

MINUTES
BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

September 4, 2020

The Board of Directors (the “Board”) of Bastrop County Municipal Utility District No. 1 (the “District”) met on the 4th day of September, 2020, in regular session by teleconference, with access by telephone available to the public, pursuant to Texas Government Code Section 551.125 and Governor Greg Abbott’s emergency disaster declaration dated March 13, 2020, and the roll was called of the members of the Board being present by telephone:

Nick Textor	President
Linda Roberts	Vice President
William Tullis	Secretary
Jerry B. Patterson	Assistant Vice President
Jane T. Sevier	Assistant Secretary

and all of the above were present, thus constituting a quorum.

Also attending the teleconference were Corrie Aday of HARCO Insurance Services (“HARCO”); Brett Lanham of Lanham Consulting, LLC; John Crumine of PFM Group; Terry Holland of Myrtle Cruz, Inc.; Hal Lanham, Tammy Hargett, and Amanda Rodriguez of AWR Services, Inc. (“AWR”); Bradley Loehr of Befco Engineering, Inc.; David Patterson of Assessments of the Southwest, Inc. (“ASW”); and Kathryn Garner and Janet Swartz of Allen Boone Humphries Robinson LLP (“ABHR”).

Ms. Garner reviewed certain recommended protocols for conducting the District’s meeting via teleconference. She announced that the meeting was being recorded and that consultant reports presented at the meeting were posted online and available to the public in the form of an “agenda packet” prior to the start of the meeting at <https://www.districtdirectory.org/agendapackets/bastropcmud1>.

PUBLIC COMMENT

Ms. Garner offered any members of the public attending the meeting by telephone the opportunity to make public comment. Mr. Brett Lanham presented a statement regarding his departure from AWR, a copy of which is attached.

Ms. Garner requested that AWR and Mr. Brett Lanham inform the Board if they are aware of any items mentioned in the statement that affect the operations of the District.

CONSIDER OPERATIONS AND SERVICE REQUIREMENTS RELATING TO COVID-19 EPIDEMIC AND RATIFICATION OF ANY EMERGENCY ACTIONS, IF NECESSARY

The Board concurred that there were no COVID-19 epidemic emergency actions for ratification.

MINUTES

The Board considered approving the minutes of the August 7, 2020, meeting. Following review and discussion, Director Patterson moved to approve the minutes of the August 7, 2020, meeting. Director Roberts seconded the motion, which passed by unanimous vote.

FINANCIAL AND BOOKKEEPING MATTERS AND TAX REPORT

Mr. Holland reviewed the bookkeeper's report, including the bills submitted for approval, transfers, investment report, energy report, and year-to-date budget, a copy of which is attached. The Board reviewed the monthly tax report for September, 2020, from the Bastrop County Tax Office, a copy of which is attached. Mr. Holland recommended the Board consider adoption of the budget after the adoption of the Order Levying Taxes. After review and discussion, Director Tullis moved to approve the bookkeeper's report, investment report, and checks presented for payment. Director Sevier seconded the motion, which passed by unanimous vote.

REVIEW, REVISE, AND ADOPT RESOLUTION ESTABLISHING THE AUTHORIZED DEPOSITORY INSTITUTIONS AND ADOPTING LIST OF QUALIFIED BROKER/DEALERS WITH WHOM THE DISTRICT MAY ENGAGE IN INVESTMENT TRANSACTIONS

Ms. Garner reviewed the District's Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions. She stated that the District's bookkeeper has provided an updated list of qualified brokers/dealers with whom the District may engage in investment transactions. After review and discussion, Director Tullis moved to adopt a Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions and direct that the Resolution be filed appropriately and retained in the District's official records. Director Sevier seconded the motion, which passed by unanimous vote.

AUTHORIZE AUDITOR TO CONDUCT AUDIT FOR THE FISCAL YEAR END SEPTEMBER 30, 2020

Ms. Garner stated that the Board previously executed an engagement letter with McCall Gibson Swedlund Barfoot PLLC ("McCall") to perform the District's audit for the

fiscal year end September 30, 2020. She stated that the auditor has estimated the cost to conduct the audit to be between \$10,500 and \$12,000. Following review and discussion, Director Tullis moved to authorize McCall to conduct the audit for the District's fiscal year end September 30, 2020. Director Sevier seconded the motion, which passed by unanimous vote.

SENATE BILL 2 TRANSPARENCY REQUIREMENTS AND AGREEMENT FOR SERVICES OF TAX ADVISOR

Ms. Garner discussed transparency requirements in Sections 26.17 and 26.18, Tax Code, as enacted by Senate Bill 2, the "Texas Property Tax Reform and Transparency Act of 2019." She discussed financial and tax rate information that must be posted on a website maintained or accessible to the District in 2021. She also discussed tax-related information that must be included in a property tax database maintained by the appraisal district, some of which must be provided by the District in 2021.

Mr. David Patterson presented an Agreement for Services of Tax Advisor between ASW and the District for implementation of the transparency requirements in Sections 26.17 and 26.18, Tax Code. He stated that the Agreement provides that ASW will (1) perform calculations/levy process and make publications required by law, or review calculations/publications performed by District's Tax Assessor/Collector including, but not limited to, those required by Section 49.236 of the Texas Water Code; (2) in 2021, provide the information for property tax database, with respect to each property listed on the appraisal roll for the appraisal district, along with any other information required by Section 26.17 of the Texas Property Tax Code, as amended, and confirm the information provided is updated properly; (3) in 2021, host and maintain, or contract with a third party website provider to host and maintain, a generally accessible internet website, for compliance with Section 26.18 of the Tax Code, and ensure the information on the website is updated properly; and (4) be available for consultation on questions regarding calculations/levy process and attend up to three regular meetings per year as requested by the Board of Directors, including public hearings held pursuant to the Tax Code and/or the Texas Water Code. He discussed the fees associated with implementation of the requirements contained in Sections 26.17 and 26.18 of the Tax Code, as reflected in the Agreement for Services of Tax Advisor. After review and discussion, Director Tullis moved to approve the Agreement for Services of Tax Advisor with ASW as presented and direct that the Agreement be filed appropriately and retained in the District's official records. Director Sevier seconded the motion, which passed by unanimous vote.

CONDUCT PUBLIC HEARING REGARDING DISTRICT'S TAX RATE, ADOPT ORDER LEVYING TAXES, AUTHORIZE EXECUTION OF AMENDMENT TO INFORMATION FORM, AND ADOPT BUDGET FOR FISCAL YEAR END SEPTEMBER 30, 2021

Ms. Garner stated that ASW published a Notice of Public Hearing stating the public hearing would be held at today's meeting regarding adoption of the District's proposed 2020 total tax rate of \$0.91.

Director Textor opened the public hearing. There being no comments from the public, Director Textor closed the public hearing.

Mr. Holland reviewed a proposed budget for fiscal year end September 30, 2021, a copy of which is attached to the bookkeeper's report. After review and discussion, Director Tullis moved to adopt the budget for the fiscal year end September 30, 2021. Director Sevier seconded the motion, which passed by unanimous vote.

Ms. Garner presented to the Board an Order Levying Taxes for 2020 reflecting a total \$0.8636 tax rate, comprised of \$0.3666 for debt service and \$0.4970 for operations and maintenance. She noted that the Order Levying Taxes will be filed with the Bastrop County Tax Office. Ms. Garner next presented to the Board an Amendment to Information Form reflecting the 2020 tax rate. She noted that the Amendment to Information Form will be recorded in the Official Public Records of Bastrop County and be filed with the Texas Commission on Environmental Quality ("TCEQ"). Following review and discussion, Director Tullis moved to adopt the Order Levying Taxes reflecting a total 2020 tax rate of \$0.8636 per \$100 of assessed valuation, comprised of \$0.3666 to pay debt service and \$0.4970 for operations and maintenance, and direct that the Order be filed appropriately and retained in the District's official records. Director Sevier seconded the motion, which passed by unanimous vote.

After review and discussion, Director Tullis moved to authorize execution of the Amendment to Information Form and direct that the Amendment be filed appropriately and retained in the District's official records. Director Sevier seconded the motion, which passed by unanimous vote.

RENEWAL OF DISTRICT'S INSURANCE POLICIES, INCLUDING REVIEW OF ENGINEER'S LIST OF FACILITIES TO BE INSURED

Ms. Garner stated that the District's insurance policies with the Texas Municipal League expire on October 1, 2020. She added that the Elected Officials Blanket Bond and Blanket Crime Policy Bond do not expire until October 1, 2022. The Board reviewed a proposal from HARCO for renewal of the insurance policies with the Texas Municipal League. Following review and discussion, Director Tullis moved to accept the proposal from HARCO for renewal of the District's insurance policies with the Texas Municipal League for a one-year term and direct that the proposal be filed appropriately and

retained in the District's official records. Director Sevier seconded the motion, which passed by unanimous vote.

Mr. David Patterson discussed the certified values and the uncertified values in the District. The Board requested that he review the District's tax roll and discuss the roll with the Board at the next meeting.

OPERATION OF DISTRICT FACILITIES, DISCUSSION REGARDING DELINQUENT ACCOUNTS AND TERMINATIONS

Mr. Hal Lanham stated he wanted to reassure the Board that the water system had been tested and reports filed with the TCEQ. He discussed AWR's work in the District and the AWR staff that works in the District.

Mr. Hal Lanham reviewed the operator's report, a copy of which is attached, and reviewed maintenance and repairs at the District's facilities. He reported that the Aqua Water meter stopped registering and therefore AWR was not able to calculate the water loss in the District for the June reporting period. Mr. Hal Lanham stated that there are 120 active connections in the District.

Mr. Hal Lanham reported on operations at the water plant. He stated that due to the demands of a new air compressor, a new breaker was installed at the plant. Mr. Hal Lanham stated that AWR investigated excavation being done by a gas company contractor to ensure the District's main water line was not disturbed. He discussed water sampling that will be conducted in the District.

Mr. Hal Lanham stated there were no delinquent accounts.

Mr. Hal Lanham reported on AWR's responses to customer calls.

After review and discussion, Director Tullis moved to approve the operator's report. Director Sevier seconded the motion, which passed by unanimous vote.

Mr. Brett Lanham stated there has been an upward trend in water loss in the District. He added that the water loss can result in lost revenue to the District. He reviewed a proposal in the amount of \$8,750 from Lanham Consulting, LLC, for leak detection services in the District and stated services can begin October 14, 2020. He added the results of the leak detection services could be presented at the November Board meeting. The Board took no action on the proposal.

ENGINEERING MATTERS

Mr. Loehr reviewed an engineer's report submitted by Befco Engineering, Inc., a copy of which is attached.

2016 FEMA PROJECT

Mr. Loehr discussed the project for erosion control on the easement to maintain the road and wastewater line to the Wastewater Treatment Plant ("WWTP"). He stated that he sent a letter to Cohn Resnick requesting FEMA's approval of an improvement project to relocate the wastewater line to the WWTP to the opposite side of the road and away from the eroded high bank of the Colorado River. Mr. Loehr stated that the estimated cost for surveying and construction relating to relocation of the wastewater line to the opposite side of the road is \$35,000.

2017 FEMA PROJECT

Mr. Loehr stated that the 2017 FEMA project for erosion control, repairs, and relocation of the 3" water line located near the Townhomes has cleared the FEMA review process.

Mr. Loehr stated he can advertise for bids for the project once ColoVista Townhomes Property Owners Association conveys an easement to the District. He added that the District has applied to FEMA for approval of a time extension for the project.

RELOCATION OF 4" SEWER LINE AND 6" WATER LINE

Mr. Loehr updated the Board on the design for the relocation of a 4" sewer line and 6" water line located near the Townhomes. He stated that the District requested the Parliament Group, Inc., agree to revise the existing fifteen-foot utility easement to twenty feet at the location of the culverts and has not received a response.

REPORT ON BASTROP COUNTY FEMA HAZARD MITIGATION ACTION PLAN

Mr. Loehr discussed a list of projects that could be funded by the Hazard Mitigation Plan, a copy of which is attached. Director Textor stated that the list of projects is for discussion purposes only. Director Sevier reviewed the list of projects.

After discussion, Director Tullis moved to approve the engineer's report. Director Sevier seconded the motion, which passed by unanimous vote.

REPORT ON BASTROP COUNTY ROAD WORK AND REQUEST FOR REIMBURSEMENT FOR REPAIR OF BROKEN WATER LINE

Ms. Garner stated that the District received \$90,523.90 from Bastrop County for the damage caused by its contractor, Chasco, to the District's 6" water line along ColoVista Parkway between River Forest and Tall Forest.

REPORT ON PARLIAMENT GROUP, INC., DRAINAGE WORK AND REQUEST FOR REIMBURSEMENT FOR REPAIR OF BROKEN SEWER MAIN

Ms. Garner stated that a demand letter has been prepared to send to the Parliament Group, Inc., requesting reimbursement in the amount of \$20,122.88, for a broken sewer main that was damaged by a contractor hired by Parliament Group. After discussion, Director Tullis moved to authorize ABHR to send a demand letter to Parliament Group, Inc., requesting reimbursement in amount of \$20,122.88 for the District's cost to repair the sewer main. Director Sevier seconded the motion, which passed by unanimous vote.

REPORT ON BASTROP COUNTY ROAD WORK AND REQUEST FOR REIMBURSEMENT FOR REPAIRS OF AIR RELIEF VALVE AND RELATED SERVICES

Ms. Garner stated that a contractor for Bastrop County was working in the District and damaged the District's air relief valve. After discussion, Director Tullis moved to authorize ABHR to send a demand letter to Bastrop County, requesting reimbursement for all costs incurred by the District to repair the air relief valve. Director Sevier seconded the motion, which passed by unanimous vote.

MAINTENANCE OF THE DISTRICT WEBSITE

Director Sevier updated the Board on the District's website.

RATIFICATION OF EMERGENCY ACTION OR URGENT ACTIONS

Director Textor reported on an issue with the emergency bypass meter connected to the Aqua Water meter. He stated he has requested AWR investigate the bypass meter to locate the issue. Mr. Hal Lanham stated AWR will check the bypass meter. The Board took no action on this matter.

2020 DIRECTORS ELECTION

Ms. Garner discussed the November 3, 2020, Directors Election to be conducted by Bastrop County.

REPORT ON DEVELOPMENT IN THE DISTRICT

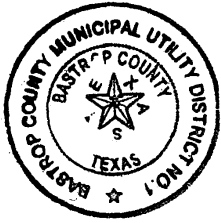
There was no report on development.

NEXT MEETING DATE

Following discussion, the Board agreed to hold the next meeting on October 2, 2020, at 10:00 a.m. by teleconference, with access by telephone available to the public, pursuant to Texas Government Code Section 551.125 and Governor Greg Abbott's emergency disaster declaration dated March 13, 2020.

/s/ William Tullis _____
Secretary, Board of Directors

(SEAL)



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