

AMENDED MINUTES
BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

April 10, 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 10th day of April, 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 thus constituting a quorum.

Also present at the meeting were residents of the District including Adam LaGesse, Linda Roberts, Rick Chapman, Martha Granger, Gary Stevens, Janis Penick, B. J. Long, Don Long, Dan Palmer, and Robert Lewis; Hal Lanham and Tammy Hargett of AWR Services, Inc. ("AWR"); Jennifer Boyd of Langford Community Management Services, Inc.; and Kathryn Garner and Janet Swartz of Allen Boone Humphries Robinson LLP ("ABHR").

Also attending by telephone were residents of the District including Nick Textor, Wynn Fraiser, Cheryl Adamcik, and Fran Sodolak; Michelle St. Clair of PGI Properties; Bradley Loehr of Befco Engineering, Inc. ("Befco"); David Patterson of Assessments of the Southwest, Inc.; and Terry Holland of Myrtle Cruz, Inc.

PUBLIC COMMENTS

Mr. Stevens stated that the Board discussed tax exemptions on property in the District provided by the Bastrop Central Appraisal District ("BCAD") at the March 2023 meeting. He distributed and read aloud a presentation on PGI Properties Property Taxes, a copy of which is attached.

Ms. Penick reported on a landowner in the District who chose not to construct a home in the District.

MINUTES

The Board considered approving the minutes of the March 3, 2023, regular meeting. After review and discussion, Director Tullis moved to approve the minutes of the March 3, 2023, regular meeting. Director Patterson seconded the motion, which passed by unanimous vote.

REPORT FROM TAX ADVISOR AND CONSIDER AUTHORIZING CONSULTANTS TO ANALYZE TAX EXEMPTIONS PROVIDED BY THE BASTROP CENTRAL APPRAISAL DISTRICT

Director Adamcik stated that the Board authorized Assessments of the Southwest, Inc. ("ASW") to obtain information on special use tax exemptions provided by the BCAD. David Patterson of ASW reviewed information on tax exemptions claimed in 2022. Director Mealy discussed the amount of the exemptions in Mr. Patterson's report. Mr. Patterson stated that he is requesting additional information from the BCAD on special use tax exemptions in the District for prior years. Director Adamcik discussed the Waiver of Special Appraisal on large tracts of land in the District. Director Sevier discussed having a representative of the District contact PGI Properties to discuss the removal of its special use tax exemptions from property it owns in the District. Director Mealy agreed and stated that the District should consider entering into a new Development Financing Agreement with PGI Properties related to future development.

Mr. Chapman commented on the developer paying its share of taxes. Ms. Penick stated that she would encourage the Board to consider a new Development Financing Agreement with PGI Properties. Ms. Long commented on PGI Properties' costs in connection with future development. Ms. Penick commented that additional homes constructed in the District will generate additional tax revenues.

Director Adamcik moved to authorize ABHR to study the Waivers of Special Appraisal and the Development Financing Agreement. The motion failed for lack of a second. Ms. Garner discussed the Development Financing Agreement. Director Adamcik discussed the possibility of the District entering into a new Development Financing Agreement. The Board discussed whether the consultants' fees to analyze the tax exemptions will outweigh the amount of lost tax revenues due to tax exemptions claimed in the past. Director Sevier requested that ASW and ABHR determine the amount of funds spent to date on the analysis of tax exemptions and approximate the number of hours necessary to obtain and analyze additional information on tax exemptions for prior years. The Board tabled authorizing consultants to analyze tax exemptions for years prior to 2022.

REPORT ON BASTROP COUNTY HAZARD MITIGATION ACTION PLAN, INCLUDING PRESENTATION FROM LANGFORD COMMUNITY MANAGEMENT SERVICES, INC. REGARDING GRANT PREPARATION, AND CONSIDER SERVICE AGREEMENT WITH LANGFORD COMMUNITY MANAGEMENT SERVICES, INC.

Ms. Boyd stated that she is a grant writer with Langford Community Management Services, Inc. and discussed grant related services that she can provide to the District. She stated that the Hazard Mitigation Grant Program is a FEMA grant program. Ms. Boyd added that the FEMA grants can be procured once a government has declared an emergency. She discussed loans that the District can apply for through the Texas Water Development Board. The Board discussed that the Resolution Regarding Delegation of

Authority Related to Emergency Action or Urgent Action previously adopted by the Board would allow Director Sevier, as Secretary of the Board, to address urgent matters that require immediate attention between the regularly scheduled meetings of the Board, including the authorization of fees for up to ten grant applications (\$1,000 each) for a total cost of \$10,000 and that the actions would be presented to the Board for ratification at the next Board meeting. Director Sevier stated that she would coordinate with Ms. Boyd on grant applications.

After discussion, Director Sevier moved to authorize ABHR to prepare a Service Agreement between the District and Langford Community Management Services, Inc. for grant writing services. Director Tullis seconded the motion, which passed by unanimous vote.

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 AND/OR TO SEEK AND RECEIVE LEGAL ADVICE BY THE DISTRICT'S ATTORNEY

The Board convened in executive session at 11:22 a.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 regarding personnel matters, including District officers and employees.

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 12:24 p.m.

REORGANIZATION OF BOARD OF DIRECTORS

After discussion, Director Mealy moved to reorganize the Board as follows:

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

Director Tullis seconded the motion, which passed by unanimous vote.

Ms. Roberts stated that the Board worked to lower taxes and that taxes should not be raised due to one special interest group.

Mr. Chapman addressed the Board about the Colovista Community.

Mr. Lewis stated that the residents in the Colovista Community are looking for stability.

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

Director Adamcik discussed the budget and recommended that the budget process begin early this year and as other Directors have stated in previous meetings, that projects in the capital improvement plan be prioritized.

REPORT ON CURRENT AND FUTURE DEVELOPMENT IN THE DISTRICT

Director Adamcik discussed development in the District and new home construction. He updated the Board on resolutions approved by the Bastrop County Commissioners Court related to sand and gravel mining operations and an environmental study.

ENGINEERING MATTERS

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

Mr. Textor recommended that the sewer lines in the District be marked with permanent markers and signs be placed along the lines. Mr. Lanham stated that AWR will prepare a plan to permanently mark the lines and add signs and present the plan to the Board for approval.

Mr. Loehr stated that the relocation of a 4-inch wastewater line to the wastewater treatment plant ("WWTP") is scheduled to start this week.

Mr. Loehr discussed improving upper system pressures and recommended raising the pressure settings of the booster pumps at the water plant and the installation of two pressure reducing valves on the two main lines between the upper and lower sections. He stated that the pressure reducing valves will allow for pressure to be decreased in the lower section. Mr. Loehr stated that a survey needs to be conducted prior to Befco designing the plans for the project. He discussed future improvements at the water plant including the control panel. Director Tullis stated that installation of the pressure reducing valves is necessary to comply with Texas Commission on Environmental Quality ("TCEQ") requirements. Director Sevier stated that the installation of the pressure reducing valves is intended to resolve the current issues related to pressure in the upper and lower sections of the District. Mr. Loehr stated that

the installation of the pressure reducing valves will take three to four months. Mr. Lanham stated that the pressure reducing valves could be installed during the summer months and booster pump upgrades could be scheduled during the winter months. Mr. Loehr stated that the engineering fees for the project are estimated to be between \$15,000 and \$20,000 and the construction cost is estimated to be \$120,000. After review and discussion, Director Adamcik moved to approve engineering fees, a survey, authorize design, and authorize advertisement for bids for raising the pressure setting of the booster pumps and the purchase and installation of two pressure reducing valves to be located in the southwest corner of Riverwalk and near the Colovista Parkway and Mountain Laurel intersection. Director Mealy seconded the motion, which passed by unanimous vote.

Mr. Loehr discussed the current booster pumps and stated that the power on the pumps needs to increased if pressure setting are to increase. He discussed the purchase of a new booster pump to replace booster pump no. 1 and a possible second new booster pump. Mr. Lanham stated that the setting could be increased on the current booster pump and a new booster pump could be purchased and stored to replace the current pump when it is no longer operational. Mr. Loehr stated that a new booster pump will cost between \$10,000 and \$20,000. The Board discussed obtaining the costs and timing for the purchase and storage of a new booster pump for Director Patterson and Director Tullis to review.

Mr. Loehr reported on a conference call with representatives of the U.S. Army Corps of Engineers ("USACE"), members of the Capital Projects Committee, and Nick Textor regarding the funding of a field study to address erosion issues created by the Colorado River on District infrastructure and provide solutions. He reviewed the costs of the study that would be covered by the USACE. Mr. Loehr stated that he will arrange for another conference call to further discuss the possible field study.

Mr. Loehr discussed the results of potholing completed in the District to locate water and sewer lines. Mr. Lanham recommended that Mr. Loehr contact PGI Properties on its request regarding location of services for certain platted lots and two other unplatted areas.

Mr. Loehr stated that new utility crossing water and sewer lines need to be installed on ColoVista Parkway and will cost approximately \$10,000. After discussion, Director Patterson moved to authorize the engineer to arrange for the new utility crossing water and sewer lines for a cost of approximately \$10,000. Director Sevier seconded the motion. The motion passed four to one with Director Adamcik opposed.

After review and discussion, Director Sevier moved to (1) approve the engineer's report; (2) authorize Befco to respond to PGI Properties regarding location of services for certain platted lots and two other unplatted areas; (3) authorize Mr. Loehr to obtain the costs and lead time for the purchase and storage of a new booster pump; and (4) authorize

AWR to prepare a proposal for permanent markers and signs for sewer lines in the District. Director Patterson 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 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 WATER RATE STUDY AND CONSIDERATION OF FEES INCLUDED IN THE DISTRICT'S RATE ORDER AND ADOPT AMENDED RATE ORDER, IF NECESSARY

Ms. Hargett stated that the Committee of Directors Sevier and Mealy have reviewed the fees in the Rate Order and made recommendations for changes to the fee structure for water services and various additional fees for services. Ms. Hargett reviewed the new fee structure for water rates. After review and discussion, Director Tullis moved to adopt an Amended Rate Order effective June 1, 2023, reflecting the new fee structure and direct that the Order be filed appropriately and retained in the District's official records. Director Mealy seconded the motion, which passed by unanimous vote. Ms. Hargett stated that AWR will send a notice regarding the new rates with the next water bill and through the IRIS system, and add a notice to the District's website.

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, except the discussion above.

REPORT ON NOTICES RECEIVED FROM THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY ON PERMIT APPLICATIONS RELATED TO BASTROP COUNTY INCLUDING NOTICES REGARDING GAPPED BASS AND COREX

Director Adamcik updated the Board on the Gapped Bass and Corex permit applications to the TCEQ.

REPORT ON DISTRICT WEBSITE

Director Mealy did not have an update on the District's website.

REPORT BY CONSULTANTS ON CYBERSECURITY PROCEDURES AND POLICIES

There was no discussion on this agenda item.

BLUEBONNET ELECTRIC COOPERATIVE PROXY

Ms. Garner reviewed a proxy from the Bluebonnet Electric Cooperative. The Board took no action on the proxy.

DISCUSS COMMUNICATIONS WITH PROPERTY OWNERS AND RESIDENTS, INCLUDING LETTER TO RESIDENTS FROM BOARD OF DIRECTORS

Director Adamcik discussed a proposed letter to the property owners and residents of the District. The Board tabled action on the letter.

ADOPT RESOLUTION CHANGING DISTRICT OFFICE AND ESTABLISHING ADDITIONAL OUT-OF-DISTRICT MEETING PLACE, AUTHORIZE EXECUTION OF DISTRICT REGISTRATION FORM, ADOPT AMENDED RESOLUTION ESTABLISHING ADDRESSES AND METHODS FOR TEXAS PUBLIC INFORMATION ACT REQUESTS, AND ADOPT AMENDED RESOLUTION DESIGNATING AGENT FOR ISSUANCE OF NOTICE TO PURCHASERS

Ms. Garner stated that ABHR has moved its office to 919 Congress Avenue, Suite 1500, Austin, Texas 78701. She reviewed a Resolution Changing District Office and Establishing Additional Out-of-District Meeting Place reflecting that the District's official office and mailing address is changed and an additional meeting place is established at Allen Boone Humphries Robinson LLP, 919 Congress Avenue, Suite 1500, Austin, Texas 78701.

The Board considered authorizing filing of an updated District Registration Form with the TCEQ reflecting the District's new address and the reorganization of the Board.

Ms. Garner stated that the Board previously established a designated mailing address of Bastrop County Municipal Utility District No. 1, c/o Allen Boone Humphries Robinson LLP, 1108 Lavaca, Suite 510, Austin, Texas 78701 for the receipt of Texas Public Information Act requests pursuant to Section 552.234(c) of the Texas Government Code. She reviewed an Amended Resolution Establishing Addresses and Methods for Texas Public Information Act Requests reflecting a designated mailing address for receipts of Texas Public Information Act requests as the District's official mailing address of Bastrop County Municipal Utility District No. 1, c/o Allen Boone Humphries Robinson LLP, 919 Congress Avenue, Suite 1500, Austin, Texas, 78701.

Ms. Garner stated that the Board previously designated ABHR as the agent for the issuance of the District's form of Notice to Purchasers. She added that the designation of

the agent needs to be updated to reflect ABHR's new address. Ms. Garner reviewed an Amended Resolution Designating Agent for Issuance of Notice to Purchasers reflecting the appointment of the District's agent as Allen Boone Humphries Robinson LLP, at the address of 919 Congress Avenue, Suite 1500, Austin, Texas 78701.

After review and discussion, Director Mealy moved to (1) adopt a Resolution Changing District Office and Establishing Additional Out-of-District Meeting Place and direct that the Resolution be filed appropriately and retained in the District's official records; (2) authorize filing of the updated District Registration Form with the TCEQ and direct that the Form be filed appropriately and retained in the District's official records; (3) adopt an Amended Resolution Establishing Addresses and Methods for Texas Public Information Act Requests to (a) designate the District's official office of Allen Boone Humphries Robinson LLP, 919 Congress Avenue, Suite 1500, Austin, Texas, 78701, as the designated mailing address and bas001@txdistricts.info as the designated electronic mailing address for receipt of Texas Public Information Act requests to the District; (b) direct that the designated addresses and methods be printed on the sign displayed by the District under Section 552.205, Texas Government Code, in the District's office and be posted continuously on the District's Internet website; and (c) and direct that the Resolution be filed appropriately and retained in the District's official records; and (4) adopt a Resolution Designating Agent for Issuance of Notice to Purchasers 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.

CONDUCT ANNUAL REVIEW AND RECEIVE REPORT FROM OPERATOR ON IDENTITY THEFT PREVENTION PROGRAM

Ms. Hargett discussed an Annual Red Flag Compliance Report on the District's Identity Theft Prevention Program (the "Program"). She reported no significant incidents of identity theft detection and recommended no changes to the Program. The Board agreed that it was not necessary to adopt a Program amendment. Following review and discussion, Director Tullis moved to accept the annual report on the Program and direct that the report be filed appropriately and retained in the District's official records. Director Mealy seconded the motion, which passed by unanimous vote.

NEXT MEETING DATE

The Board agreed to hold the next meeting on May 5, 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.



Assistant Secretary, Board of Directors
Kystal Mealy

ATTACHMENTS TO THE MINUTES

Minutes
Page

presentation on tax exemptions from 2012 through 2022 for PGI Properties.....	1
Bookkeeper's report.....	4
Engineer's report.....	4
Operator's report	6