

MINUTES  
BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

September 1, 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 1<sup>st</sup> day of September, 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 David Fisher, Joe Frey, Becky Minardi, Emanuele Minardi, Sheryl Adamcik, Dan Walker, Johnnie Frazier, Win Frazier, Robert Lewis, Martha Granger, and Brian Thorton; Hal Lanham of AWR Services, Inc. ("AWR"); and Kathryn Garner, Michelle Bryan, and Megan Leissner of Allen Boone Humphries Robinson LLP ("ABHR").

Also attending by telephone were: residents of the District, including Nick Textor, Linda Roberts, and Jeri Stevens; Blake Roberts and Dennis Whaley of PFM Financial Advisors LLC; Terry Holland of Myrtle Cruz, Inc.; Bradley Loehr of Befco Engineering, Inc. ("Befco"); Corrie Aday of Brown & Brown Lone Star Insurance Agency ("Brown & Brown"); and David Patterson of Assessments of the Southwest, Inc.

Ms. Garner reviewed the Resolution Establishing Policy on Public Comment and Public Testimony At Open Meetings.

PUBLIC COMMENTS

Mr. Fisher addressed the Board regarding a lack of fire hydrants near his home and low water pressure.

Ms. Minardi addressed the Board regarding keeping District operating costs low and within budget, handling emergency issues promptly and lowering the tax rate in the future.

Mr. Walker addressed the Board and discussed grinder pump damage due to the drought.

Mr. Frazier addressed the Board and expressed support for their efforts in managing the District.

### DIRECTOR CODE OF CONDUCT

Ms. Garner reviewed with the Board a proposed Director Code of Conduct. After review and discussion, Director Adamcik moved to approve the Director Code of Conduct and direct that it be filed appropriately and retained in the District's official records. Director Tullis seconded the motion, which passed by unanimous vote.

### MINUTES

The Board considered the minutes of the August 4, 2023, regular meeting.

The Board considered amending the minutes of the April 10, 2023, regular meeting, to add Mr. Gary 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. She stated the District's tax advisor has reviewed the presentation on PGI Properties Property Taxes and has verified its authenticity.

After review and discussion, Director Mealy moved to: (1) approve the minutes of the August 4, 2023, regular meeting as presented; and (2) approve the minutes of the April 10, 2023, regular meeting as amended, to add Mr. Steven's presentation on PGI Properties Property Taxes. Director Sevier seconded the motion, which passed by unanimous vote.

### FINANCIAL AND BOOKKEEPING MATTERS, TAX REPORT, AND ADOPT BUDGET FOR FISCAL YEAR END SEPTEMBER 30, 2024

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 which is attached.

Mr. Holland reviewed a proposed budget for fiscal year end September 30, 2024, a copy of which is attached to the bookkeeper's report. Director Adamcik discussed with the Board a proposed seven-year plan he had prepared, a copy of which is attached. Following discussion, Director Tullis requested that AWR and Befco provide the Board a forecast of upcoming expenditures and repairs.

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

Discussion continued regarding the budget for fiscal year end September 30, 2024.

Ms. Garner reviewed an amended engagement letter with ABHR and stated that ABHR will temporarily lower its fees by offering a fixed rate, with the exception of fees related to the review of new contracts or new projects authorized by the Board.

After review and discussion, Director Mealy moved to approve the revised engagement letter with ABHR. Director Tullis seconded the motion, which passed by unanimous vote.

No action was taken on the proposed budget.

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

Ms. Garner stated that notice was published of the public hearing to be held at today's meeting regarding adoption of the District's proposed 2023 total tax rate of \$0.68.

The Board opened the public hearing.

Ms. Minardi addressed the Board and stated that she is in favor of the proposed tax rate of \$0.68 per \$100 of assessed valuation since facility repairs are a necessity, but stated that the community must be educated about the cost of the facility repairs requiring a tax rate that would result in funds to pay for such repairs.

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

Ms. Garner presented an Order Levying Taxes for the 2023 tax rate. She then presented an Amendment to Information Form reflecting the tax rate and stated that the Amendment will be filed with the Texas Commission on Environmental Quality ("TCEQ") and recorded in the Official Public Records of Bastrop County.

After review and discussion, Director Sevier moved to: (1) adopt the Order Levying Taxes reflecting a total 2023 tax rate of \$0.67 per \$100 of assessed valuation, comprised of \$0.2090 to pay debt service on water, sewer, and drainage bonds and \$0.4610 for operation and maintenance; (2) authorize execution of the Amendment to Information Form; and (3) direct that the Order and Amendment be filed appropriately and retained in the District's official records. Director Patterson seconded the motion, which failed by a vote of 2 in favor and 3 against, with Directors Tullis, Mealy, and Adamcik voting against.

After further review and discussion, Director Mealy moved to: (1) adopt the Order Levying Taxes reflecting a total 2023 tax rate of \$0.6150 per \$100 of assessed valuation, comprised of \$0.2090 to pay debt service on water, sewer, and drainage bonds and \$0.4090 for operation and maintenance; (2) authorize execution of the

Amendment to Information Form; and (3) direct that the Order and Amendment be filed appropriately and retained in the District's official records. Director Adamcik seconded the motion, which passed by a vote of 3 in favor and 1 against, with Director Sevier voting against and Director Tullis abstaining.

AUTHORIZE AUDITOR TO CONDUCT AUDIT FOR FISCAL YEAR END SEPTEMBER 30, 2023

Ms. Garner stated that the Board previously approved an evergreen engagement letter with McCall Gibson Swedlund Barfoot PLLC ("McCall") to conduct the District's annual audits, including the audit for fiscal year end September 30, 2023. She stated that McCall has estimated the cost to conduct the audit to be between \$13,500 and \$14,500. Following discussion, the Board requested that Ms. Garner contact McCall to negotiate a lower cost to conduct the audit. No Board action was taken.

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

There was no discussion on this agenda item.

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

There was no discussion on this agenda item.

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

There was no discussion on this agenda item.

REPORT FROM TAX ADVISOR

There was no discussion on this agenda item.

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 brokered through Brown & Brown expire on October 1, 2023. Ms. Aday reviewed the insurance renewal proposal from Brown & Brown and answered questions from the Board. After review and discussion, Director Mealy moved to accept the proposal from Brown & Brown for renewal of the District's insurance policies for the 2023-2024 term, and direct that the proposal be filed appropriately and retained in the District's official records. Director Tullis seconded the motion, which passed by unanimous vote.

Ms. Aday left the meeting.

#### DISTRICT COMMUNICATIONS

There was no discussion on this agenda item.

#### 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 requested authorization to renew the District's sewer plant discharge permit with the TCEQ for an estimated cost of \$7,500. Following discussion, Director Tullis moved to authorize Befco to proceed with renewal of the District's sewer plant discharge permit with the TCEQ. Director Sevier seconded the motion, which passed by unanimous vote.

Discussion ensued regarding the recent pump failures in the District's water system. The Board requested that ABHR contact Brown & Brown to determine if the pumps are covered under the District's insurance policy.

Mr. Loehr reported that at the request of the Board at the August 4, 2023, meeting, he contacted WJC Constructors, LLC to ask if they would be willing to hold their contract price of \$105,000.00 for the installation of the pressure reducing valve until the end of 2023, and reported that WJC Constructors, LLC was unwilling to hold their contract price until the end of 2023. Following discussion, Director Sevier moved to purchase the equipment for the project and store it until the Board is ready to proceed with the project. Director Mealy seconded the motion, which failed by a vote of 2 in favor and 3 against, with Directors Tullis, Patterson, and Adamcik voting against.

Following review and discussion, Director Tullis moved to accept 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, and updated the Board on operation and routine maintenance of District facilities, as reflected in the report.

Mr. Lanham reported that Aqua Water Supply Corporation has announced Stage 3 drought restrictions, noting that AWR distributed communication to customers on August 23<sup>rd</sup> and posted the information on the District's website.

Mr. Lanham reported that on August 7<sup>th</sup>, the water system experienced low pressure at the plant in the upper section of the District. AWR determined that pump

#1 had formed cavities or bubbles creating air in the system so it was shut down, and that pump #2 would not operate. He stated that AWR issued 7 IRIS alerts to customers providing updates. He reported that AWR is awaiting the installation of an off-the-shelf pump to replace pump #2, and the delivery and installation of new pump #1 that was ordered prior to the pump failure event.

Mr. Lanham reported that AWR has submitted the required lead and copper samples to the lab and is awaiting results.

Mr. Lanham reviewed a history of AWR's fees and discussed the extent that AWR has subsidized the District's invoices over the last 18 years.

Mr. Lanham reported on grinder pump calls.

There were no delinquent accounts reported.

Mr. Lanham reported on monthly water loss.

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

#### ADOPT BUDGET FOR FISCAL YEAR END SEPTEMBER 30, 2024, CONTINUED

Discussion continued regarding the proposed budget for fiscal year end September 30, 2024. After review and discussion, Director Tullis moved to adopt the proposed budget for fiscal year end September 30, 2024, as presented. Director Mealy seconded the motion, which passed by unanimous vote.

#### 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 DISTRICT WEBSITE

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

#### REPORT ON HAZARD MITIGATION PLAN

There was no discussion 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 did not convene in executive session.

NEXT MEETING DATE

The Board agreed to hold the next meeting on October 6, 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.



Assistant Kyrtal Mealy  
Secretary, Board of Directors

ATTACHMENTS TO THE MINUTES

	Minutes
	<u>Page</u>
Bookkeeper's report.....	2
Seven year plan prepared by Director Adamcik.....	2
Engineer's report.....	5
Operator's report .....	5