

MINUTES
BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

January 5, 2024

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 5th day of January, 2024, 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 Mealy, thus constituting a quorum.

Also present at the meeting were residents of the District, including Sheryl Adamcik, Nick Textor, Martha Granger, and Pamela Cox; Tammy Hargett of AWR Services, Inc. ("AWR"); Ty Embry, Dacy Cameron, and Emily O'Leary Of Aqua Water Supply Corporation ("Aqua"); and Kathryn Garner, and Megan Leissner of Allen Boone Humphries Robinson LLP ("ABHR").

Also attending the meeting by telephone were: Gary Stevens and Adam LaGesse, residents of the District; Hal Lanham of AWR; Ashlee Martin of McCall Gibson Swedlund Barfoot ("MGSB"); Terry Holland of Myrtle Cruz, Inc; and Bradley Loehr of Befco Engineering.

Ms. Garner reviewed (i) the District's Policy on Public Comment and Public Testimony and (ii) the Board of Directors Code of Conduct.

PUBLIC COMMENTS

There were no comments from the public.

AQUA WATER SUPPLY CORPORATION MATTERS

The Board and the representatives from Aqua discussed matters regarding water capacity in the District, including (i) a feasibility study to be conducted by Aqua, (ii) eliminating the air gap requirement and connecting directly to Aqua's water supply, and (iii) the agreement for wholesale water services between Aqua and the District. Ms. Cameron stated that the Aqua Board of Directors approved resuming the processing of requests for feasibility studies and approval of requests for additional water capacity. She explained that the purpose of the feasibility study is to determine whether Aqua has the capacity to provide the amount of the water that the District requests, and that

the District is responsible for determining the water capacity needed by the District, including capacity for any future development. After discussion, the Board took no action.

Ms. Cameron, Mr. Embry, and Ms. O'Leary left the meeting.

MINUTES

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

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.

The Board discussed ways to shorten the duration of meetings and lower the costs associated with consultant attendance at meetings. Ms. Garner stated that the Board can consider adding a Consent Agenda and placing consultant reports on the Consent Agenda for future meetings. This would allow the Board to approve the items on the Consent Agenda in one motion and eliminate the review of each consultant report during the meeting. The Board concurred to add the Consent Agenda that would include approval of the minutes of prior meetings and monthly reports from the District's Bookkeeper, Engineer, and Operator. After discussion, Director Tullis moved to approve the use of a Consent Agenda for future meetings. Director Adamcik seconded the motion which passed by unanimous vote.

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 REPORT REGARDING POST-ISSUANCE COMPLIANCE

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 Sevier moved to accept the annual report regarding the District's post-issuance compliance policy. Director Tullis seconded the motion which passed by unanimous vote.

ANNUAL DISCLOSURE STATEMENTS

In accordance with the District's Investment Policy, the Board considered the annual disclosure statements of Terry Holland and Mary Jarmon as the District's

bookkeeper and investment officer, respectively. Ms. Garner explained that the statements disclose any relationships with entities or individuals who are offering, have offered, or may offer to engage in an investment transaction with the District. She stated that the disclosure statements received from the District's bookkeeper and investment officer stated that they did not have such relationships and that the statements will be filed with the Texas Ethics Commission and in the District's records. After review and discussion, Director Sevier moved to accept the disclosure statements as presented and to authorize they be appropriately filed. Director Tullis seconded the motion which passed by unanimous vote.

APPROVE AUDIT FOR FISCAL YEAR END SEPTEMBER 30, 2023

Ms. Martin reviewed the District's audit for the fiscal year end, September 30, 2023. 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 final review by ABHR, and direct that the audit be filed appropriately and retained in the District's official records. Director Adamcik seconded the motion, which passed by unanimous vote.

DISTRICT COMMUNICATIONS

Director Tullis and Director Sevier requested Board authorization to meet with representatives of PGI Properties ("PGI") to discuss current matters regarding the District's capacity to provide water to new homes and undeveloped lots and property in the District, matters related to Aqua, the District's current developer reimbursement agreement, and PGI's plans for future development in the District. After discussion, Director Adamcik moved to authorize Director Tullis and Director Sevier to meet with representatives of PGI as discussed. 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, and updated the Board on operation and routine maintenance of District facilities.

Ms. Hargett stated that Stage 2 Mandatory Water Restrictions will continue until the replacement for pump no. 1 is installed.

Ms. Hargett stated that the installation of the replacement for Pump No. 1 is scheduled for January 15, 2024, and that the installation will require that the water system be turned off for approximately one day. She stated AWR will notify residents one week before and 24 hours before the installation regarding a boil water notice and shut down of the water system. She stated that the boil water notice will be lifted following lab analysis of the water quality as required.

Ms. Hargett stated that AWR recommends that the Board increase the tap fees associated with water line excavation in the District's Rate Order due to the increased cost to excavate and repair water lines for District residents.

Ms. Hargett reported on grinder pump calls. She stated that AWR is waiting on a response from D.R. Horton, Inc. ("DRH") regarding the invoice sent by AWR to DRH for the cost to repair the broken discharge lines on homes DRH constructed during the last year. After discussion, Director Adamcik moved to send a demand letter to DRH to demand that DRH pay the invoice for the cost to repair the broken discharge lines on homes DRH constructed in the last year. The motion failed for lack of a second. The Board concurred that they would discuss sending a demand letter to DRH at the next meeting.

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

Discussion ensued regarding installing flexible distribution lines in the District in order to prevent broken distribution lines in the future. Mr. Lanhan stated that he would research the use of flexible distribution lines and report his findings to the Board at a future meeting.

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

ENGINEERING MATTERS

Mr. Loehr reviewed the engineer's report prepared by BEFCO Engineering, Inc., a copy of which is attached, and updated the Board on projects included in the report.

Mr Loehr reported on the installation of the replacement for Pump No. 1.

Mr. Loehr stated that the Sewer Plant Discharge Permit Renewal is in progress.

Mr Loehr reviewed the current water capacity in the District related to the feasibility study that was requested of Aqua. Discussion ensued the capability of the District's water system to provide sufficient water pressure in the event of a fire. Mr. Loehr stated that to his knowledge, the District is in compliance with all federal and state requirements associated with fire protection.

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

Mr. David Patterson of Assessments of the Southwest, Inc. ("ASW") joined the meeting by telephone.

REPORT FROM TAX ADVISOR

Mr. Patterson discussed the Tax Roll for the 2023 tax year received by the District from Bastrop County.

Discussion ensued regarding the services that ASW provides to the District as the District's tax advisor. Mr. Patterson stated that ASW manages the transparency website that the District is required to maintain, and provides guidance regarding tax matters in the District, as needed.

REPORT ON DISTRICT WEBSITE

There was no discussion on this agenda.

REPORT ON HAZARD MITIGATION PLAN

The Board discussed appointments of Directors to the Hazard Mitigation Committee. After discussion, the Board took no action.

2024 DIRECTORS ELECTION

Ms. Garner discussed procedures related to the District's 2024 Directors Election. She reviewed a Resolution Designating an Agent of the Secretary of the Board of Directors During the 2024 Directors Election Period.

Ms. Garner reported on requirements to post a Notice of Deadline to File Applications for Place on the Ballot for the 2024 Directors Election.

Ms. Garner stated that the District may contract with Bastrop County to conduct the District's 2024 Directors Election.

After review and discussion, Director Adamcik moved to (1): adopt a Resolution Designating an Agent of the Secretary of the Board of Directors During the 2024 Directors Election Period appointing Megan Leissner as the agent of the Secretary of the Board of Directors to perform the duties of the District's Directors Election, authorize the agent to post the related notice as required, and direct that the Resolution be filed appropriately and retained in the District's official records; (2) authorize the Secretary's agent to post the Notice of Deadline to File Applications for Place on the Ballot for the 2024 Directors Election as required; (3) authorize contracting with Bastrop County to conduct the District's 2024 Directors Election. Director Tullis seconded the motion which passed by unanimous vote.

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 convened in executive session at 1:03 p.m. pursuant to Section 551.071 Texas Government Code to conduct a private consultation with its attorney to discuss pending or contemplated litigation, or a settlement offer.

RECONVENE IN OPEN SESSION

The Board reconvened in open session at 1:25 p.m. The Board took no action.

NEXT MEETING DATE

The Board agreed to hold the next meeting on February 2, 2024, 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.




Secretary, Board of Directors

ATTACHMENTS TO THE MINUTES

	Minutes
	<u>Page</u>
Bookkeeper's report.....	2
Operator's report.....	3
Engineer's report.....	4