrett had confirmed that he is aware of no legislation that the WTCPUA is putting forth in the current session as of this date.

17. The Board confirmed a proposed special meeting for February 4<sup>th</sup> @ 6:15 p.m. (i.e., audit review and approval and updates and any needed action on the 210 project construction and WWTP membrane project matters) and its regular February meeting date as February 21<sup>st</sup> regular meeting at 5:45 p.m. Kristi Hester agreed to coordinate any needed committee meetings with the consultants and Board members.

18. With regard to the District's proposed Series 2019 Road Bond issuance, upon motion by Director Bethke, seconded by Director McGillicuddy and unanimously carried, the Board authorized its consultants to begin work on the final sizing and the preparation of the preliminary official statement in connection with such issue.

There being no further business to conduct, Director Wachsmann 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 21<sup>st</sup> day of February, 2019.

  
Sean McGillicuddy, Secretary

