

MINUTES
BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

September 2, 2022

The Board of Directors (the "Board") of Bastrop County Municipal Utility District No. 1 (the "District") met in regular session, open to the public, on the 2nd day of September, 2022, at the First National Bank, 489 Highway 71 West, Bastrop, Texas, outside the boundaries of the District, and the roll was called of the members of the Board:

Steve Adamcik	President
William Tullis	Vice President
Jerry B. Patterson	Assistant Vice President
Jane T. Sevier	Secretary
Krystal Mealy	Assistant Secretary

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

Also present at the meeting were Wynn Frazier, Jo Garoutte, Nick Textor and Paul Hanson, residents of the District; Tammy Hargett of AWR Services, Inc. ("AWR"); and Kathryn Garner of Allen Boone Humphries Robinson LLP ("ABHR").

Also attending by telephone were Bradley Loehr of Befco Engineering, Inc.; Hal Lanham of AWR; Terry Holland of Myrtle Cruz, Inc.; David Patterson of Assessments of the Southwest, Inc.; and Janet Swartz of ABHR.

PUBLIC COMMENTS

Mr. Hanson thanked the Board for the timely communications from the District's operator regarding the construction of a home in the District.

MINUTES

The Board considered approving the minutes of the August 5, 2022, regular meeting. Following review and discussion, Director Tullis moved to approve the minutes of the August 5, 2022, regular meeting. Director Patterson seconded the motion, which passed by unanimous vote.

REPORT ON CURRENT AND FUTURE DEVELOPMENT IN THE DISTRICT

Director Adamcik reported on development in the District, including homes currently under construction in the District.

DISCUSS COMMUNICATIONS WITH PROPERTY OWNERS AND RESIDENTS

There was no discussion on this agenda item.

DISCUSS AMENDMENT TO LARGE VOLUME SERVICE AGREEMENT WITH AWSC TO ACQUIRE ADDITIONAL WATER CAPACITY FOR CURRENT AND FUTURE DEVELOPMENT IN THE DISTRICT AND TAKE ANY NECESSARY ACTIONS

Director Adamcik discussed the terms of the amendment to the AWSC Large Volume Service Agreement. He stated that ABHR and the development committee will continue negotiations with AWSC on the terms of the amendment to the Large Volume Service Agreement.

ENGINEERING MATTERS

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

Director Adamcik discussed the Capital Improvement Plan ("CIP") and plans for maintenance to the District's facilities over the next five years. Director Tullis discussed proposed improvements to the wastewater treatment plant ("WWTP") to be undertaken over the next two to three years.

Mr. Loehr discussed possible improvements to the booster pumps at the water plant. He stated that booster pumps, pressure control valves and repairs at the WWTP will be included in the CIP.

Mr. Loehr updated the Board on the execution of Service Agreements with Macaulay Controls Company and Catron.

Ms. Garner stated that the District requested that the Estate of Leslie L. Appelt grant the district a sanitary sewer easement (3,881 square feet) in connection with the relocation of the wastewater line to the WWTP plant. She added that the Estate of Leslie L. Appelt has agreed to grant the sanitary sewer easement to the District. Ms. Garner stated that she has communicated with Julie Taetz, President, The Appelt Company, that the District will improve the road to the WWTP following the relocation of the wastewater line to the plant.

Director Adamcik discussed the possibility of the District entering into a Memorandum of Understanding with Bastrop County for regular mowing of road rights-of-ways. He added that Nick Textor is reviewing the maintenance that could be included in such an agreement with the County.

After review and discussion, Director Tullis moved to (1) approve the engineer's report; (2) accept the sanitary sewer easement once received by the District; and (3) authorize the engineer to prepare a Capital Improvement Plan. Director Patterson 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 ("TML") expire on October 1, 2022. The Board reviewed a proposal from HARCO for renewal of the insurance policies with the TML. Following review and discussion, Director Tullis moved to accept the proposal from HARCO for renewal of the District's insurance policies with the TML for a one-year term and direct that the proposal be filed appropriately and retained in the District's official records. Director Patterson seconded the motion, which passed by unanimous vote. The Board requested that Mr. Loehr ask HARCO to quote higher deductibles in the 2023 proposal for renewal of the District's insurance policies.

OPERATION OF DISTRICT FACILITIES

Ms. Hargett reviewed the operator's report, a copy of which is attached. Ms. Hargett stated that on August 17, 2022, ASW communicated with residents about the current water restrictions.

Mr. Lanham updated the Board on D.R. Horton Homes connections to the District's system. He stated that D.R. Horton Homes has agreed to reimburse the District for repairs to broken discharge lines that were damaged by a landscape contractor.

Mr. Lanhan discussed the District's budget and stated that electronic meters will be added to the Capital Improvement Plan.

Mr. Lanham stated that a customer installed a grinder pump at their home to replace a District owned grinder pump. He stated that he informed the customer that the grinder pump will need to be removed and that the District will install a new grinder pump to bring the system back into compliance with the District's Rate Order for a cost of \$3,891. Mr. Lanham discussed a possible payment plan for the customer's payment of \$3,891 for the new grinder pump. The Board requested that AWR install the District's grinder pump at the customer's home and offer the customer a 12-month payment plan. Mr. Lanham stated that AWR will contact the customer, install the grinder pump, add the \$3,891 charge to the customer's account, and send the customer a 12-month payment plan.

Director Sevier requested that AWR place stickers containing AWR contact information on all grinder pump lids and control panels. The Board requested that a

notice be added to the District's website reflecting that customers should contact AWR regarding repairs to grinder pumps.

The operator's report did not reflect any delinquent accounts.

The Board discussed outstanding amounts owed by D.R. Horton Homes to the District. The Board instructed the District's bookkeeper to hold the refund checks to D.R. Horton Homes until the District received payment for outstanding amounts owed to the District.

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

DISCUSS MEMORANDUM OF UNDERSTANDING FOR MAINTENANCE OF RIGHTS-OF-WAYS WITH BASTROP COUNTY

There was no further discussion on this agenda item.

REVIEW AND DISCUSS DROUGHT CONTINGENCY PLAN AND TAKE ACTION RELATED TO SAME, IF NECESSARY; AND ADOPT RESOLUTION INVOKING EMERGENCY CONTINGENCY PLAN OF THE AMENDED AND RESTATED DROUGHT CONTINGENCY PLAN

Ms. Garner reviewed the District's current Drought Contingency Plan and a Resolution Invoking Emergency Contingency Plan of the Amended and Restated Drought Contingency Plan. After review and discussion, Director Tullis moved to adopt a Resolution Invoking Emergency Contingency Plan of the Amended and Restated Drought Contingency Plan and direct that the Resolution be filed appropriately and retained in the District's official records. Director Patterson seconded the motion, which passed by unanimous vote. Due to recent rainfall in the District, the Board concurred to lift the restriction on watering of newly installed landscaping for newly constructed homes and requested that AWR provide notice to D.R. Horton Homes.

REPORT ON BASTROP COUNTY FEMA HAZARD MITIGATION ACTION PLAN

Director Sevier stated that the Bastrop County Hazard Mitigation Plan will be sent to the Board for review. She requested that a Resolution Approving Bastrop County Hazard Mitigation Plan be added to the next agenda for adoption.

REPORT ON THE DISTRICT WEBSITE

Director Mealy discussed the District's website and stated that she received an analytics report on the website.

TRANSPARENCY REQUIREMENTS PURSUANT TO SECTION 2051.202, TEXAS GOVERNMENT CODE AND RELATED CONTRACT AMENDMENT

Ms. Garner discussed Section 2051.202, Texas Government Code, which requires certain special purpose districts to post or cause to be posted additional information on a website maintained by or accessible to the District. She said the new requirements apply to districts that levy a property tax, are required to prepare an annual audit, and have a population of 500 or more as of the beginning of the most recent fiscal year. Ms. Garner reviewed a summary of the new requirements, a copy of which is attached. The Board tabled action on this agenda item.

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. After review and discussion, Director Tullis moved to approve the bookkeeper's report, investment report, and checks presented for payment. Director Patterson seconded the motion, which passed by unanimous vote.

ADOPT BUDGET FOR FISCAL YEAR END SEPTEMBER 30, 2023

Mr. Holland reviewed a proposed budget for fiscal year end September 30, 2023, a copy of which is attached to the bookkeeper's report. Director Adamcik discussed with the Board a proposed seven-year plan, a copy of which is attached. The Board requested that the bookkeeper allocate \$200,000 of existing operating funds to the Capital Improvement Plan and going forward allocate \$5,000 a month to the Plan. After review and discussion, Director Tullis moved to (1) adopt the budget for fiscal year end September 30, 2023; and (2) allocate \$200,000 of existing operating funds to the Capital Improvement Plan and going forward allocate \$5,000 a month to the Plan. Director Patterson seconded the motion, which passed by unanimous vote.

CONDUCT PUBLIC HEARING REGARDING DISTRICT'S TAX RATE, ADOPT ORDER LEVYING TAXES AND AUTHORIZE EXECUTION OF AMENDMENT TO INFORMATION FORM

Ms. Garner stated that ASW published in the local newspaper a Notice of Public Hearing stating the public hearing would be held at today's meeting regarding adoption of the District's proposed 2022 total tax rate of \$0.68.

The Board opened the public hearing. There being no comments from the public, the Board closed the public hearing.

Ms. Garner presented to the Board an Order Levying Taxes for 2022 reflecting a total \$0.68 tax rate, comprised of \$0.256 for debt service and \$0.424 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 2022 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 (1) adopt the Order Levying Taxes reflecting a total 2022 tax rate of \$0.68 per \$100 of assessed valuation, comprised of \$0.256 to pay debt service and \$0.424 for operations and maintenance, and direct that the Order be filed appropriately and retained in the District's official records; and (2) 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 Patterson seconded the motion, which passed by unanimous vote.

REPORT FROM TAX ADVISOR

Director Adamcik discussed the tax advisor's review of waivers of special appraisal that were filed with the Bastrop County Appraisal District that are currently in effect and exemptions filed for the District.

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 as an exhibit to the Resolution. 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 Patterson seconded the motion, which passed by unanimous vote.

AUTHORIZE AUDITOR TO CONDUCT AUDIT FOR THE FISCAL YEAR END SEPTEMBER 30, 2022

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, 2022. She stated that the auditor has estimated the cost to conduct the audit to be between \$13,500 and \$14,500. The Board tabled action on this agenda item.

CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE TO SEEK ADVICE OF ITS ATTORNEY REGARDING PENDING OR CONTEMPLATED LITIGATION OR TO SEEK AND RECEIVE LEGAL ADVICE BY THE DISTRICT'S ATTORNEY

The Board convened in executive session at 1:24 p.m. pursuant to Section 551.071 Texas Government Code, to seek advice of its attorney regarding pending or contemplated litigation or to seek and receive legal advice by the District's attorney.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING PENDING OR CONTEMPLATED LITIGATION OR THE LEGAL ADVICE BY THE DISTRICT'S ATTORNEY

The Board reconvened in open session at 1:44 p.m. After discussion, Director Tullis moved to approve the District's participation in a lawsuit filed in Travis County regarding the Texas Attorney General's Opinion regarding withholding Director's personal information. Director Patterson seconded the motion, which passed by unanimous vote.

NEXT MEETING DATE

The Board agreed to hold the next meeting on October 7, 2022, at 10:00 a.m. at the First National Bank, 489 Highway 71 West, Bastrop, Texas.

After discussion, the Board concurred to adjourn the meeting.



Jane Series
Secretary, Board of Directors

ATTACHMENTS TO THE MINUTES

	Minutes
	<u>Page</u>
Engineer's report.....	2
Operator's report	3
Summary of new requirements	5
Bookkeeper's report.....	5
Seven-year plan.....	5