

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 21, 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, Andy Barrett with Andy Barrett & Associates, PLLC, Judy McAngus, paralegal with Winstead PC, Chris Lane with SAMCO Capital Markets, Inc. ("SAMCO"), the District's financial advisor, Kristi Hester, Jesse Kennis, Lisa Adkins and Esala Wueschner 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, Barry and Elizabeth Cook who reside at 425 Mendocino were 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. The Board recognized Barry Cook, a District resident, who explained that there are some cedar trees behind their residence that they would like to have removed and that they were willing to pay for the removal to improve their view of the greenbelt. Kristi Hester confirmed that the District owns the green belt areas and maintains them. The Board agreed to take the matter up further down during the parks agenda item. Hearing nothing further, the Board moved on to the next item on the agenda.

2. The Board confirmed receipt of the Minutes from the January 17, 2019 regular Board meeting and upon motion by Director Harris, seconded by Director Kelly, said minutes were unanimously approved.

3. The Board confirmed receipt of the Minutes from the February 4, 2019 special Board meeting and upon motion by Director Bethke, seconded by Director Wachsmann, said minutes were unanimously approved.

4. The Board recognized Aaron Googins with Ashlar who noted that Texas Engineering Solutions (“TES”), their project engineer, was hoping to secure the Board’s final approval for completion of Belterra, Sections 20-1, 20-2 and 21-2 at today’s meeting. In addition, he noted that it was his understanding that a preconstruction meeting was being set for next week with regard to the 210 irrigation expansion under the contract awarded to WLE.

5. The Board moved down their posted agenda to item 13 (regarding park matters) and recognized Kristina Moon with Coleman & Associates (the park design consultant for the Bitter Root Pocket Park) who reviewed the completed, final park plan with the Board in addition to bids received for the construction of the park facilities (for both park equipment and landscape related improvements needed at such site). It was agreed that project costs and results would be better achieved under separate contracts for the site and landscape work by one contractor and park equipment installation by another. Lisa Adkins stated that the original budget for the park project was \$200,000 but that there was room in the budget to cover additional anticipated project costs. Following a detailed discussion, upon motion by Director Bethke, seconded by Director Harris and unanimously carried, the Board awarded the park facilities portion of the Bitter Root Pocket Park to FunAbounds in the amount of \$149,026.00. In addition and upon motion by Director Wachsmann, seconded by Director Harris and unanimously carried, the Board awarded the site and landscape work (to include site preparation, installation of sidewalks, irrigation lines and tie into the existing 210 system and installation of sod, etc.) to WLE in the amount of \$83,148.95 for an estimated total for the entire project of \$274,000, it being noted that the WLE bid may be revised to a slightly lower figure. Ms. Moon stated that most likely it will take about four weeks to get the project under construction and that once the contract for equipment installation is signed through Buyboard, it would take 8 to 10 weeks to get the actual equipment in and installed. She indicated that certain prep work would be done by WLE in advance of the equipment installation, then the equipment would be installed and following the equipment installation, and WLE would return to complete the final landscaping at the park site (which would take about 15 working days to complete once the equipment is installed). Overall, the total estimated time for completion of the project is expected to be approximately 10 to 12 weeks.

6. 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 with the Board. Ms. Barzilla noted with respect to the 5-acre Non-reimbursable 210 irrigation project (Mesa Verde Park, the Wildflower area and Belterra, Section 21-A) that she has received as-builts with Matt Kutac noting that we’ll follow all usual protocol as to District final acceptance of the project even though this particular project is not reimbursable. Ms. Barzilla stated that they were simply waiting on TES to formally approve the project before they prepared their final concurrence letter with regard to final acceptance of such project, whereupon motion by Director Kelly, seconded by Director Wachsmann, and unanimously approved, the Board approved such final acceptance, subject to CMA’s receipt and concurrence with the TES recommendation of approval and the related remaining documentation.

Ms. Barzilla reviewed and requested action on the approval of Task Order No. 48, which covered CMA's construction phase services for the remainder of the reuse treated effluent irrigation facilities to serve the Belterra Subdivision. She explained that CMA was estimating the project to take 6 to 9 months with an average of 15-20 hours of time CMA's oversight each week. Matt Kutac confirmed that he had reviewed the task order and confirmed the language with respect to the CMA services to be rendered. It was noted that CMA has already approved the plans and that this particular task order was strictly to cover construction phase services. Following such discussion, upon motion by Director Wachsmann, seconded by Director Harris and unanimously carried, said task order was approved, a copy of which is attached hereto as **EXHIBIT "B"**.

In item III of such report, with regard to the final reuse irrigation project (approximately 100 acres), Ms. Barzilla noted that the contractor in currently installing erosion controls and will be under construction with the project soon, if not already. In addition as relates to the on-going WLE construction contract for the installation of the remaining reirrigation facilities for the Belterra Subdivision (usually described of approximately 100 acres), Matt Kutac confirmed that he had reviewed the terms of Change Order Nos. 1, 2 and 3 (as collectively attached hereto as **EXHIBIT "C"**) to such contract and stated that said change orders were ready for approval. Lauren Barzilla concurred that CMA also had reviewed and was recommending approval of all 3. Following a full discussion and in that one was dependent upon the others as far as the final cost of the proposed project, by motion of Director Wachsmann, seconded by Director McGillicuddy and unanimously carried, the following change orders were approved:

- a) WLE Change Order No. 1 for a deduct of \$201,262.05- covering the clarification to remove joint restraints at all mainline segments 6" and 8" and clarifying that restraints are to remain on all mainline fittings only;
- b) WLE Change Order No. 2 for deduct of \$82,939.45 – covering the removal of base bid revegetation and including an allowance of \$200,000 of revegetation under new specifications; and
- c) WLE Change Order No. 3 for a deduct of \$212,601.71 – covering the removal of 18.9 acres, slight adjustment to remaining areas and specification clarifications around trench detail.

With respect to item IV. The WWTP Membrane Replacement contract, Ms. Barzilla confirmed that CMA had issued the Notice of Award of the membrane contract to Kubota and once insurance backup and bonds were completed, the separate Notice to Proceed should be issued shortly. In addition, she stated that Robby Callegari of CMA was still working on securing the needed details with regard to the bar screens to be able to evaluate all aspects of the proposed installation of new bar screens that could extend the warranty of the membranes. It was noted that under the contract for the membrane installation, the Board had two years in which to install the new bar screens. Kristi Hester proposed a meeting of the Joint Infrastructure Committee and consultants once all such information is in and an initial CMA evaluation had been formulated.

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

Under IIA of such report, Ms. Barzilla updated the Board on the Mesa Verde Park Parking Lot and mail kiosk relocation construction project. She presented a copy of Change Order No. 2 under the Champion Site Prep, Inc. contract, which represented a decrease of \$29,250.00 (10.95%) to the contract due to being able to reuse the existing mail boxes rather than purchasing new ones. Following a discussion and motion by Director Wachsmann, seconded by Director Harris and unanimously carried, said Change Order No. 2 was approved, a copy of which is attached hereto as **EXHIBIT "E"**.

Under item IIB of such report Ms. Barzilla presented CMA's recommendation for payment under Pay Application No. 3 to Champion Site Prep, Inc. in the amount of \$36,225.00, a copy of which is attached as **EXHIBIT "F"**. Following a review thereof and upon motion by Director McGillicuddy, seconded by Director Harris and unanimously carried, the Board approved said pay application. Lauren Barzilla noted that the estimated completion date for the end of March.

Under item III. Sections 20-1, 20-2 and 21-2 updates, Ms. Barzilla indicated that CMA was reviewing Change Order No. 1 to the CC Carlton Industries Ltd. ("CC Carlton") Street, Drainage, Water and Wastewater Improvements - Public Improvements contract for such sections but was working out final numbers regarding pavement changes and their need to verify quantities to insure proper amounts were being paid. Ms. Barzilla recommended that the Board approve Change Order No. 1 and authorize the Board present to execute such change order once CMA had completed their review and approval of such change order. Following motion by Director Wachsmann, seconded by Director McGillicuddy and unanimously carried, the Board approved and authorized the execution of Change Order No. 1 to the CC Carlton contract upon CMA's final written recommendation for approval. In that the developer was requesting final approval for such contract, Ms. Barzilla recommended that the Board authorize the issuance of a letter by CMA as to final completion for such sections once CMA had approved and the Board's president had executed Change Order No. 1. Following a motion by Director Wachsmann, seconded by Director McGillicuddy and unanimously carried the CC Carlton construction contract for the above referenced public improvements to Sections 20-1,20-2 and 21-2 of Belterra were finally approved, contingent upon CMA's recommendation and approval of Change Order No. 1 and the Board President's execution thereof.

Next, Lauren Barzilla reviewed CMA Task Order No. 23 for the Belterra Drive sidewalk Extension Design project (tying Belterra Drive to Sawyer Ranch Road) in the estimated amount of \$65,000. Following a review and discussion, Director Wachsmann motioned, seconded by Director McGillicuddy and unanimously carried, the Board approved said task order, a copy of which is attached hereto as **EXHIBIT "G"**.

In addition, Ms. Barzilla reviewed CMA Task Order No. 24 for the preparation of engineering matters relating to the sale of the Districts Series 2019 road bonds in an estimated budget amount of \$30,000, it being noted that such amount would be paid or reimbursed from the proceeds of such issue. Following a review and discussion, Director Bethke motioned, seconded by Director Harris and unanimously carried, the Board approved said task order, a copy of which is attached hereto as **EXHIBIT "H"**.

8. The Board recognized Johnny McDonnel who was present to give a report from WLE on landscape related matters. Mr. McDonnel updated the Board with regard to the post-emergent and pre-emergent that had been applied within Belterra. He noted that the wet weather had produced an

abundance of weeds, but that they would continue treatments until they get the needed results (with additional treatments at WLE's expense). In addition, Mr. McDonnell reviewed a recently completed map of the 210 irrigation areas which was a joint project of WLE and Inframark. He noted that WLE did not charge for their costs in assisting with the location of facilities and the mapping. He indicated that CMA would be provided with a copy and Kristi Hester confirmed that a hard copy of the map would be available at Belterra Centre. He noted that following such detailed map completion, all the controllers had been located and necessary system upgrades identified with Rain Bird and discussed with the Joint Infrastructure Committee and the District's consultants. Mr. McDonnell also briefly noted that WLE had submitted a proposal to Inframark that would be considered later in the meeting with regard to upgrades to the existing 210 irrigation system for time and materials to install flow sensors at the four mainline tie in points at Belterra Drive and Trinity, a related pedestal controller and decoders with surge protectors, which should provide the necessary upgrades to measure flow in real time and allow leak detection and full monitoring and control of the entire system.

9. Lisa Adkins with Inframark reviewed the District's monthly Financial and Bookkeeping Report, a copy of which is attached hereto as **EXHIBIT "I"**. She highlighted a few items on the current check detail listing dated February 21, 2019 and noted that as of January 31, 2019, the District had collected 93.23% of its 2018 taxes vs. 94.65% of its 2017 taxes as of the same date last year. She also reviewed a listing of wires totaling \$433,601.90 and an additional \$54,171.89 which represented all of the District's bond payments due on or before March 1, 2019. In addition, Ms. Adkins noted that it appeared that all final issuance costs had been received and paid in connection with the District's sale of its \$5,350,000 Series 2019 Unlimited Tax Utility Bonds as noted on page 23 and that \$209,351.44 remained in surplus bond funds. It was discussed that such remaining funds could be used to further reimburse the developer for additional construction costs incurred on behalf of the District, and CMA was requested to prepare a Task Order for Board review and approval at the next meeting to cover the preparation of a Surplus Bond Funds Application to the Texas Commission on Environmental Quality ("TCEQ") to secure the TCEQ's necessary approval. 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.

10. Andy Barrett updated the Board with respect to the fact that the Texas Legislative Counsel had suggested recodifying the District's special legislation into the Special Districts Local Laws Code ("SDLLC" - a separate Code initially enacted following the enactment of the District's special legislation), but that with any review of existing legislation, it had prompted questions and concerns over revising certain wording and that, at the current time, it just seemed more appropriate to leave the District's existing legislation out of the SDLLC recodification process. He also noted that he is still aware of no legislation that the West Travis County Public Utility Agency ("WTCPUA") is putting forth in the current session as of this date. He noted that as the current legislative session continues that he may need the Board's approval of a resolution with regard to pending legislation being done on behalf of the Hays Trinity Groundwater Conservation District, but would continue monitoring such legislation and alert the Board if action might need to be considered.

11. Next, Kristi Hester reviewed the current monthly General Manager's Report with the Board, a copy of which is attached hereto as **EXHIBIT "J"**. She reported that the average usage in the District for the most recent reporting period was 6,323 (up from 5,547 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 95%. Ms. Hester

noted that the TSS is running high for the 3rd month due to the need to replace the membrane filters. It was confirmed, as reported above, that CMA had issued the Notice of Award of the membrane contract to Kubota and once insurance backup and bonds were completed, the separate Notice to Proceed should be issued shortly.

12. Next, Kristi Hester reviewed the Inframark General Manager's Report Executive Summary, a copy of which is attached hereto as **EXHIBIT "K"** 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, wherein she requested approval under item 1)c) as to the purchase and installation of a new sludge box to replace the existing one for a total estimated cost of \$70,000 (including \$37,000 for the new box, and \$28,500 for the addition of a slab and plumbing). She noted that the original estimate included in the existing Operating Budget was for \$40,000, and that the updated cost should be included in a revised operating budget. Also, she noted that Inframark would try to sell the old box to help offset the increased costs. Following such discussion, upon motion by Director Wachsmann, seconded by Director McGillicuddy and unanimously carried, the Board approved said purchase and installation. In addition under item 1)d), upon motion by Director Kelly, seconded by Director Harris and unanimously carried, the Board approved the purchase of a spare PAX pump for the RAS line in an amount not to exceed \$7,000. With regard to 1)f) of the summary, Ms. Hester reiterated and it was again confirmed that CMA had issued the Notice of Award of the membrane contract to Kubota and once insurance backup and bonds were completed, the separate Notice to Proceed should be issued shortly.

Under item 2)a) of the summary, regarding 210 irrigation system matters, Ms. Hester reviewed a proposed WLE 2/14/19 Irrigation Work Order Proposal, covering time and materials to install four flow sensors and the four mainline tie in points at Belterra Drive and Trinity, a related pedestal controller and decoders with surge protectors which should provide the necessary upgrades to measure flow in real time and allow leak detection and full monitoring and control of the entire system. It was briefly discussed, however, that it was not certain that all 3 separate recent areas installed as part of the 5 acre non-reimbursable 210 reirrigation project (i.e., Mesa Verde, the wildflower area and Section 21-A) were tied into the overall system and that such item needed to be verified. Ms. Hester noted that the budget for such upgrades is \$40,000 and that the costs under such proposal is \$22,900. Following a discussion and upon motion by Director Wachsmann, seconded by Director McGillicuddy and unanimously carried, the Board approved such proposal. In addition, under item 2) c), Ms. Hester requested approval of \$6,940.75 (with \$3,316.00 being the District's share) for WLE repairs to the 210 reuse irrigation system. Upon motion by Director Harris, seconded by Director McGillicuddy and unanimously carried, said repairs were approved.

Under item 3) Distribution Billing – item 3)a) -, Ms. Hester noted that West Travis County Public Utility Agency ("WTCPUA") had completed its temporary tie-in to the HCWCID No. 1 and District systems with no reported issues. She noted that charges from consultants had been back charged to the WTCPUA. Under item 3)b), Ms. Hester noted that she was still looking into various options available as to the installation of the AMI meters and hoped to have recommendations ready for the Board to review and approve at the next meeting.

She further provided updates on the Collection System and Drainage/Ponds as set out in her report.

Under 6)a) of the summary - Parks and Common Areas, Ms. Hester reviewed her report and noted that from earlier discussions, it appeared the new Bitter Root Pocket Park would be completed by the Summer of 2019. She further updated the Board with regard to on-going park maintenance. In addition, it was noted that WLE had trimmed some dead limbs in the greenbelt area behind 490 Harris. Following a review of photographs left earlier in the meeting by Barry Cook at 425 Mendocino, and ensuing detailed discussions, upon motion by Director Wachsmann, seconded by Director McGillicuddy and unanimously carried, the Board authorized WLE to remove some dead limbs from the trees shown in the photographs behind 425 Mendocino, (and further authorized Ms. Hester to notify Mr. Cook that, due to safety concerns with respect to the District's property, no other tree removal (by himself or contractors employed by him) would be allowed in such area. Ms. Hester was directed that she or WLE should confer with Mr. Cook prior to performing such work.

Under 8) Other - Ms. Hester noted that Inframark was reviewing the process for sending out information to the community and would have a further report at the next meeting.

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.

13. 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, Hays County Constable for Precinct 4 and Hays County Water Control and Improvement District No. 1 ("Interlocal Agreement"). Matt Kutac stated that most likely the item would be posted for review and approval on the Hays County Commissioners Court meeting next Tuesday. Kristi Hester reviewed the most recent proposal as to the amount of security that would be offered and how it was envisioned that the total 40 hours per week would cover the additional security duties for Belterra. She explained that the time two part time county patrol officers would be shared between both districts, with the general direction that one handle week day duties and one handle evenings and weekends, though the Constable's office would still have discretion over the actual time of the patrols. She noted that the additional costs to the District were estimated to be between \$2.00 and \$3.00 per month and would be an extra line item on the District's monthly invoices should the Interlocal Agreement be approved by all parties. Ms. Hester explained that she is given a schedule in advance of when the officers would be on patrol and a monthly follow up report is provided to substantiate the exact hours that such services were provided. Matt Kutac confirmed that the districts could not dictate what hours such services would be provided, but that such Interlocal Agreement could be terminated by any party thereto if the patrol hours were not consistent with the District's expectations. It was confirmed that the District had not formally approved such Interlocal Agreement at this point, having only authorized its preparation and further consideration. Director Harris noted that they had a similar patrol service provided in the area where he and his wife formerly resided and that he felt the service is well worth the minor additional costs. Director Bethke noted that she felt that it should be the responsibility of Hays County to provide services to all of the county residents without the District needing to supplement such services. As no action was necessary at this time, the Board decided to address such matter further at a subsequent meeting.

14. 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.

15. Kristi Hester introduced Esala Wueschner to the Board. She noted that Missy Roberts had been promoted within Inframark and in about two more weeks would transition to Inframark's North Austin office with Esala replacing Missy in the day to day Inframark office management for the District at the Belterra Centre location. It was noted that the Esala's hiring, the Belterra Centre office would now be opened Monday's through Friday's rather than being closed on Fridays.

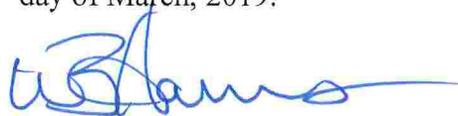
16. Matt Kutac explained that Texas Disposal Systems, Inc. ("TDS") had requested that the existing contract for solid waste disposal and recycling services between TDS, HCWCID No. 1 and the District be separated such that there would be a separate contract with TDS for each of the two districts. It was noted that due to the fact that HCWCID No. 1 now has commercial customers, that slightly reduced fees to residential customers would be available to HCWCID No. 1 under a proposed new contract with that district. It was briefly discussed that various options were available to the District under the existing agreement and that termination and solicitation of new proposals was one option. It was agreed that additional details would need to be secured and all options discussed with regard to the existing services, any proposed amendments, new agreements or perhaps the need to solicit new vendor proposals if such other options were not satisfactory to the Board.

17. Matt Kutac noted that HCWCID No. 1 had directed him to file a request for clarification of an opinion of the Attorney General ("AG") with regard to whether the District can pay for repairs and maintenance of kiosk structures that are located on property that had been conveyed to the District. Mr. Kutac inquired as to whether the Board would want to join in with such request for an opinion that could be filed jointly on behalf of both districts should they chose to do so. Following a discussion, upon motion by Director Wachsmann, seconded by Director McGillicuddy and unanimously carried, the Board agreed to be a part or such request and share such related costs.

18. The Board confirmed its next regular meeting is slated for March 21st at 5:45 p.m. Kristi Hester agreed to coordinate any needed committee meetings with the consultants and Board members.

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

APPROVED AND ADOPTED this 21st day of March, 2019.



Bill Harris, Assistant Secretary

