

MINUTES OF MEETING
OF THE
BOARD OF DIRECTORS

THE STATE OF TEXAS §

COUNTY OF HAYS §

HAYS COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 1 §

The Board of Directors (the “Board”) of Hays County Water Control and Improvement District No. 1 (sometimes referred to herein as the “District”) met in special session, open to the public, on the 26th day of March, 2020, by telephone conference to mitigate the spread of COVID-19 pursuant to the guidance provided by the Office of the Attorney General of the State of Texas, and the roll was called of the members of the Board of Directors, (herein referred to as the “Board”) to-wit:

Douglas L. Botts	President
Paul Kelly	Vice President
Daniel B. Robison	Secretary
Bill Dally	Treasurer/Asst. Secretary
Rick Lucas	Assistant Secretary

All members of the Board were present by telephone at the commencement of the meeting. Also present by telephone were Kristi Hester and Michael Luft of Inframark, the District’s general management and operations contractor, 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 of SAMCO Capital Markets, Inc., the District’s financial advisor, and Lauren Barzilla with CMA Engineering (“CMA”), the District’s engineers. In addition, Michael Willett and Simon Van Dyk with Touchstone District Services (“Touchstone”) participated in a portion of the telephone conference

Matt Kutac explained a few guidelines for the telephone conference meeting regarding a request that each Board member confirm their name prior to making any motion or voting on such matters to insure that the public record of the meeting would be heard and accurately recorded. Notification to the public was given that the meeting was being recorded. The meeting was then 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. Matt Kutac reviewed a proposed form of Resolution Acknowledging Declaration of Disaster and Establishing Procedures for Continuity of District Operations and Management with the Board. Mr. Kutac fielded questions from the Board pertaining the existing COVID-19 disaster as relates to the continued operation and management of the District during this time. In addition, Mr. Kutac explained that the Resolution formally gives authority to the District's General Manager, without further notice during an Emergency (with an "Emergency" defined in the Resolution to be: a state of emergency or a state of disaster is or has been declared or proclaimed for an areas in which the District is located by the President of the United States, the Officer of the Governor of the State of Texas, The Commissioners Court of Hays County, or the City of Dripping Springs) to (a) close or restrict access to the District offices; (b) permit District customer service representatives to work remotely; (c) require customers to use an outdoor drop-box to deliver payments or other documents; and (d) temporarily suspend service disconnection procedures, provided such suspension must be considered for continuation or discontinuation at the next Board meeting. He also stated that, to the extent necessary during an emergency, the Resolution delegated authority to the Board's President and Treasurer to direct certain actions and approve necessary procedural modifications upon consultation with the District's attorneys. Further, Ms. Kutac noted that though the Resolution had no set expiration date, the authorizations only applied during an emergency and that the Resolution can be amended or withdrawn at any time by formal Board action. Following a full discussion and upon motion by Director Botts, seconded by Director Robison and unanimously carried, the Board approved said Resolution, a copy of which is attached hereto as **EXHIBIT "A"**.

3. The Board reviewed the Minutes from the February 13, 2020 meeting. Following a review thereof, upon motion by Director Botts, seconded by Director Dally and unanimously carried, the Board approved said Minutes.

4. With regard to possible action with respect to the District's proposed Unlimited Tax Utility Refunding Bonds, Chris Lane explained that she would be proposing a parameters sale (Bond Order adoption) at the April meeting, with bids due in May and a closing in June. She noted that she would include a proposed bid sheet to review for the next meeting and she explained that the slight delay in the proposed refunding is to allow the larger banks to have more needed time to bid on the bonds. She stated that she recently sold a refunding issue, and that by way of example of the current market, the low bid on that issue was 1.23%.

5. Matt Kutac reviewed a red-lined comparison of a proposed Service Rate Order with the Board ("Rate Order") 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 Kelly, seconded by Director Robison and unanimously carried, the Board approved an Order Adopting an Amended Service Rate Order, a copy of which is attached hereto as **EXHIBIT "B"**. It was noted that such order was slated to be effective April 1, 2020.

6. With regard to a proposed budget workshop for the current fiscal year ending September 30, 2020 and related five-year budget projections, it was noted that the Board would postpone the budget workshop at this time and would be rescheduling it as soon as practicable. Kristi Hester noted that the Finance Committee had met with Lisa Adkins a while back and, among other discussions, the committee had reviewed and suggested different tiers under the prior and above-referenced Rate Order for future consideration. It was confirmed that Kristi

Hester would get with the Finance Committee and the committee would closely review such matter and come back with a recommendation to the Board at a later date.

7. Matt Kutac noted that with regard to Item 7 on the posted agenda, that the Board would go into executive session later in the meeting to further discuss such matter but for the record, he noted that the Board had been advised by Inframark that they had placed the District's bookkeeper on administrative leave from their company, and that the Board would be reviewing related issues.

8. With regard to a presentation from Touchstone District Services ("Touchstone"), a communications consulting firm, Kristi Hester noted that the District and Hays County WCID No. 2 customer care committees have met jointly and documents have been provided by Touchstone, which documents have been uploaded to the District's Google Drive for their review. Ms. Hester explained that the committees have met a few separate times on this matter – some of which meetings have included Touchstone employees Michael Willett and Simon Van Dyk. She indicated that she had invited both gentlemen to join the Board meeting to provide any responses to any questions that any of the committee members or Board members might have with respect to the services Touchstone proposes to offer. Mr. Willett, after having met with the joint Customer Care committee, noted that that Touchstone had suggested a hybrid approach to allowance of comments on the proposed Facebook page to be established by Touchstone for the District and Hays County WCID No. 2. He noted that certain of the information the Districts may want to post on the proposed Facebook page would be only one way (news items, directives, etc.) as opposed to certain other posts (e.g. notice of accomplishments of the District), which would provide a two way communication platform by having comments enabled. It was noted that certain guidelines would be followed in an attempt to build trust within the community. He noted that he views this hybrid model as one that encourages community support and positive communication and would provide a good way of handling the public comment related communications.

Ms. Hester noted that both Boards had reviewed the Touchstone agreement and related Customer Care Communications Policy and Matt Kutac had proposed minor changes to certain aspects of the agreement. Touchstone apologized for not getting back with him and noted that they plan to do so by early the following week.

Director Botts, a Customer Care Committee Member, confirmed that the three (3) aspects he feels can be addressed by Touchstone are: 1) management of the website; 2) management of the Facebook page in concert with the General Manager; and 3) providing emergency notifications to the District's customers. Director Botts explained that he felt the notification system was key to being able to quickly notify the entire District customer base as well as being able to narrow it down to a few houses or more if they need to target a particular area. It was additionally discussed that all 3 mesh together to provide a full array of customer communications with the Facebook page providing links directly to the website for needed updates, etc.

Director Dally inquired as the costs to set up and operate the Facebook Page, and provide the other requested services. Touchstone replied by noting a price sheet had been provided to Ms. Hester and the committee, but that a rough estimate would be around \$1,200 to \$1,500 per month with monthly service fees (depending upon the no. of emergency notifications, etc.) and that the pricing may vary depending upon how active the community is and how many posts are

required to be addressed, etc. It was noted that the Touchstone agreement is also on Hays County WCID No. 2's agenda later in the day and that it appeared that the only unresolved issue really relates to the whether comments would be permitted. Mat Kutac noted that he still advised against allowing comments on the page due to concerns raised at prior meetings but that said, he would he would certainly work to address such concerns in the best manner possible should the Board choose to move forward with such approach.

Directors Botts and Robison both agreed that they were in favor of proceeding with the agreement - noting that they are willing to try the "comment section" in the hybrid approach that Touchstone recommended. In addition, Director Kelly inquired as to whether there was any way to estimate the number of people that look at Facebook with Touchstone noting that it would be between four and six months before they would really have a good idea, but they estimated that within a year the page would have hundreds of followers and possible over a 1,000 within a few years.

Director Lucas inquired as to whether the Facebook Page was intended to be the District's only form of communication noting that 4 of the 5 Board members don't even really use Facebook. Mr. Willett noted that it's mainly the District's website in conjunction with the Facebook Page, along with email newsletters, and that they will be working closely with the District's General Manager on multiple outlets and other ways of getting communications out to customers. Director Robinson noted that in his 12 years on the Board he feels it will be a step toward the improved customer communications he has been working towards since joining the Board. Director Lucas stated that he just wasn't sure the estimated cost for the Facebook component was worthwhile. Director Dally noted that he would look towards Directors Kelly, Robison and Botts to their judgment on this issue and that they would have his support.

9. Matt Kutac next discussed the proposed form of Communications Policy that was being presented and considered by the District and also Hays County WCID No. 2. Mr. Kutac noted that he wanted to allow the Customer Care Committee to provide further input following the presentation earlier in the meeting from Touchstone and his plan would be to bring back the final form of the Communications Policy to the April 9th meeting for a final review and approval. He did ask for clarification from the Board as to their existing position on allowing the hybrid form of comments to the Facebook page. Following a discussion and motion by Director Botts, seconded by Director Robison and carried by a vote of 4-1 with Director Lucas voting against, the Board approved the hybrid approach proposed by Touchstone.

10. Matt Kutac referred the Board to the copy of a proposed consultant agreement with Touchstone District Services. Matt Kutac noted generally the contract as initially presented was in very good form. For now, he just requested the Board's authorization to proceed with negotiations of such a final contract to bring back to the Board for review and approval at the April Board meeting. Upon motion by Director Botts, seconded by Director Robison and carried by a vote of 4-1 with Director Lucas voting against, the Board authorized Matt Kutac to handle the final negotiations of the proposed contract with Touchstone.

Michael Willet and Simon Van Dyk with Touchstone indicated that they would continue to work with Ms. Hester and the Customer Care Committee on the cost components so there is a clear understanding of those details. They thanked the Board and dropped off of the meeting at this point.

11. The Board discussed various options for audio/video forms of equipment to conduct certain meetings of the Board and various committees during the COVID-19 disaster. Kristi Hester noted that she was prepared to set up a Zoom video conference account as administrator to aid the District and Hays County WCID No. 2 with the conduct of its future Board meetings should the Board wish to conduct their meetings in that manner. It was noted that the cost for Ms. Hester to set up the account would be split equally with Hays County WCID No. 1 (an estimated minimal cost of \$7.50 per District). Upon motion by Director Lucas, seconded by Director Botts and unanimously carried, the Board authorized the setup of such account.

12. Kristi Hester noted that she would be following up with certain committee members to schedule various committee meetings. In addition, the Board reconfirmed its proposed next regular meeting to be slated for Thursday, April 9, 2020 with the workshop session at 4:00 p.m. and special meeting (for regular business) to occur just following that at 5:00 p.m. and noted that such meeting would be conducted via Zoom with details provided in the meeting notice.

13. With regard to item 7 on the posted agenda for the meeting, upon motion by Director Botts, seconded by Director Robison and unanimously carried, the Board retired, along with Matt Kutac and Andy Barrett to Executive Session at 5:33 p.m.

14. Following such Executive Session and upon motion by Director Robison, seconded by Director Kelly and unanimously carried, the Board reconvened in public session at approximately 5:44 p.m. A roll call was done of all members, confirming that all members had rejoined the meeting.

It was confirmed that no action had been taken during the Executive Session and following a motion by Director Lucas seconded by Director Dally and unanimously carried, the Board authorized the District's attorneys to obtain and review proposed bookkeeping contracts and agreements for the Boards review and consideration.

In addition, and by motion of Director Kelly, seconded by Director Robison and unanimously carried, the Board adopted a Resolution Authorizing Attorneys to Access Banking Information, a copy of which is attached hereto as **EXHIBIT "C"**.

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

APPROVED AND ADOPTED this 14th day of May, 2020.




Daniel B. Robison, Secretary