

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 special session (regular business), open to the public, at 151 Trinity Hills Drive, Austin, Texas, its meeting place outside the boundaries of the District on August 22, 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 Director Bethke. 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”), the District’s financial advisor, 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, Johnny McDonnell 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. Judy McAngus reported that the closing had occurred on time in connection with the sale of District’s \$1,860,000 in Unlimited Tax Road Bonds, Series 2019 (“Series 2019 Road Bonds”). She next reviewed the form of an Amended District Information Form with the Board noting the updates to the form itself and the Notice to Purchasers as to the new total of the District’s outstanding bonds following such sale. Upon motion by Director McGillicuddy, seconded by Director Wachsmann and unanimously carried, the Board adopted the Amended District Information Form and authorized its filing with the Hays County Clerk’s office, the

Texas Commission on Environmental Quality (“TCEQ”) and placement of the form of the Notice to Purchasers on the District’s website.

3. It was discussed that the Minutes from the Board’s July 18, 2019 and August 8, 2019 sets of Minutes of Meeting had not yet been prepared but would be posted within the next few weeks on the District’s Google Drive for review and approval at the regular September meeting.

4. Lisa Adkins presented the proposed preliminary Operating Budget for the upcoming fiscal year ending September 30, 2020, which had been previously presented and reviewed by the Finance Committee. She walked the Board through the proposed budget and provided detailed explanation with respect to the various expenses and revenue sources contained in the budget noting that the preliminary operating budget included a proposed maintenance and operations tax rate revenue of \$0.2310 per \$100 assessed valuation. It was noted that the Board would need to adopt the final Operating Budget at its September regular meeting.

5. The Board recognized Chris Lane of SAMCO who distributed and reviewed a “Tax Rate Summary” handout designed to assist the Board in determining its proposed tax rate requirements for setting the District’s 2019 tax rates. A copy of such document is attached hereto as **EXHIBIT “A”**. The Board was also advised of the continuing requirement of Section 49.236, Texas Water Code, which requires a Notice of Hearing on Tax Rate be adopted and published. The Board reviewed the above-referenced information, the Hays Central Appraisal District’s (“HCAD) certified value of the District’s tax roll for January 1, 2019, and confirmed through discussions that the proposed total tax rate, including maintenance/operating and debt service rates would remain at \$0.8750 per \$100 of assessed valuation. In addition, Chris Lane explained the proposed issuance of an estimated \$5,000,000 in bonds for 2020, noting that sufficient debt service reserves were on hand and that projected revenue from both taxes and operations should be sufficient to enable the District to keep the same overall tax rate. Following such discussion, upon motion by Director Wachsmann, seconded by Director McGillicuddy and unanimously carried, the Board approved publication of the proposed total tax rate of \$0.8750 per \$100 assessed valuation and approved the form of Water District Notice of Public Hearing on Tax Rate, attached hereto as **EXHIBIT “B”**, and authorized the publication of said Notice, with the tax rate hearing to be conducted in conjunction with the September 19th Regular Board meeting.

6. 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 “C”**, and gave a thorough update of the status of construction of the 210 Expansion Project (“WLE contract”).

She reviewed Pay Application No. 5 under the WLE contract in the amount of \$419,207.10 and following a motion by Director Harris, seconded by Director Kelly and unanimously carried, Pay Application No. 5, a copy of which is attached hereto as **EXHIBIT “D”**, was hereby approved.

In addition, Ms. Barzilla noted that the Board had approved Change Order No. 6 under the WLE contract for the 210 WLE contract in the amount of \$227,341.545 at its last meeting and that Hays County Water Control and Improvement District No. 1 ("HCWCID No. 1") approved such Change Order at its August 13th meeting. The Board recognized Kade Thomas with WLE who noted that WLE is about 30 days ahead of schedule on the overall project and updated the Board with regard to the status of the project.

With regard to the proposed bar screen replacement portion of the Membrane Replacement project at the WWTP, Ms. Barzilla updated the Board with regard to the status of the drum screen installation, and Matt Kutac noted that the additional warranty from Kubota will be honored so long as the drum screens are installed within a two (2) year period of the new membrane installation. Ms. Barzilla noted that CMA had had no luck getting pricing from Huber, E12 and Kubota and that CMA is leaning toward simply bidding the drum screen project out once CMA has had time to review the drawings for the project and would most likely have a Task Order for the Board's review at the next meeting to cover CMA's costs in connection with bidding such project. It was hoped that they would get responsible bidders and at perhaps a lower cost than originally projected.

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 the 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 new permit renewal.

7. 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 updated the Board with respect to the new pavilion and overall project and presented Pay Application No. 5 in the amount of \$9,090.00 under the Champion Site Prep, Inc. contract noting that the pay application covered the completion of the replacement mail kiosk and the removal and disposal of the existing kiosk. Following a discussion and motion by Director Kelly, seconded by Director Harris and unanimously carried, the Board approved Pay Application No. 5 under such contract, a copy of which is attached as **EXHIBIT "F"**. Ms. Barzilla noted that she would be coordinating with the committee members with respect to coordination of the actual placement of the park benches/tables, etc. by the installer once the pavilion construction was complete.

Under item III. - Belterra Sidewalk Addition - Ms. Barzilla reported that the project had been bid and bids were received earlier in the day. She presented a CMA letter of recommendation, which included a bid summary sheet, to award the construction contract to WLE at a low bid of \$140,453.96.

Director McGillicuddy stated that he had a question concerning award of such contract that he wanted to discuss with Mr. Kutac and motioned to adjourn to Executive Session with regard to item 7 on the posted agenda. Such motion was followed by a second from Director Bethke and unanimously carried, and the Board adjourned to executive session at 6:15 p.m. along with Matt Kutac and Andy Barrett.

Upon motion by Director Wachsmann, seconded by Director McGillicuddy and unanimously carried, the Board reopened the meeting at 6:25 p.m. and upon motion by Director Wachsmann, seconded by Director Harris and unanimously carried, the Board approved the award of the Belterra Sidewalk Extension to the WLE.

Under item IV. of the report - the ESD Site Plan - Ms. Barzilla noted that CMA had completed its review of the site plan and that they were recommending the approval of the plan by the Board. Upon motion by Director Kelly, seconded by Director Harris and unanimously carried, the Board approved the Hays County ESD#6 Fire Station Site Development Plan.

Under item V, Ms. Barzilla confirmed that CMA was working on Bond Application Report No. 7.

Ms. Barzilla confirmed that there were no further actions to be taken at the meeting with respect to general engineering matters.

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

9. 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, 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 July.

With regard to Irrigation System- Drip Fields, Ms. Hester noted that Inframark and WLE are communicating daily with respect to the amount of treated effluent in the effluent holding tank and closing monitoring the tank level in an attempt to reserve approximately 200,000 of the estimated daily 320,000 gallons for use for the revegetation of certain areas included in the 210 expansion project currently under construction. She noted that both Inframark and WLE feel that the remaining approximately 100,000 gallons can be distributed between the District's reclaimed water customers and the District. She explained that though the District's landscape will not be as healthy and green as it ordinarily is, the plants and grass are expected to remain alive according to WLE. Ms. Hester was requested to send a newsletter or other communication to the Belterra residents notifying them of the 210 irrigation system improvements and the resulting temporary shortage of reclaimed water for irrigation.

With respect to the Distribution System and billing, Ms. Hester noted that Inframark had completed the annual lead and cooper sampling. In addition, she reported that the West Travis County Public Utility Agency (“WTCPUA”) had implemented a new watering schedule and that new signs had been posted setting out the new schedule.

With regard to the Collection System, Ms. Hester reported a sewer back up on Mesa Verde noting that the line had been jetted and cleared and that Inframark will now be checking that area monthly at the 90 degree angle in the line to hopefully avoid future backups in such line. She reported that the new spare pump in Lift Station 5 (Harris) had been installed and that the bi-annual preventive maintenance had been completed on the lift stations.

With respect to Drainage/Ponds, she noted that modifications to the drainage issue at 12407 Mesa Verde are being addressed and that hopefully the contractor can start work on the project by the end of the month. It was noted that the Section 19 (Seneca water quality) pond is not draining property and that Inframark drained and cleaned the basins and would be monitoring the pond after the next rain event to determine if additional repairs are needed and notify the contractor if so. In addition, she noted that Catalina pond is being cleaned, with the work projected to be complete within the next week. Ms. Hester noted that they should have approximately 100 yards of dirt from the pond cleanups that will be available and possibly used at some of the new 210 sections (Areas 7, 8 and 9).

With regard to Parks and Trails, Ms. Hester reported on the Bitterroot - Big Horn Park construction, noting that she visited the site a few days earlier with FunAbounds and WLE and that more modifications to the fall zone need to be made and also that she needed a decision from the Board with regard to the proposed removal of one piece of the play scape in order to reduce the proposed concrete modifications. A detailed discussion ensued over additional changes that keep needing to be addressed due to what appears to have been caused by the original approved plans not being followed, a conflict in the plans, or to the two contractors (WLE and FunAbounds) not working together. Upon a motion by Director Wachsmann, seconded by Director Harris with Director Carroll voting in favor, the Board approved modifications to the fall zone and the removal of one piece of the playscape to accommodate a reduction in the concrete modifications. The record shall reflect that Directors Bethke and McGillicuddy voted against such motion. Director Bethke voiced her concern with regard to one additional area that may need a railing installed and it was generally agreed that once the grading improvements, remaining concrete, landscape and Pour-N-Play surface had been installed, the committee would revisit and make any additional recommendations, including installation of any additional safety railings, etc. to the Board for final consideration and approval. Ms. Hester noted that Inframark could install such railings, if needed, under their existing contract, with the District only paying the costs of the needed parts. In addition, Ms. Hester reported that WLE had completed Phase 1 of the District trail improvements – with photos being passed around to show the improvements.

Ms. Hester called on Johnny McDonnell with WLE to give his monthly report to the Board. He updated them with regard to the on-going routine maintenance and reiterated that the current Phase 1 Trail improvements had just been completed. He indicated that they were watering where needed and not mowing as frequently as usual in order to balance the 210 system demands in light of the on-going 210 expansion project.

Ms. Hester noted that she had requested that WLE prepare an estimate for necessary drainage improvements at 279 Mendocino (close to the detention pond). She reviewed the invoice with the Board and following a motion by Director Wachsmann, seconded by Director McGillicuddy and unanimously carried, the Board approved a WLE estimate of \$2,560 to complete such project.

Ms. Hester noted that she had been working with Director Bethke with regard to a proposed Facebook page for both the District and HCWCID No. 1, which site would be strictly informational and would give the districts (through their general manager) the ability to relay information to its customers in a timely manner and provide accurate information as pertains to the districts that is sometimes miscommunicated by customers through other forms of media. It was noted that there would not be a comment section and that a trial run would be shown to both Boards prior to the page going live.

10. 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 979 in July of 2019 from 872 in July of 2018. In addition, she noted that for July 2019, the average residential consumption was at 12,409 vs. 17,097 in June 2018 (mainly due to the greater amount of rain in the Spring of 2019). She further reported that the monthly water accountability factor was 91% for the most recent reporting period (92% for the previous period). Ms. Hester noted that the HCWCID No. 1 WWTP that serves both the District and HCWCID No. 1 was at 56% of capacity for the month of July.

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

11. 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 July 31, 2019 the District had collected 99.78% 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 chart detailing the \$207,699.48 remaining in surplus utility bond funds, which was now proposed to be used to help defray the capital costs this fiscal year for a portion of the District's share of the WWTP membrane replacement. Also, she reviewed a chart detailing the \$16,936.25 in surplus funds from the recent Series 2019 issuance of Road Bonds. In addition, Ms. Adkins reviewed a listing of debt service wire transfers in the total amount of \$1,749,954.65, noting that the wires would be processed on August 23rd for payments due September 1st. 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, authorized the release of such checks and wires as noted thereon and included in the additional check detail and such report.

12. With respect to the Interlocal Cooperative Agreement for Law Enforcement Services as proposed with the District, Hays County, Hays County Constable for Precinct 4 and HCWCID No. 1, Lisa Adkins distributed a chart summarizing various options for both the District and HCWCID No.1 to consider as relates to the proposed services agreement. A copy of such chart is attached hereto as **EXHIBIT "J"**. Lisa Adkins and Matt Kutac provided additional information and insight as relate to the various options with the Board considering each of the separate options. Following a detailed discussion and motion by Director Harris, seconded by Director Wachsmann and unanimously carried, the Board selected Option No. 1 (30 hours split 15/15 between both districts) and Option No. 5 (the option that would cover an additional 4 hour shift 7 times a month - with the dates for the additional shifts under Option No. 5 to be determined by the Customer Care Committee and provided to Inframark to coordinate with the Constables Office), with it understood that ½ of the total patrol monthly patrol services would be split 50/50 between the two districts.

13. Matt Kutac noted that a red-line version of the proposed changes to the existing joint facilities agreement between the District and HCWCID No. 1 was included in the folder of meeting documents and was for the Board's review noting that it would be taken up further with the Joint Infrastructure Committee and brought back to the Board in more final form for review and approval at a later date. He noted that the it currently appeared that allocation of costs between the districts, which is based upon each district's water commitments, would be at 51% (HCWCID No. 1) and 49% (the District).

14. Matt Kutac reviewed a letter he had prepared from his firm to the District with regard to common representation of both districts in connection with the proposed amendment of the existing joint facilities agreement and an informed consent confirmation. Following a discussion and upon motion by Director Wachsmann, seconded by Director Harris and unanimously carried, the Board consented to such representation, and a copy of such letter is attached hereto as **EXHIBIT "K"**.

15. Matt Kutac explained that the Board had approved a proposed Contact for Municipal Solid Waste Collection and Disposal Services (the "TDS Contract") between the District, HCWCID No. 1 and Texas Disposal Systems, Inc. ("TDS") at the Board's last meeting. He further explained that TDS had come back with a recommended change with respect to allowing TDS to service Belterra with vehicles that were not over ten (10) years old rather than five (5) years old. Following a brief discussion and motion Director Bethke, seconded by Director McGillicuddy and unanimously carried, the TDS Contract was approved with such change and authorized to be executed, a copy of which is attached hereto as **EXHIBIT "L"**.

16. With regard to WTCPUA rates, it was noted that Directors Kelly and Harris had attended a recent meeting (along with Matt Kutac) with WTCPUA staff concerning proposed increases to the District's water rates. Mr. Kutac explained that the WTCPUA took action with regard to such increases to the base and volume rates at a subsequent meeting. It was noted that the WTCPUA incremental rate reductions and/or increases are passed through to the District's

customers under the District's rate order. For the benefit of the newer directors, Matt Kutac explained that back in March of 2016, the District and HCWCID No.1 had both worked with GDS Associates Inc. (Chuck Loy) who prepared a separate Water and Wastewater Rate Study for each district based on the WTPUA rates at the time. He explained that GDS had recommended a surcharge calculation that could be updated with each WTCPUA rate change, which the District had adopted, and that Ms. Adkins would be determining the new surcharge prior to the next regular meeting. Finally, he noted that at some point in the future, it might be a good idea for the Boards to update the prior study.

17. With regard to further discussion of the proposed joint District and HCWCID No. 1 Facebook account, it was reiterated that such an account would allow the District to get accurate information out and in front of its customers (an example would be the new watering schedule- as it was noted that even though new signs with the new schedule had been posted, it appeared numerous customers do not seem to be informed about the new schedule). Also, it was noted by a few directors who had attended recent Summer water board conferences, that the associations were recommending Facebook accounts and other forms of media to disseminate information to district customers. Again, it was noted that the account would post information on a one-way forum and that no comments from anyone viewing the site would be accepted, as neither the District nor HCWCID No. 1 would be able to provide staff to monitor and respond to comments. Following a discussion and upon motion by Director McGillicuddy, seconded by Director Kelly and unanimously carried, the Board authorized the creation of a joint Facebook page with HCWCID No. 1. It was again noted that the account page would be reviewed with the Board of each district prior to going live.

18. The Board confirmed that its next regular meeting was slated for Thursday, September 19, 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 Wachsmann moved that the meeting be adjourned, which motion was seconded by Director Kelly and unanimously approved, and the Board adjourned until further call.

APPROVED AND ADOPTED this 19th day of September, 2019.




Sean McGillicuddy, Secretary