

MINUTES
BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

January 6, 2023

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 6th day of January, 2023, 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, except Director Mealy, thus constituting a quorum.

Also present at the meeting were Martha Granger, Doug Granger, Sheryl Adamcik, Nick Textor, Brian Thornton, Winfred Frazier and John Sevier, residents of the District; Bradley Loehr of Befco Engineering, Inc. ("Befco"); Tammy Hargett of AWR Services, Inc. ("AWR"); and Kathryn Garner and Janet Swartz of Allen Boone Humphries Robinson LLP ("ABHR").

Also attending by telephone were Robert Lewis, Cailin McElrath, Tandy Adams, Steve Phillips, Gary Stevens, Fran Sodolak, and Janis Penick, residents of the District; Michelle St. Clair of PGI Properties; Ashlee Martin of McCall Gibson Swedlund Barfoot PLLC; Hal Lanham of AWR; and Terry Holland of Myrtle Cruz, Inc.

PUBLIC COMMENTS

Ms. McElrath requested that the District's operator contact her to test the water at her home.

Ms. Granger inquired about the locations of the postings of the District's Notice of Meeting for the Board meetings and suggested that the Notice of Meeting be emailed to all District residents. Ms. Garner stated that the Texas Open Meetings Act requires that the Notice of Meeting be posted in the District at a location designated by the Board and at the Bastrop County Courthouse. She confirmed that the Notices of Meeting are posted at the places designated for posting in the District and at the Bastrop County Courthouse, as required by law. She added that the Notice of Meeting provides an ABHR email address for residents and other members of the public to use to obtain information regarding a conference call-in number for the meeting. Director Adamcik stated that the Notice of Meeting is also posted on the District's website.

Mr. Granger stated that he was opposed to the Board taking actions, including the expenditure of District funds, in connection with opposition to the possible development of an aggregate production operation on land adjacent to the District.

Mr. Thornton stated that he was addressing the Board as a resident of the District and is in favor of the Board taking actions in connection with opposition to the possible development of an aggregate production operation on land adjacent to the District in order to protect the District's water and sewer facilities.

Mr. Stevens commented on existing sand and gravel pits near the District.

Mr. Adams commented on the possible development of an aggregate production operation on land adjacent to the District and reviewed a study on the impact of these types of plants on home values.

Mr. Lewis commented on the District's role in the opposition to the possible development of an aggregate production operation on land adjacent to the District.

Mr. Textor commented on the possible development of an aggregate production operation on land adjacent to the District. He discussed possible effects on the District's facilities located in the flood plain, the possible loss of service to residents of the District, and that expenditure of funds is related to protection of the District's infrastructure.

Note: The Texas Commission on Environmental Quality (TCEQ) defines the term, aggregate production operation, to be quarries, sand pits, gravel pits and other aggregate production operations ("APO") that produce "aggregate" that is defined as commonly recognized construction material, including dimension stone, crushed stone and broken limestone, other types of crushed and broken stone, construction sand and gravel, industrial sand, dirt, soil and caliche. Thus, for purposes of these District's minutes, the term, "aggregate production operation" will be used regarding the proposed activity adjacent to the District.

MINUTES

The Board considered approving the minutes of the December 2, 2022, regular meeting. Following review and discussion, Director Tullis moved to approve the minutes of the December 2, 2022 regular meeting. Director Patterson seconded the motion, which passed by unanimous vote.

REPORT ON CURRENT AND FUTURE DEVELOPMENT IN THE DISTRICT

Director Adamcik discussed development in the District.

DISCUSS DISTRICT PRIORITIES AND REVIEW DISTRICT FINANCIAL PLAN

Director Adamcik reviewed information on the Bastrop County Municipal Utility District No. 1 2023 Priorities, a copy of which is attached. Director Adamcik reviewed a Bastrop County MUD No. 1 Seven Year Plan, a copy of which is attached.

DISCUSS COMMUNICATIONS WITH PROPERTY OWNERS AND RESIDENTS

Director Adamcik discussed a letter to the ColoVista community residents (the "Community Letter"). He stated that the purpose of the Community Letter was to inform and update members of the community on efforts and work in progress toward the opposition of a proposed aggregate production operation on the Appelt Ranch. Director Adamcik requested the Board's authorization to post the Community Letter on the District's website. Following review and discussion, Director Adamcik moved to authorize posting of the Community Letter on the District's website. Director Tullis seconded the motion, which passed by unanimous vote, with Director Sevier abstaining.

DISCUSS REQUEST FROM PGI PROPERTIES

Director Adamcik discussed a request from PGI Properties for assistance in locating utility lines to certain lots owned by PGI Properties. Ms. St. Clair stated that PGI Properties will make all future requests for assistance from the District in writing to the District's Board and General Counsel. Ms. Garner stated that written requests from PGI Properties would be the preferred method for PGI Properties to request assistance from the District.

ENGINEERING MATTERS

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

Mr. Loehr updated the Board on the contract for the relocation of a 4-inch wastewater line to the wastewater treatment plant ("WWTP"). He reported that AWR has conducted potholing to locate cut-off valves in the 4-inch wastewater line. Mr. Loehr stated that the wastewater line was located from the construction area to ColoVista Parkway and the ColoVista Ranch Road intersection. He added that a cut-off valve and suction risers will be installed at the intersection in order to cut off flow to the construction area and connect to wastewater transport. Director Tullis discussed authorizing the engineer to arrange for a survey of the 4-inch wastewater line to the WWTP. After discussion, Director Tullis moved to authorize the engineer to arrange for a survey of the 4-inch wastewater line. Director Sevier seconded the motion, which passed by unanimous vote.

Mr. Loehr discussed the installation of pressure reducing valves in connection with the water plant booster pumps. He stated that he will meet with Directors Tullis and Patterson on the locations for the two pressure reducing valves.

Mr. Loehr reported that the water lines on Pine Court and Oak Court are not looped. The Board requested that AWR conduct volumetric pressure testing of homes on Pine Court and Oak Court near the locations of the non-looped lines on the cul-de-sacs. The Board concurred to consider looping of the water lines on Pine Court and Oak Court after reviewing the test results.

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

OPERATION OF DISTRICT FACILITIES

Ms. Hargett reviewed the operator's report, a copy of which is attached.

Ms. Hargett updated the Board on the status of the connection of D.R. Horton Homes to the District's system. She stated that three invoices were sent to D.R. Horton Homes.

Ms. Hargett reported on calls related to grinder pumps.

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

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

DISCUSS AQUA WATER SUPPLY CORPORATION RATE INCREASES AND APPROVE LETTER TO RESIDENTS REGARDING SUCH INCREASES

Director Adamcik stated that Aqua Water Supply Corporation ("AWSC") has notified the District that the monthly meter fee rate and rate per 1,000 gallons of water will increase by approximately 14.8%. The Board reviewed a Proposed Increase and Rate History from AWSC, a copy of which is attached. Director Adamcik stated that he will meet with the District's operator and engineer to review the Rate Order and make recommendations to the Board at the next meeting. After discussion, Director Tullis moved to authorize AWR to prepare a rate study and comparison of neighboring communities' rates for review at the next meeting. Director Sevier seconded the motion, which passed by unanimous vote. The Board tabled approval of a letter to the residents on rate increases.

PUBLIC UTILITY COMMISSION RULES REGARDING EXTREME WEATHER EMERGENCIES, INCLUDING ISSUANCE OF ONE-TIME NOTICE TO CUSTOMERS AND ADOPT AMENDED RATE ORDER

Ms. Garner discussed rules adopted by the Public Utility Commission of Texas (“PUC”) to implement legislation prohibiting certain retail water or sewer providers, including the District, from imposing late fees or terminating service for nonpayment of water bills that are due during an “Extreme Weather Emergency,” which is a period when the previous day’s highest temperature and the predicted temperature for the next 24 hours is not higher than 28 degrees Fahrenheit. She reviewed and discussed the one-time notice of the requirements that must be sent to utility customers of the District by January 31, 2023. Ms. Garner then presented a proposed Amended Rate Order incorporating the provisions of the PUC rules, including terms for customers to request and receive a payment schedule for payment of bills due during such an Extreme Weather Emergency. After review and discussion, Director Tullis moved to authorize the operator to send the one-time notice to District customers and to adopt the Amended Rate Order and direct that it be filed appropriately and retained in the District’s official records. Director Sevier seconded the motion, which passed unanimously.

REPORT ON APPLICATION FOR A WASTEWATER DISCHARGE PERMIT INTO THE COLORADO RIVER FILED BY GAPPED BASS LLC

No update was available for this agenda item.

CONSIDER AND DISCUSS THE IMPACT OF POSSIBLE DEVELOPMENT OF AGGREGATE PROCESSING PLANT ON LAND ADJACENT TO THE DISTRICT, AND TAKE ACTION, IF NECESSARY

Mr. Textor discussed the selection of an independent engineering firm to audit Hydrologic and Hydraulic Study reports and models submitted by companies developing an aggregate production operation. The Board did not take any action on this agenda item.

Director Adamcik discussed an engagement letter for an environmental and or land development attorney to represent the District. Director Sevier recommended that the Board discuss a budget for expenditures related to the opposition of the proposed development of an aggregate production operation on land adjacent to the District. Director Adamcik stated that he will present a proposed budget at the next Board meeting. The Board did not take action on the engagement letter.

No report was available regarding the Texans for Responsible Aggregate Mining.

UPDATE ON RENEWAL OF SYSTEM FOR AWARD MANAGEMENT REGISTRATION

Mr. Loehr reported that the renewal of the District's FEMA System for Award Management Registration has been completed.

REPORT ON BASTROP COUNTY FEMA HAZARD MITIGATION ACTION PLAN

Director Sevier discussed the possibility of engaging a grant writer in the future to assist the District in preparing applications for grants in connection with the District's Hazard Mitigation Action Plan.

REPORT ON DISTRICT WEBSITE

Ms. Hargett updated the Board on the District's website.

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.

ANNUAL DISCLOSURE STATEMENTS

Ms. Garner stated that in accordance with the District's Investment Policy, Ms. Jarmon and Mr. Holland, as the District's Investment Officer and bookkeeper, are required to execute disclosure statements ("Disclosure Statement") that disclose any relationships with banks and brokers who seek to sell investments to the District. She stated that Ms. Jarmon and Mr. Holland provided the Disclosure Statements to the District and that the Disclosure Statements provide that Ms. Jarmon and Mr. Holland have no such relationships with banks and brokers who sell, or seek to sell, investments to the District. She added that the Disclosure Statements will be filed with the Texas Ethics Commission. After review and discussion, Director Tullis moved to accept the Disclosure Statements pursuant to the District's Investment Policy and the Public Funds Investment Act and direct that the statements be filed appropriately and retained in the District's official records. Director Patterson seconded the motion, which passed by unanimous vote.

ANNUAL REPORT REGARDING POST-ISSUANCE COMPLIANCE POLICY

Ms. Garner reported on the District's compliance activities during the prior calendar year related to bond financings. She stated that no corrective action is required at this time. After discussion, Director Tullis moved to accept the annual report regarding the District's post-issuance compliance policy. Director Patterson seconded the motion, which passed by unanimous vote.

APPROVE AUDIT FOR FISCAL YEAR END SEPTEMBER 30, 2022

Ms. Martin reviewed the District's audit for the fiscal year end, September 30, 2022. After review and discussion, Director Tullis moved to approve the audit, authorize filing of the audit with the Texas Commission on Environmental Quality, contingent upon ABHR review, and direct that the audit 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

There was no report from the tax advisor.

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 did not convene in executive session.

CONSIDER AND DISCUSS THE IMPACT OF POSSIBLE DEVELOPMENT OF AGGREGATE PROCESSING PLANT ON LAND ADJACENT TO THE DISTRICT, CONTINUED

Director Adamcik discussed the adoption of a Resolution in Opposition to Development of Sand and Gravel Operation and Aggregate Processing Operation on Land Adjacent to the District. After review and discussion, Director Sevier moved to adopt a Resolution in Opposition to Development of Sand and Gravel Operation and Aggregate Processing Operation on Land Adjacent to the District, authorize posting of the Resolution on the District's website, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Tullis seconded the motion, which passed by unanimous vote.

DISCUSS ALTERNATIVE REGULAR MEETING DATE AND MEETING PLACE

There was no discussion of this agenda item.

NEXT MEETING DATE

The Board agreed to hold the next meeting on February 3, 2023, 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 Sewer

Secretary, Board of Directors

ATTACHMENTS TO THE MINUTES

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