

MINUTES
BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

December 4, 2020

The Board of Directors (the "Board") of Bastrop County Municipal Utility District No. 1 (the "District") met on the 4th day of December, 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:

Steve Adamcik	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 Winfred Frasier, resident of the District; Terry Holland of Myrtle Cruz, Inc.; Hal Lanham and Tammy Hargett of AWR Services, Inc. ("AWR"); Bradley Loehr of Befco Engineering, Inc.; 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. There were no comments from the public.

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.

Ms. Garner stated that in 2019, the Board adopted a Resolution Regarding Delegation of Authority Related to Emergency Action or Urgent Action, reflecting the

appointment of the President of the Board, or as an alternate, the Secretary of the Board, with the authority to approve District expenditures and authorize actions to be undertaken by District consultants that constitute emergency or urgent response efforts without obtaining prior approval of the Board. Ms. Garner added that the President and Secretary are further authorized to approve District expenditures up to \$5,000 and authorize actions to be undertaken by District consultants in response to other urgent, time-sensitive matters requiring immediate attention between Board meetings without obtaining prior approval of the Board.

Ms. Garner stated that in 2020, the Board adopted a Resolution Regarding Delegation of Authority Due to an Emergency, reflecting delegations of authority to take certain actions on behalf of the Board or District, including delegation to a Board member designee to sign approved, authorized checks on behalf of the District in accordance with Section 49.151 of the Texas Water Code.

MINUTES

The Board considered approving the minutes of the November 17, 2020, regular meeting. Following review and discussion, Director Tullis moved to approve the minutes of the November 17, 2020, regular meeting. Director Patterson 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. In response to inquiries from Director Adamcik, Mr. Holland reviewed the bookkeeper's procedures for deposit of tax funds received from Bastrop County (the "County"), the District's debt service payments, the District's costs for maintenance of the system, duties of the District's investment officer, and arbitrage rebate reports. Mr. Lanham discussed the District's agreement with Aqua Services for water supply.

The Board reviewed the monthly tax report for November, 2020, from the Bastrop County Tax Office, a copy of which is attached. After review and discussion, Director Tullis moved to approve the bookkeeper's report, investment report, and checks presented for payment. Director Adamcik seconded the motion, which passed by unanimous vote.

REPORT FROM TAX ADVISOR

There was no report from the tax advisor.

TRANSPARENCY REQUIREMENTS UNDER SECTIONS 26.17 AND 26.18, TAX CODE

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. Garner stated that the District has entered into an Agreement for Services of Tax Advisor with Assessments of the Southwest, Inc. ("ASW") for implementation of the transparency requirements in Sections 26.17 and 26.18, Tax Code. She added that ASW will provide the information for the property tax database, with respect to each property listed on the appraisal roll to 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, and 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. The Board concurred that no action was necessary on this agenda item.

REVIEW AND UPDATE EMINENT DOMAIN REPORT TO THE TEXAS COMPTROLLER

Ms. Garner reported that ABHR has filed the District's Eminent Domain Authority Annual Report with the Comptroller of the State of Texas pursuant to Senate Bill 1812.

OPERATION OF DISTRICT FACILITIES AND DISCUSSION REGARDING DELINQUENT ACCOUNTS AND TERMINATIONS

Mr. Lanham reviewed the operator's report, a copy of which is attached, and reviewed maintenance and repairs at the District's facilities. He stated that there are 117 active connections in the District.

Mr. Lanham stated there were no delinquent accounts.

Mr. Lanham stated that the guards on the pulley system for the blowers at the wastewater treatment plant ("WWTP") were installed.

Mr. Lanham stated that Magellan Midstream Partners ("Magellan") is conducting a pipeline excavation in the District near the Townhomes. He added that AWR is sending plans to Magellan to show the location of the District's lines. Mr. Lanham stated that the District does not have water or sewer lines in the area of the excavation.

Mr. Lanham stated that a single-door lockbox to be utilized only by the District for posting of agendas was purchased and will be installed in the Valley area of the District.

Mr. Lanham updated the Board on AWR's COVID-19 response plan.

Mr. Lanham stated that water loss in the District was 7%. In response to a question from Director Adamcik, Mr. Lanham stated that the percentage of water loss decreased due to the new master meter that was installed. Mr. Lanham discussed water loss in the District and stated that the meters in the District are not meters that detect low flows. He added that electronic meters could assist the District on water loss detection. Mr. Lanham discussed the possible installation of electronic meters in the District. He stated that the District would pay for the electronic meters for existing homes. Discussion ensued regarding the amounts the District has been invoiced by Aqua WSC for water. Ms. Garner stated she would review the District's agreement with Aqua WSC.

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

REPORTS REGARDING DISTRICT WATER QUALITY AND FINANCIAL CONCERNS

There was no discussion on this agenda item.

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 WWTP and the relocation of wastewater line to WWTP and required wastewater line easement. He stated that the District will need FEMA approval on this project.

Mr. Loehr stated that paperwork was prepared to send to Cohn Resnick for submittal to FEMA for the District's return of \$2,125 to FEMA in connection with the permanent repair of the 6" water line in the gully on ColoVista Drive between River Forest and Tall Forest, made in lieu of mitigation that was part of the approved FEMA project.

2017 FEMA PROJECT

Mr. Loehr stated he did not have an update on the 2017 FEMA project for erosion control, repairs, and relocation of the 3" water line located near the Townhomes. He stated he can advertise for bids for the project once the owners of the Townhome common areas convey an easement to the District.

Mr. Loehr stated that on behalf of the District, Mr. Textor and Director Roberts have access to the Texas Department of Emergency Management ("TDEM") and FEMA websites. The Board discussed appointing a member of the Board to replace Mr. Textor as a director having access to the websites on behalf of the District.

Discussion ensued on obtaining easements from the owners of the Townhomes common areas. Ms. Garner stated that the current owner of the common areas, ColoVista Estates, has agreed to convey the property to the Townhomes Property Owners Association, which is a division of the ColoVista Property Owners Association. She added that currently, the Townhomes Property Owners Association is not a corporate entity and therefore is not able to take ownership of the property. Discussion ensued. The Board discussed meeting with the president of the Townhomes Property Owners Association and representatives of ColoVista Estates to discuss the conveyance of the easements to the District. After discussion, Director Tullis moved to appoint a committee of Directors Sevier and Tullis to further investigate issues surrounding the ownership of the common areas and the conveyance of the easements to the District. Director Patterson seconded the motion, which passed by unanimous vote.

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 is waiting to receive comments from Parliament Group, Inc., on a utility easement requested by the District.

REPORT ON AMENDED UTILITY EASEMENT

There was no report on this agenda item.

WWTP REPAIRS

Mr. Loehr discussed the inspection of the WWTP in July 2020. He stated it is Befco's recommendation to plan on rehabilitation of the plant in three to five years. Mr. Loehr discussed maintenance of the water plant pressure tank interior coating system and the estimated cost to wash and coat the two ground storage tanks and above ground piping. The Board concurred to tour the WWTP and water plant facilities and tabled authorizing the engineer to prepare plans and specifications for repairs to the WWTP and maintenance of the pressure tank interior coating system, recoating of two ground storage tanks and above ground piping at the water plant.

After discussion, the Board concurred to (1) approve the engineer's report; and (2) appoint Director Adamcik as a designated director for access to the TDEM and FEMA websites.

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

Ms. Garner stated that a demand letter was sent to the Parliament Group, Inc. ("PGI"), requesting reimbursement in the amount of \$20,122.88, for broken sewer mains that were damaged by a contractor hired by PGI. She stated PGI has indicated it would pay the claim after either (1) deducting PGI's legal fees of \$5,695 for review of the Amended Utility Easement or (2) deducting ABHR's legal fees of \$4,320 incurred in connection with the claim. After discussion, Director Tullis moved to approve removal of the ABHR legal fees in the amount of \$4,320 from the claim for reimbursement for repair of the broken sewer main and request PGI reimburse the District \$16,135. Director Adamcik seconded the motion, which passed by unanimous vote.

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

Ms. Garner stated that a contractor for the County was working in the District and damaged the District's air relief valve. She added that a demand letter was sent to the County requesting reimbursement in the amount of \$6,238.25. Ms. Garner stated that preliminarily the County District Attorney stated the claim would be paid. She stated that on November 10, 2020, the County sent a letter to the District stating that its contractor, Chasco, denied damaging the District's air relief valve; thus, the County was denying the claim based on that information. She added that AWR has gathered additional information on the matter to submit to the County. After discussion, Director Tullis moved to authorize ABHR to contact the County District Attorney to inform them of the additional information and determine the type of evidence the District is required to submit to the County. Director Patterson seconded the motion, which passed by unanimous vote.

REPORT ON COUNTY FEMA HAZARD MITIGATION ACTION PLAN

Mr. Loehr stated he did not have an update on the progress of the FEMA Hazard Mitigation Plan.

MAINTENANCE OF THE DISTRICT WEBSITE

Director Sevier stated she did not have an update on the District's website.

RATIFICATION OF EMERGENCY OR URGENT ACTIONS

Ms. Garner stated that the Board previously adopted a Resolution Regarding Delegation of Authority Related to an Emergency Action or Urgent Action and a Resolution Regarding Delegation of Authority Due to an Emergency. She discussed the delegations of authority to take certain actions on behalf of the Board or District. There were no actions to be ratified at this meeting.

REPORT ON DEVELOPMENT IN THE DISTRICT

There was no report on development.

CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY

The Board convened in Executive Session at 1:01 p.m., pursuant to Section 551.071, Texas Government Code, to conduct a private consultation with its attorney.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING MATTERS CONSIDERED IN EXECUTIVE SESSION

The Board reconvened in open session at 2:02 p.m. Director Tullis left the teleconference. After discussion, Director Adamcik moved to appoint Directors Patterson and Adamcik to review all vendor invoices prior to approval. Director Patterson seconded the motion, which passed by unanimous vote. After discussion, Director Patterson moved to appoint Directors Tullis and Roberts to a committee to conduct a due diligence review on allegations of AWR timecard fraud and AWR's invoices for services. Director Adamcik seconded the motion, which passed by unanimous vote.

NEXT MEETING DATE

Following discussion, the Board agreed to hold the next meeting on January 8, 2021, 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.

After discussion, Director Adamcik moved to adjourn the meeting. Director Sevier seconded the motion which passed by unanimous vote.



/s/ William Tullis
Secretary, Board of Directors

ATTACHMENTS TO THE MINUTES

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