

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 February 20, 2020, 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, Andy Barrett of Andy Barrett & Associates PLLC, Judy McAngus, paralegal with Winstead PC ("Winstead"), Chris Lane with SAMCO Capital Markets, Inc. ("SAMCO"), Kristi Hester, Lisa Adkins and Makenzi Scales of Inframark, the District's general management and operations contractor, and Lauren Barzilla with CMA Engineering, Inc. ("CMA"), engineers for the District. In addition, Mr. Chad Hennessee with Sitterle Homes ("Sitterle") was present for a portion of the meeting. Also, Chris Calvisi with WLE, the District's landscape service provider, was 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. The Board recognized Chad Hennessee who confirmed that Sitterle had received a bill for around \$8,000 for a property they owned at 192 Bighorn back in October. Kristi Hester provided backup showing the AMI meter read data on the meter during the time frame of the invoice. It was also noted that the account was transferred to the initial homeowner on October 24th and that after such transfer metered usage has dropped significantly, as the AMI meter read information has been consistent with normal use. Ms. Hester further explained that around October 2nd the water volume through the meter began to climb to 35,000 and continued to increase, resulting in the bill for the \$8,000. Mr. Hennessee reported that they found no leak, no water damaged sheetrock, had no leaks repaired at all and did not visually see large amounts of water in the yard

or detect any issues related to such a large volume of water. He did note that the house was empty for about one and one-half months with Sitterle making occasional stops by the property to check on the premises and that they had never noticed anything out of ordinary. Ms. Hester noted that the Board has a policy that Inframark was following in connection with the mailing of the invoice and that unless the builder or customer can provide evidence of a hardship (such as a leak), typically the full amount of the water bill would be due and payable. The Board thanked Mr. Hennessee for his presentation and it was noted that the matter would be discussed further down during the General Manager's Reports and he would be informed of the Board's action on such matter.

Hearing no further comments, the Board moved on to the next item on the agenda.

2. The Board reviewed the Minutes from the January 16, 2020 meeting. Following a review thereof, upon motion by Director Bethke, seconded by Director McGillicuddy and unanimously carried, the Board approved said Minutes.

3. In addition, the Board reviewed the Minutes from the February 6, 2020 special meeting. Following a review thereof, upon motion by Director Bethke, seconded by Director Wachsmann and unanimously carried, the Board approved said Minutes.

4. 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 the completion of the construction of the 210 Expansion Project ("WLE contract"), the status of the WWTP membrane replacement project and the WWTP drum screen replacement project. In connection with such report, Ms. Barzilla requested and the Board unanimously approved the following engineering items by the following motions and seconds:

a. Upon motion by Director Bethke, seconded by Director Wachsmann, the Board approved Pay Application No. 9 under the WLE contract in the amount of \$519,428.76;

b. Upon motion by Director Bethke, seconded by Director McGillicuddy, the Board approved Pay Application No. 10 under the WLE contract in the amount of \$71,558.69;

c. Upon motion by Director McGillicuddy, seconded by Director Wachsmann, the Board approved Pay Application No. 11 (including retainage) under the WLE contract in the amount of \$89,478.41; and

d. Following a full discussion and confirmation that all items on the punch list for the WLE contract had been completed, the required two-year required maintenance bond was in place and confirmation that Hays County Water Control and Improvement District No. 1 ("HCWCID No. 1") had approved final acceptance of the WLE contract, and a review of CMA's letter dated February 13, 2020 recommending acceptance of the project, upon motion by Director McGillicuddy, seconded by Director Harris, final acceptance under such contract by the District was hereby approved.

5. Next, Ms. Barzilla presented the CMA general engineering monthly report, a copy of which is attached hereto as **EXHIBIT "B"** and reviewed such report with the Board. She updated the Board with regard to the status of the District's proposed Bond Application No. 7 and the Brentwood Drainage improvement project and District services with regard to the proposed Fire Station to be located within the District. In connection with such report, Ms. Barzilla requested and the Board unanimously approved the following engineering items by the following motions and seconds:

a. Following a full discussion and upon motion by Director Kelly, seconded by Director Wachsmann, the Board approved Change Order No. 1 to the Brentwood Drainage project in an amount not to exceed \$18,742.60;

b. Upon motion by Director Harris, seconded by Director McGillicuddy, the Board approved Amendment No. 1 to the CMA Task Order No. 26 in the amount of an additional \$8,000 for the Brentwood Drainage Design; and

c. Upon motion by Director Wachsmann, seconded by Director McGillicuddy, the Board approved Amendment No. 1 to the CMA Task Order No. 22 in the amount of an additional \$15,000 for the ESD Site Development Plan construction phase services.

In addition, upon motion by Director Wachsmann, seconded by Director Harris, the Board approved both CMA's general engineering report and CMA's WWTP and 210 Reuse Irrigation engineering report as presented.

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

7. Kristi Hester next reviewed Inframark's monthly General Manager's Report, a copy of which is attached hereto as **EXHIBIT "C"**.

In connection with such report, Ms. Hester requested and following a full discussion and no additional questions/answers being necessary, upon motion by Director Wachsmann, seconded by Director Harris and unanimous approval, the following items were approved:

a. Payment of \$5,000.00 to Atlas – Badger for a flow meter for the Master Meter on Sawyer Ranch and Belterra Drive;

b. Payment of \$6,885.00 to Hamilton Pump for a 1 HP ABS PAX pump;

c. Payment not to exceed \$5,000.00 for a welder to install site glass for water level at the hydropneumatic tank for the irrigation system; and

d. Payment of \$4,000.00 to Central Texas Water for a VFD/Master Meter for the MBR Basin.

Ms. Hester continued through her report, summarizing the status of wastewater treatment plant operations, re-use water system matters, the distribution system, billing, the current AMI meter inventory, collection system updates, drainage/ponds, and parks-trial related matters.

Ms. Hester also reported that she had met with residents in the Seneca Trails neighborhood about a few improvements and is exploring various options that the Board might consider once she has those options fine-tuned that might offer the residents better access to the trail system in Belterra. With regards to park matters, Director Bethke noted that she felt the mulch for the larger bordered areas in the Mesa Verde Park should be included in the WLE contract but needed a verification of that. Chris Calvisi indicated that he would take that back to Johnny McDonnell at WLE and come back to the Board with an answer. In addition, it was noted that the Parks Committee had recently toured the trails to discuss the Phase 2 clean-up of the trails that was proposed by WLE last year, and would be discussing pricing and a recommendation before bringing a proposal back to the Board for its consideration.

With respect to the earlier discussion with Chad Hennessee with Sitterle, Kristi Hester noted that Sitterle only has 5 homes left to complete within the District. Ms. Hester noted that she had discussed the AMI data with Badger, but that they had confirmed that it appeared to be accurate since the same meter is in place now and routine reads are being experienced by the new homeowner. It was noted that based on the meter read information since transfer to the homeowner, it would appear that the irrigation system is not currently in use. In any event, the Board found that the water had run through the meter, and no evidence of any repairs had been submitted, and thus upon motion by Director Wachsmann, seconded by Director Bethke and unanimously carried, the Board authorized no changes to the invoice and directed Ms. Hester that issuance of additional meters for any new Sitterle connections be suspended until payment is received..

In addition, Ms. Hester referred the Board to the detailed WLE Report, which she had received and posted on the District's Google Drive in advance of the meeting for the Board's review. She noted that an updated monthly report would be prepared by WLE, provided to her and then posted in advance of each regular meeting. Ms. Hester requested the Board members review such report prior to the meetings if possible and bring any questions to the attention of the WLE representative or Ms. Hester at each meeting. Chris Calvisi proceeded to recap certain items on the current report.

Ms. Hester noted that residential connections had increased to a total of 1,027 in January of 2020 from 915 in January of 2019. In addition, she noted that for January 2020, the average residential consumption was at 6,255 vs. 6,323 in January 2019. She further reported that the monthly water accountability factor was 91% for the most recent reporting period (94% for the previous period). She noted that the WWTP system was in compliance for the January reporting period.

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

8. Chris Calvisi with WLE reviewed the monthly WLE Landscaping Service Report as had been provided in advance to Inframark and posted on the Board's Google Drive. He confirmed he would get an answer back to the Board with respect to Director Bethke's question in item 7. Director Bethke noted that she did not want have to address this item each time mulch was added, but needed to know how those Mesa Verde beds would be handled on a continuing basis.

9. Lisa Adkins reviewed the District's monthly Financial and Bookkeeping Report, a copy of which is attached hereto as **EXHIBIT "D"**. She noted that as of January 31, 2020 the District had collected 92.01% of its 2019 taxes, with it being noted that taxes were due and payable by January 31, 2020. She also reviewed the profit and loss budget performance charts, the monthly revenue vs. budget comparison chart, the Inframark maintenance cap tracking chart for the District, WWTP joint facility billing reports, balance sheets for operating and debt service accounts, cash balance report for all accounts, cash balance trend chart, check registers, a Series 2018 and separate Series 2019 Summaries of Bond Capital Project Funds (it being noted that Ms. Adkins confirmed that all issuance costs had been paid in conjunction with the Series 2020 Road Bonds and that in the next report, there would be a wire of the remaining capital projects fund balance into the District's Bond Road Debt Service Fund), a listing of wires and a Quarterly Investment Report for the quarter ended December 31, 2019. Following a detailed review of such report and check detail, upon motion by Director Wachsmann, seconded by Director McGillicuddy and unanimously carried, the Board approved such report, and authorized the release of such checks and wires as noted thereon.

10. With respect to the most recent approved, proposed Interlocal Cooperative Agreement for Law Enforcement Services with the District, Hays County, Hays County Constable for Precinct and HCWCID No. 1, Matt Kutac noted that the contract was still being reviewed by Hays County.

11. Matt Kutac noted that he was continuing to work with the Joint Customer Care Committee with respect to the proposed consultant agreement with Touchstone District Services regarding communication consulting services.

12. Matt Kutac reviewed a red-lined comparison of a proposed Service Rate Order with the Board that generally addressed rates and charges for excess reclaimed water use, AMI meter opt-out charge and the customer responsibility for surcharges imposed by the District's water supplier. Following a review and discussion, upon motion by Director McGillicuddy, seconded by Director Wachsmann and unanimously carried, the Board approved an Order Adopting an Amended Service Rate Order, a copy of which is attached hereto as **EXHIBIT "E"**. It was noted that such order was slated to be effective April 1, 2020.

13. Matt Kutac explained that now that the 210 Expansion Project had been completed, it was timely for various conveyances and assignments to occur in accordance with the existing joint facilities agreement between the District and HCWCID No. 1, the following documents were reviewed, unanimously approved and authorized for execution by the following motions:

a. Upon motion by Director McGillicuddy, seconded by Director Harris, the Board confirmed receipt of and accepted a Dedication Deed from LH Belterra, LLC to the District of the property on which the recent 210 facilities were constructed upon (**EXHIBIT "F"**);

b. Upon motion by Director Wachsmann, seconded by Director McGillicuddy, the Board approved a Conveyance of Existing Facilities from LH Belterra, LLC to the District (**EXHIBIT "G"**);

c. Upon motion by Director Wachsmann, seconded by Director Kelly, the Board approved a Reclaimed Water Irrigation Easement granted from the District to HCWCID No. 1 (**EXHIBIT "H"**); and

d. Upon motion by Director Wachsmann, seconded by Director McGillicuddy, the Board approved an Assignment and Bill of Sale (Reclaimed Water Irrigation Facilities) conveying such facilities to HCWCID No. 1 (**EXHIBIT "I"**).

14. Regarding the upcoming May 2, 2020 Directors Election, Judy McAngus confirmed that she was working with the Hays County Elections Administrator as to the proposed listing of county vote centers for early and regular election day polling places.

15. Matt Kutac indicated that there was no action to be taken with respect to WTCPUA matters but he did update the Board on HCWCID No. 1's February 13, 2020 letter response to a letter it had received from the WTCPUA, which included a review of HCWCID No. 1's compliance with its wholesale water services agreement and additional matters that had surfaced in such letter regarding previously installed irrigation meters.

16. The Board confirmed that it had previously rescheduled the regular March business for a special meeting on Thursday, March 26th at 5:45 p.m. It was noted that Kristi Hester would contact the Board to confirm upcoming committee meetings.

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

APPROVED AND ADOPTED this 26th day of March, 2020.




Sean McGillicuddy, Secretary