

MINUTES
BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

October 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 October, 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 except Director Sevier, thus constituting a quorum.

Also present at the meeting were residents of the District, including Alex Vana, Linda Roberts, Adam LaGesse, Teri Mealy, Don Long, BJ Long, Sheryl Adamcik, Nancy Lewis, Nick Textor, Pamela Cox, Martha Granger, and Robert Lewis; Tammy Hargett of AWR Services, Inc. ("AWR"); and Kathryn Garner, Kathryn Easey, and Megan Leissner of Allen Boone Humphries Robinson LLP ("ABHR").

Also attending the meeting by telephone were Jeri Stevens, a resident of the District; Terry Holland of Myrtle Cruz, Inc.; Bradley Loehr of Befco Engineering, Inc. ("Befco"); and Ashlee Martin of McCall Gibson Swedlund Barfoot ("McCall").

Ms. Garner reviewed (i) the Resolution Establishing Policy on Public Comment and Public Testimony At Open Meetings and (ii) the Board of Directors Code of Conduct.

PUBLIC COMMENTS

There were no comments from the public.

MINUTES

The Board considered the minutes of the September 1, 2023, regular meeting. After review and discussion, Director Tullis moved to approve the minutes of the September 1, 2023, regular meeting as presented. Director Mealy seconded the motion which passed by unanimous vote.

AMENDED ENGAGEMENT LETTER

Ms. Garner presented and reviewed ABHR's amended engagement letter with the District for a fixed fee of \$6,500.00 per month, not including fees related to the review of new contracts or new projects authorized by the Board or incidental expense items. Discussion ensued. Ms. Garner stated the fixed fee arrangement is effective from September 1, 2023 through September 30, 2024. She stated ABHR is providing the amendment to its engagement letter with the District to provide fixed fee compensation in order to assist the District with balancing its budget for the fiscal year end September 30, 2024. After review and discussion, Ms. Garner stated that she would make corrections to the amended engagement letter as discussed and present it to the Board at the next meeting.

FINANCIAL AND BOOKKEEPING MATTERS, AND TAX REPORT

Mr. Holland reviewed the bookkeeper's report, including the invoices submitted for approval, transfers, investment report, energy report, and year-to-date budget. A copy of the bookkeeper's report is attached. Discussion ensued regarding the bookkeeper's report and bookkeeping processes, and the District's transparency website and tax advisor services. Mr. Vana questioned the Board regarding its process for hiring consultants. The Board explained that potential consultants for the District are evaluated based on their qualifications and approved by a majority vote of the Board of Directors prior to the consultant being hired by the District. The Directors stated that to their knowledge, no consultant has ever been hired by the District without Board approval. After review and discussion, Director Adamcik moved to approve the bookkeeper's report, investment report, and checks presented for payment. Director Tullis seconded the motion, which passed by unanimous vote.

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 Adamcik seconded the motion, which passed by unanimous vote.

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

The Board considered the committee recommendation to postpone increasing water and sewer rates and amending the Rate Order until February 2024, after the District receives tax revenue from the 2023 tax year levy. Discussion ensued regarding the District's water rates, the rates charged by Aqua Water Supply Corporation ("Aqua"), tax revenues, current and future capital improvement projects and capital project reserves, and the year-to-date budget.

After discussion, Director Adamcik moved to stop payment of the director per diem fees of office until the District establishes a balanced budget. Director Tullis seconded the motion which passed by a vote of 3 to 1, with Director Mealy voting against the motion.

Discussion continued regarding the Rate Order. After discussion, Director Mealy moved to postpone making amendments to the District's Rate Order until February 2024. Director Tullis seconded the motion which passed by a vote of 3 to 1, with Director Adamcik voting against the motion.

ANNUAL REVIEW OF OPERATING COSTS AND DISCUSS ANY NECESSARY AMENDMENTS TO THE AMENDED RATE ORDER

The Board discussed reviewing and updating provisions in the Rate Order in conjunction with the committee recommendations on increasing water and sewer rates that will be discussed in February 2024.

REPORT FROM TAX ADVISOR

There was no discussion on this agenda item.

DISTRICT COMMUNICATIONS

Director Adamcik requested that the Board consider sending a letter to the First National Bank to thank them for allowing the District to host its Board of Director meetings at the bank. Ms. Garner stated that ABHR will review the letter to be drafted by Director Adamcik, and once the letter is approved by the Board, will send it to the bank on behalf of the District.. Discussion ensued. After discussion, Director Adamcik moved to send a thank you letter to the First National Bank, subject to final review and approval. Director Mealy seconded the motion which passed by unanimous vote.

ENGINEERING MATTERS

Mr. Loehr reviewed the engineer's report, a copy of which is attached, and updated the Board on projects, as reflected in his report.

Mr. Loehr updated the Board on the replacement of pumps nos. 1 and 2. He stated that pump no. 2 was successfully installed on September 14, 2023, and that the replacement pump for booster pump no. 1 will be installed in October or November. Discussion ensued regarding the pump failures, the lifespan of the pumps, and the feasibility of having extra pumps on hand in the event of a pump failure.

The Board responded to questions from Ms. Cox regarding the costs of the replacement pumps, fabrication and installation of the pumps, and related consultant fees.

Mr. Loehr stated that Befco is in the process of filing the closeout documents related to the sewer line relocation for the 2016 FEMA Project.

Mr. Loehr stated that Befco is working on the application related to the TPDES Permit No. WQ0013894001 and will coordinate with AWR to obtain the required effluent sample and lab testing.

After review and discussion, Director Adamcik moved to approve the engineer's report. Director Tullis 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, and updated the Board on operation and routine maintenance of District facilities, as reflected in the report.

Ms. Hargett stated that Stage 2 Mandatory Water Restrictions will continue until the pump replacement for pump no. 1 is installed to ensure there is sufficient water for consumption and to conserve water during the drought. Discussion ensued regarding water conservation efforts. Ms. Hargett stated the Texas Water Development Board will provide up to 500 water conservation brochures to the District at no cost that can be included in the billing statements. The Board concurred to post water conservation materials on the District's website.

Ms. Hargett reported that on September 15, 2023, AWR communicated to the District's customers that the new pump replacement for pump no. 2 had been successfully installed. She stated the message was also posted on the District's website.

Ms. Hargett stated that AWR is in the process of filing an insurance claim related to the pump failures and costs for the water plant work and pump installations.

Ms. Hargett reported that the District met the requirements of the lead and copper sampling and no further testing is required. Ms. Hargett reported that the District is also required by the Texas Commission on Environmental Quality to complete a Lead Service Line Inventory of its distribution system. Ms. Hargett discussed the key elements for a Lead Service Line Inventory and reported that the

District is required to complete this Lead Service Line Inventory by October 16, 2024, and that AWR will begin working on the inventory at the end of 2023.

Ms. Hargett presented storage container options for purchase by the District and stated that the District is currently renting a storage container on a month-to-month basis and that rental costs may increase in 2024. After review and discussion, the Board concurred to delay purchasing a storage container until the District receives tax revenue in early 2024.

Ms. Hargett stated that AWR will send a contract amendment to ABHR for review which states AWR will continue with its base price without increase for the third year of the contract.

There were no delinquent accounts reported.

Ms. Hargett reported on grinder pump calls received by AWR in August 2023. Discussion ensued regarding broken discharge lines with the newer homes constructed by D.R. Horton, Inc. ("DRH"). Ms. Hargett stated that with the Board's authorization, AWR will send an invoice to DRH for the cost to repair the broken discharge lines on homes constructed by DRH in the last year.

After review and discussion, Director Adamcik moved to (1) approve the operator's report; and (2) authorize AWR to send an invoice to DRH for the repair of broken discharge lines for homes constructed by DRH in the last year. Director Patterson seconded the motion which passed by unanimous vote.

AUDIT FOR FISCAL YEAR END SEPTEMBER 30, 2023

Ms. Martin discussed two options offered by McCall to reduce the cost to the District of conducting the annual audit. She stated that the District can change its fiscal year end to February 28 which would defer the cost of the audit by seven months, or the District can maintain its September 30 fiscal year end and McCall will reduce the cost of conducting the audit from \$14,000.00 to \$12,500.00 (a reduction of approximately 10.5%) for the fiscal year end September 30, 2023. After discussion, Director Tullis moved to maintain the District's September 30 fiscal year end and accept the offer from McCall to reduce the cost of conducting the audit from \$14,000.00 to \$12,500.00 for the fiscal year end September 30, 2023. Director Patterson seconded the motion which passed by unanimous vote.

AQUA WATER SUPPLY CORPORATION MATTERS

Director Adamcik discussed a potential meeting between the District and Aqua to request that Aqua waive the air gap requirement and allow the District to connect directly to Aqua's water distribution system. He explained that by doing so the District could possibly eliminate the booster pumps. He requested that the Board authorize the meeting with Aqua and designate a committee of two members of the Board to attend

the meeting. Discussion ensued regarding the potential meeting with Aqua and the District's Resolution Establishing Policies and Procedures for Communication by the Board of Directors of Bastrop County MUD No. 1 with Certain Persons and Organizations.

After discussion, Director Tullis moved to authorize Directors Adamcik and Patterson to meet with Aqua and to request that Aqua waive the air gap requirement and allow the District to connect directly to Aqua's water distribution system. Director Adamcik seconded the motion which passed by a vote of 3 to 1, with Director Mealy voting against the motion.

REPORT ON DISTRICT WEBSITE

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

REPORT ON HAZARD MITIGATION PLAN

Ms. Garner stated that Director Sevier submitted her resignation from the Hazard Mitigation Committee. Discussion ensued regarding the need for a Hazard Mitigation Committee and for a replacement for Director Sevier on the Committee. After discussion, the Board concurred that the Hazard Mitigation Committee was necessary and that Director Mealy should replace Director Sevier on the Hazard Mitigation Committee and take over the committee responsibilities of Director Sevier.

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 COMMITTEE RECOMMENDATIONS ON AMENDED RATE ORDER AND ADOPT AMENDED RATE ORDER (continued)

Director Mealy requested that the Board reconsider its prior decision earlier in the meeting to stop the director per diem fees of office until a balanced budget was accomplished. Following discussion, Director Tullis moved to reinstate the director per diem fees of office at \$150. Director Mealy seconded the motion which passed by a vote of 3 to 1, with Director Adamcik voting against the motion.

NEXT MEETING DATE

The Board agreed to hold the next meeting on November 3, 2023, at 10:00 a.m. at the First National Bank, 489 Highway 71 West, Bastrop, Texas.

There being no further business to come before the Board, the meeting adjourned.



Jase Sevier
Secretary, Board of Directors

ATTACHMENTS TO THE MINUTES

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