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 November 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 of Andy Barrett & Associates PLLC, Judy McAngus, paralegal with Winstead PC ("Winstead"), Chris lane with SAMCO Capital Markets, Inc. ("SAMCO"), 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. The Board reviewed the Minutes from both its September 19, 2019 and October 17, 2019 meetings. Following a review of the September 19, 2019 Minutes of meeting, upon motion by Director McGillicuddy, seconded by Director Bethke and unanimously carried, the Board approved said Minutes. In addition, following a motion by Director Harris, seconded by Director Kelly and unanimously carried, the Minutes of the October 17, 2019 meeting were approved.

3. Lauren Barzilla next reviewed CMA's WWTP and 210 Reuse Irrigation Report with the Board, a copy of which report is attached hereto as **EXHIBIT "A"**, and gave a thorough update of the status of construction of the 210 Expansion Project ("WLE contract"), the status of the WWTP membrane replacement project, the WWTP drum screen replacement project and the WWTP permit renewal. In connection with such report, the Board unanimously approved the following engineering items by the following motions and seconds:

a. Upon motion by Director Kelly, seconded by Director Wachsmann, the Board approved Pay Application No. 8 under the WLE 210 Reuse Contract in the amount of $270,977.36 (attached as **EXHIBIT "B")** ; and

b. Upon motion by Director Harris, seconded by Director Kelly, the Board approved Change Order No. 8 under the WLE 210 Reuse Contract in the amount of $84,490.21 (attached as **EXHIBIT "C").**

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

4. 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 item II., the Mesa Verde Park Parking Lot project, Ms. Barzilla reviewed Pay Application No. 6 under the Champion Site Prep. Inc. contract in the amount of $6,912.00. Following a review and discussion, upon motion by Director Wachsmann, seconded by Director Harris and unanimously carried, said invoice was approved. She noted that they are waiting on additional information from the contractor but expected that final completion of such contract would be recommended at the next meeting. A copy of the executed pay application is attached hereto as **EXHIBIT "E"**.

Under item III., the Belterra Sidewalk Addition - Ms. Barzilla presented Pay Application No. 1 in the amount of $150,600.85 under the Belterra Sidewalk Extension project with WLE, LLC and following a motion by Director Harris, seconded by Director Wachsmann and unanimously carried, said pay application was approved. In addition, Ms. Barzilla presented two separate options for a Change Order No. 2 under such contract with WLE, LLC. Following such review of both proposals, following a motion by Director Harris, seconded by Director Wachsmann and unanimously carried, the 2nd option for Change Order No. 2, which included the construction of a small wall along a portion of the southern side of the sidewalk for the amount of $10,272.30, was approved. A copy of the executed change order is attached hereto as **EXHIBIT "F"**.

Under item IV., Bond Application No. 7, Ms. Barzilla noted that CMA was continuing to work on the compilation of the utility bond application.

Under item V., regarding drainage matters on Brentwood, Ms. Barzilla updated the Board on the status of current updated recommended improvements in the area and a request to solicit bids for the construction of such improvements. Following a motion by Director McGillicuddy,

seconded by Director Wachsmann and unanimously carried, the Board approved the project recommendation and requested CMA to bring back proposals for their consideration at the next meeting.

5. With regard to the proposed updates to the current amended Joint Facilities Agreement between the District and HCWCID No. 1, Matt Kutac updated the Board on the recent Joint Infrastructure Committee and its review of the proposed Sixth Amended and Restated Joint Facilities Agreement ("Amended Joint Facilities Agreement") resulting in a proposed reconciliation of joint facilities cost sharing responsibilities, which had been prepared by CMA following months of detailed efforts and review. Matt Kutac reviewed the proposed changes to the existing agreement in detail with the Board pointing out all substantive changes and highlighting the proposed final recommended share of the costs of the joint facilities. For the record, it is noted that the prior cost sharing allocation had been 46% for the District, and 54% for HCWCID No. 1, as based on contractual water commitments to service each district. Mr. Kutac explained that over the last several years, changes in development and anticipated water usage for each district resulted in a new allocation of 48.83% for the District and 51.17% for HCWCID No. 1. Mr. Kutac referred the Board to the detailed October 2019 chart prepared by Ms. Lauren Barzilla with CMA as to the summary of the True Up costs under the proposed amendment, and explained that if approved, the Amended Joint Facilities Agreement would provide for reconciliation payment of $510,785 from the District to HCWCID No. 1. It was noted that the Joint Infrastructure Committee members from the District and HCWCID No. 2 concurred on their recommendation for approval of such Amended Joint Facilities Agreement.

In addition, Mr. Kutac noted that he had previously recommended that the Districts' confirm that the West Travis County Public Utility Agency ("WTCPUA") audit of HCWCID No. 1's water services agreement was concluded prior to approval of the Amended Joint Facilities Agreement. He noted that it was his understanding that the WTCPUA had on its agenda earlier in the day to consider a policy that would require HCWCID No. 1's staff to work with WTCPUA staff in making LUE determinations moving forward and apply the WTCPUA's current calculation methodology, but that previous LUE determinations would not be reviewed any further and that no amendment of HCWCID No. 1's agreement would be necessary. However, he further explained that though the matter was on the WTCPUA meeting agenda, the meeting had to be cancelled due to lack of a quorum. Given his understanding of the proposed WTCPUA staff recommendation on such matter, and the length of time that the Boards have waited to resolve such matter, Mr. Kutac stated that he was comfortable recommending approval of the Amended Joint Facilities Agreement at this meeting. He did note that if and the WTCPUA attempted to require HCWCID No. 1 to amend its water services agreement, further amend the proposed facilities agreement might be necessary. Following such complete and detailed review and discussion of such item, upon motion by Director Wachsmann, seconded by Director Harris and unanimously carried, the Board approved the Amended Facilities Agreement, which is attached hereto, along with the detailed CMA True Up chart, collectively as **EXHIBIT "G"**. Matt Kutac thanked Ms. Barzilla, Ms. Hester and all other consultants who assisted in pulling all necessary cost sharing materials for the compilation of such chart in support of the final true up costs included in such agreement. In addition, Matt Kutac noted that he would working with HCWCID No. 1 with respect to the method and timing of the true up payment to the District within the next few months.

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

7. Johnny McDonnell with WLE noted that it was time for the WLE contract for the existing landscape maintenance services to be renewed. He thanked the Board for giving WLE the opportunity to provide such services to the District and indicated that he would be glad to address any questions or comments the Board may have with regard to the WLE services provided under such contract. Matt Kutac confirmed that the contract had just renewed automatically; however, he reminded the Board that there is a 30 day termination clause if any issues surfaced during the current annual services that could not be satisfactorily agreed to by the parties.

In addition, Chris Calvisi updated the Board on the routine landscape services provided during the previous month and noted that winter color had been installed along with Rye seed in the drip fields. He also confirmed that the tree removal and a few installations (near the Sawyer Road entrance), as previously authorized by the Board, had been completed.

8. Next, Kristi Hester 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 as listed below, which items were all approved unanimously:

Under Item 2)d) by motion of Director McGillicuddy, seconded by Director Wachsmann, the Board approved an expenditure of $6,370 (shared costs) for replacement of the last two controllers over to the IQ system at the WWTP;

Under item 4)a) by motion of Director Dally, seconded by Director Kelly, the Board approved an estimate of $113,750.00 (which per Lisa Adkins was budgeted for $110,000) from Wastewater Transport Services for the cleaning and televising of approximately 65,000 feet of collection lines; and

Under item 6)a) by motion of Director McGillicuddy, seconded by Director Harris, the Board approved a repair to the Canopy at the Sandhills Park (confirmed by the contractor to be outside of the existing warranty) at a cost of $1,500 for a patch, which should repair the small tears in the canopy.

Ms. Hester continued through the summary, she noted that as discussed about a year ago there were still issues with the sidewalks in Seneca Trails (where some of the builders had put sidewalks on the wrong side of the street). She noted that Terri Martin with Inframark had been working closely with homeowners in the Seneca Trails area with regard to that issue and other matters. She noted that Inframark will be trying to focus on a solution for the homeowners and should the solution involve any proposed expenditure of District funds, that they would bring any such proposal back to the Board for review and action prior to proceeding.

With respect to the proposed Hays WCID Facebook page that will be linked to the District's joint website with HCWCID No. 1, Ms. Hester noted that she is working with Touchstone District Services, a company out of Houston who had made a recent presentation at

the Summer Conference of the Association of Water Board Directors, on a proposal to provide services to both districts (mainly related to the Facebook page and related communications) and that she would be arranging an initial Joint Customer Care meeting for the committee members to interface with such company. She stated that she would update the Board at the next meeting on such meeting.

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

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

Ms. Hester noted that residential connections had jumped to a total of 1,010 in October of 2019 from 892 in October of 2018. In addition, she noted that for October 2019, the average residential consumption was at 17,573 vs. 9,426 in October 2018. She further reported that the monthly water accountability factor was 98% for the most recent reporting period (95% for the previous period). She noted that the WWTP system was in compliance for the October reporting period. Director McGillicuddy questioned the status of trail improvements. Ms. Hester noted that she has a proposal from WLE that covers additional recommended improvements and that she would be meeting with the appropriate committee on closely reviewing and bringing back recommendations to the Board on how to proceed with the next phases of District trail improvements, taking into consideration the current operating funds budgeted for such improvements.

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

10. Lisa Adkins with Inframark reviewed the District's monthly Financial and Bookkeeping Report, a copy of which is attached hereto as **EXHIBIT "J"**. She noted that as of September 30, 2019 the District had collected 99.88% of its 2018 taxes and that her next report would include monthly reporting relating to the District's 2019 taxes. She also reviewed the profit and loss budget performance charts, the monthly revenue vs. budget comparison chart, the Inframark maintenance cap tracking chart, and HCWCID No. 1's WWTP 1) profit and loss budget performance chart; 2) monthly revenue and budget comparison chart and 3) Inframark maintenance tracking chart, along WWTP joint facility billing reports, balance sheets for operating and debt service accounts, cash balance report for all accounts, cash balance trend chart, check register, a listing of wires and a Quarterly Investment Report. In addition, Ms. Adkins reminded the Board that this would be the last report that would reflect the separate WWTP detailed reporting and that beginning with the first Financial and Bookkeeping Report of the new fiscal year at the next meeting, those expenses would be include in the regular District operational reporting. 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.

11. With respect to the Interlocal Cooperative Agreement for Law Enforcement Services as proposed with the District, Hays County, Hays County Constable for Precinct and HCWCID No. 2, Matt Kutac gave an update noting that Constable Ron Hood had confirmed that Mark Kennedy, the Hays County Attorney, had reviewed and was prepared to recommend approval of such agreement to the Hays County Commissioners Court. He noted that the Board's officers (and HCWCID No. 1's officers) had previously executed the agreement and that once the agreement is signed by all parties, that the Joint Customer Care committees would review details related to such agreement, and put in a request for the extra hours under such agreement with respect to the patrol services that might be handled by off-duty contract officers.

12. With respect to the WLE contract renewal discussed earlier in the meeting, Ms. Hester was asked whether she had been given access to the Rainbird system and if she was being provided with a schedule of WLE maintenance performed on a monthly basis. She confirmed that she had been given access and WLE had been providing the necessary reports for Inframark to be able to monitor the services they provide. In addition, she noted that there were no issues during the recent freeze as related to the irrigation systems, but noted that she had also sent out a reminder to WLE requesting that they check to insure the irrigation systems were cut off.

Also on a separate system maintenance related matter, the Board inquired about what appears to be a film over the Estes pond, and Ms. Hester agreed to discuss such matter with the quarterly pond maintenance contractor.

Also with respect to any erosion control issues with builders, Ms. Hester noted that the builders seemed to be up to date with regard to any payments of penalties for related rule violations and things were going much better on that front.

13. The Board confirmed that its next regular meeting was slated for Thursday, December 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 Harris and unanimously approved, and the Board adjourned until further call.

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

(DISTRICT SEAL)

Sean McGillicuddy, Secretary