

MINUTES
BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

July 7, 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 7th day of July, 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:

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

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

Also present at the meeting were residents of the District, including Becky Minardi, Emanuel Minardi, Janis Penick, BJ Long, Don Long, Nick Textor, Jeri Stevens, Gary Stevens, Sheryl Adamcik, Alex Vana, and Adam LaGesse; Hal Lanham and Susan Cummings of AWR Services, Inc. ("AWR"); Dennis Waley of PFM Financial Advisors LLC; and Kathryn Garner and Janet Swartz of Allen Boone Humphries Robinson LLP ("ABHR").

Also attending by telephone was Martha Granger and Linda Roberts, residents of the District; Michelle St. Clair of PGI Properties; Jennifer Boyd of Langford Community Management Services, Inc.; Bradley Loehr of Befco Engineering, Inc. ("Befco"); and Terry Holland of Myrtle Cruz, Inc.

PUBLIC COMMENTS

There were no comments from the public.

MINUTES

The Board considered approving the minutes of the June 2, 2023, regular meeting. After review and discussion, Director Patterson moved to approve the minutes of the June 2, 2023, regular meeting. Director Tullis seconded the motion, which passed by unanimous vote.

The Board considered amending the minutes of the April 10, 2023, regular meeting to add Mr. Steven's presentation on PGI Properties Property Taxes. Ms. Garner stated that PGI Properties provided written consent for distribution of the presentation on PGI Properties Property Taxes. Director Adamcik stated that the presentation should be reviewed by the District's tax advisor since it is provided by a

third party. After review and discussion, Director Tullis moved to request the District's tax advisor to review the presentation on PGI Property Taxes to verify its authenticity. Director Adamcik seconded the motion, which passed by unanimous vote. The Board tabled amending the April 10, 2023, minutes.

REPORT ON BASTROP COUNTY HAZARD MITIGATION ACTION PLAN, INCLUDING REPORT FROM LANGFORD COMMUNITY MANAGEMENT SERVICES, INC. REGARDING GRANT PREPARATION, AUTHORIZE SECRETARY TO APPROVE INITIATION OF GRANT APPLICATIONS AND SAFEGUARDING TOMORROW REVOLVING STATE LOAN FUND

Ms. Boyd discussed grants available through the FEMA Hazard Mitigation Program. She stated that grants under the program would cover 75 percent of the cost of a project and the District would be obligated to cover 25 percent of the cost.

Ms. Garner reviewed a Resolution of Bastrop County Municipal Utility District No. 1, Appointing the President As the Chief Executive Officer and Authorized Representative to Act in all Matters in Connection with the FEMA Hazard Mitigation Grant Project and Committing the District to Provide Matching Funds to Secure and Complete the FEMA Hazard Mitigation Grant (the "Resolution"). After review and discussion, Director Sevier moved to (1) adopt the Resolution and direct that the Resolution be filed appropriately and retained in the District's official records; and (2) authorize the Secretary of the Board to take necessary actions to apply for the grant through the FEMA Hazard Mitigation Program. Director Adamcik seconded the motion, which passed by unanimous vote.

Director Sevier discussed Capital Improvement Projects and possible funding for the projects.

FINANCIAL AND BOOKKEEPING MATTERS AND TAX REPORT

Mr. Waley reviewed a Financial Forecast for the District, a copy of which is attached hereto. He discussed funding of Capital Improvement Projects. Director Sevier stated that the District needs to stay within the budget. Director Tullis discussed that expenses are over revenues. Director Sevier discussed focusing on water and sewer services and managing funds efficiently to stay within the budget. Mr. Waters and Mr. Vana commented on the District budget matters. Director Sevier discussed scheduling a special Board meeting to discuss the budget for the fiscal year ending September 30, 2024.

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 Sevier seconded the motion, which passed by unanimous vote.

SCHEDULE SPECIAL MEETING FOR BUDGET PREPARATION

The Board discussed conducting a special Board meeting to discuss the budget for the fiscal year ending September 30, 2024. The Board concurred to appoint committees of Directors Sevier and Tullis to review administrative costs and Directors Patterson and Adamcik to review operations and improvements costs for the budget. The Board requested that the consultants provide the bookkeeper with information regarding costs for services and how the costs for their services may be minimized for the proposed budget. The Board concurred to conduct the special Board meeting on July 28, 2023 at a time to be determined by Director Sevier based upon availability of a conference room at the First National Bank, 489 Highway 71 West, Bastrop, Texas. The Board concurred that the District's general counsel would attend the meeting in person.

ADOPT RESOLUTION REGARDING DEVELOPMENT STATUS FOR 2023 TAX YEAR,

Ms. Garner discussed the "truth-in-taxation" property tax calculations and tax levy process for water districts and stated that Chapter 49 of the Texas Water Code establishes three main categories for water districts, based on a district's development status and/or tax rate. She reviewed the definitions for each of the three categories and said the Board must annually determine the District's category for that tax year and follow the associated notice and levy provisions in the Texas Water Code.

Discussion ensued regarding the District's development status. After fully considering relevant data, information, and statutory definitions, the Board determined that the District is a Developing District for the 2023 tax year.

Following review and discussion, Director Tullis moved to adopt a Resolution Regarding Development Status for 2023 Tax Year establishing the District as a Developing District for the 2023 tax year pursuant to Section 49.23603, Texas Water Code, 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.

DISTRICT COMMUNICATIONS, INCLUDING AUTHORIZE REQUESTS BY DIRECTORS FOR COMMUNICATION WITH CERTAIN PERSONS AND ORGANIZATIONS PURSUANT TO POLICIES AND PROCEEDURES FOR COMMUNICATIONS, REPORTS FROM DIRECTORS ON COMMUNICATIONS WITH PROPERTY OWNERS OF THE DISTRICT INCLUDING DEVELOPERS, DISTRICT RESIDENTS, AND FEDERAL, STATE AND LOCAL GOVERNMENT OFFICIALS AND AGENCIES, LETTER TO PGI PROPERTIES REGARDING SPECIAL VALUATION TAX EXEMPTIONS, AND APPROVE LETTER TO RESIDENTS AND PROPERTY OWNERS

Director Tullis stated that he plans to meet with residents in the District, the King and Long families, to discuss District matters and the future of the Colovista community. After discussion, Director Adamcik moved to authorize Director Tullis to meet with the King and Long families. Director Sevier seconded the motion, which passed by unanimous vote.

Director Adamcik requested that members of the Board meet with the Board of the Colovista Property Owners Association. The Board tabled authorizing Board members to meet with the Board of the Colovista Property Owners Association.

The Board concurred to discuss the letter to PGI Properties and the letter to the residents later in the meeting.

REPORT REGARDING 2023 LEGISLATIVE MATTERS

Ms. Garner reviewed a report prepared by ABHR regarding 2023 legislative matters pertaining to the 88th regular session of the Texas Legislature.

EXECUTION OF AMENDMENT TO INFORMATION FORM

Ms. Garner reported on legislation passed by the Texas Legislature to update the language for the Notice to Purchasers form that must be provided by persons proposing to sell or convey real property located in a municipal utility district. She stated that municipal utility districts that are required to maintain a website or have access to a website under Section 26.18, Tax Code, are now required to post their Notice to Purchasers on the applicable website. Ms. Garner explained that the District is required to file the Amendment to Information Form in the Official Public Records of Real Property of Bastrop County and with the Texas Commission on Environmental Quality ("TCEQ"). After review and discussion, Director Mealy moved to authorize execution of the Amendment to Information Form, authorize filing it in the Official Public Records of Real Property of Bastrop County and with the TCEQ, and direct that the Amendment be filed appropriately and retained in the District's official records. Director Tullis seconded the motion, which passed by unanimous vote.

ADOPT RESOLUTION ESTABLISHING DIRECTOR FEES OF OFFICE AND DISTRICT REIMBURSEMENT POLICY

Ms. Garner stated that House Bill No. 2815, which became effective on June 18, 2023, sets the maximum fees of office for directors of municipal utility districts at the per diem amount set by the Texas Ethics Commission for members of the legislature. She noted that, pursuant to House Bill No. 2815, the current maximum amount for director fees of office is \$221.00, and going forward, the maximum amount automatically will be indexed for inflation. The Board concurred to maintain the current director fees of office of \$150.00.

The Board then considered adopting a Resolution Establishing Director Fees of Office and District Reimbursement Policy reflecting that directors' fees of office can be paid at the maximum rate allowed by law and noting that the Resolution would replace the previously adopted Resolution regarding director fees. After review and discussion, Director Adamcik moved to adopt a Resolution Establishing Director Fees of Office and District Reimbursement Policy 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.

CONSIDER COMMITTEE RECOMMENDATIONS ON AMENDED RATE ORDER AND ADOPT AMENDED RATE ORDER

Mr. Lanham reviewed a report on tap fee costs to the District and discussed amending the Rate Order. The Board discussed removal of section 6.d. from the Rate Order reflecting a temporary water rate for property owners of the five lots where homes burned during the 2011 Bastrop fires. After review and discussion, Director Tullis moved to adopt an Amended Rate Order effective July 7, 2023, reflecting new tap fees and removal of section 6.d, and direct that the Order be filed appropriately and retained in the District's official records. Director Adamcik seconded the motion, which passed with four votes in favor of the motion and with Director Sevier abstaining.

ENGINEERING MATTERS

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

Mr. Loehr stated that one bid was received for the new pressure reducing valves to be located in the southwest corner of Riverwalk and near the Colovista Parkway and Mountain Laurel intersection from WJC Constructors, LLC in the amount of \$105,000.00. He recommended that the Board award the contract to WJC Constructors, LLC in the amount of \$105,000.00.

Mr. Loehr stated that one bid was received for the new booster pump from Zone Industries, LLC ("Zone Industries") in the amount of \$38,000.00. He recommended

that the Board award the contract to Zone Industries in the amount of \$38,000.00. The Board concurred that, in its judgment, Zone Industries was a responsible bidder that would be most advantageous to the District and would result in the best and most economical completion of the project. After review and discussion, Director Tullis moved to award the contract to Zone Industries for the new booster pump in the amount of \$38,000.00, based upon the engineer's recommendation and receipt of the payment and performance bonds and review of the certificate(s) of insurance and endorsements, if any, provided by the contractor. Director Patterson seconded the motion, which passed by unanimous vote.

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

OPERATION OF DISTRICT FACILITIES

Mr. Lanham reviewed the operator's report, a copy of which is attached.

Mr. Lanham stated that due to a water leak on Colovista Parkway, AWR repaired a water line that originated at the 2" meter at the golf maintenance barn. He added that the water line is owned by the owner of the golf course. Mr. Lanham stated that AWR sent an invoice in the amount of \$3,900.00 for the repair of the water line to the property owner of the golf course for payment.

Mr. Lanham stated that prior to the District's Board meeting, Director Tullis authorized emergency repairs and related sludge hauling at the wastewater treatment plant that totaled \$37,000.00. Ms. Garner stated that pursuant to a Resolution Regarding Delegation of Authority Related to Emergency Action or Urgent Action previously adopted by the Board, Director Tullis approved the repairs, as it was necessary to address the urgent matter before the July meeting of the Board.

Mr. Lanham stated that the cost to renew the maintenance plan for the generator at the wastewater treatment plant will be \$1,941.88.

Mr. Lanham reported on grinder pump calls and stated that AWR responded to repair a grinder pump at a home where the grinder pump had been repaired several times on previous occasions. The Board requested that Mr. Lanham provide the Board with the number of visits AWR has made to the home.

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

After review and discussion, Director Adamcik moved to (1) approve the operator's report; and (2) ratify approval of the emergency repairs and related sludge hauling at the wastewater treatment plant totaling \$37,000.00; and (3) authorize AWR to purchase the preventative maintenance plan for the generator for a cost of \$1,941.88. Director Tullis seconded the motion, which passed by unanimous vote.

ENGINEERING MATTERS, CONTINUED

After review and discussion, the Board tabled award of the contract for the new pressure reducing valves to be located in the southwest corner of Riverwalk and near the Colovista Parkway and Mountain Laurel intersection.

REPORT FROM TAX ADVISOR

There was no report from the Tax Advisor.

CONSIDER AUTHORIZING CERTAIN DISTRICT CONSULTANTS, INCLUDING THE DISTRICT'S LEGAL COUNSEL AND DISTRICT'S TAX ADVISOR, TO REVIEW AND ANALYZE DEVELOPMENT FINANCING AGREEMENT

There was no discussion on this agenda item.

REPORT ON NOTICES RECEIVED FROM THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY ON PERMIT APPLICATIONS RELATED TO BASTROP COUNTY

Director Adamcik reported on notices regarding permit applications related to Bastrop County received from the Texas Commission on Environmental Quality.

REPORT ON DISTRICT WEBSITE

Director Mealy stated that she did not have a report on the website.

CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTIONS 551.071 AND 551.074, 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 1:41 p.m. pursuant to Sections 551.071 and 551.074 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 2:40 p.m. The Board took no action.

DISTRICT COMMUNICATIONS CONTINUED, INCLUDING APPROVE LETTER TO RESIDENTS AND PROPERTY OWNERS

The Board discussed a letter to the district's residents and property owners. After review and discussion, Director Tullis moved to approve the letter as amended to the residents and property owners and authorize AWR to mail the letter and post it on the District's website. Director Sevier seconded the motion, which passed with four votes in favor of the motion with Director Adamcik voting "No."

DISTRICT COMMUNICATIONS CONTINUED, INCLUDING LETTER TO PGI PROPERTIES REGARDING SPECIAL VALUATION TAX EXEMPTIONS

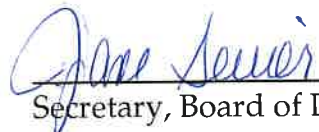
The Board discussed a letter to PGI Properties regarding special valuation tax exemptions. After review and discussion, Director Tullis moved to approve the letter to PGI Properties and authorize ABHR to send the letter to PGI Properties. Director Sevier seconded the motion, which passed by unanimous vote.

NEXT MEETING DATE

The Board agreed to hold the next meeting on August 4, 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.




Secretary, Board of Directors

ATTACHMENTS TO THE MINUTES

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