

POINT AQUARIUS MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

January 25, 2022

The Board of Directors (“Board”) of Point Aquarius Municipal Utility District (“District”) met via videoconference (Microsoft Teams) and at 13185 Point Aquarius Boulevard, Willis, Texas 77318, on January 25, 2022, in accordance with the duly posted notice of said meeting, with a quorum of directors present, as follows:

Roland Morgan, President
Frank R. Wengler, Secretary
Frank Lorch, Director

and the following were absent:

Dennis Duckett, Vice President.

Also present were Mr. Mike Pawalowski, Ms. Melanie White, Ms. Claudia Redden, Mr. Mark Eyring, Mr. Andy Welsch, Mr. Sean Falk, Ms. Cecile Hanus, and Ms. Lori G. Aylett.

The President called the meeting to order and declared it open for such business as might properly come before it.

1. There were no public comments for the Board’s consideration.
2. The Board considered the minutes of the meeting held December 21, 2021. After discussion, upon motion duly made, seconded, and unanimously carried, the Board approved the minutes, as presented.
3. The Board reviewed an Order Adopting Residence Homestead Exemption. The District has granted an exemption of 20% of the homestead value for all residence homesteads in the District for several years and can continue such exemption with adoption of this Order. After discussion, upon motion duly made, seconded and unanimously carried, the Board voted to continue the general homestead exemption of 20% in effect for the year 2022 and adopted the attached Order Adopting Residence Homestead Exemption as presented.
4. The Board reviewed an Order Adopting Residence Homestead Exemption for Persons 65 or Older or Disabled. Upon motion duly made, seconded and unanimously carried, the Board approved the attached Order Adopting Residence Homestead Exemption for Persons 65 or Older or Disabled, which Order reflected the granting of a \$25,000 exemption for persons 65 or older and an exemption of \$15,000 for disabled persons.
5. Mark Eyring presented an audit report for the fiscal year ending September 30, 2021. He stated that his firm was issuing an unmodified “clean” opinion with regard to the District’s books and records. Mr. Eyring noted that they did find a slight overbilling to Blueberry Hill residents, and the issue has been corrected. Mr. Welsch asked the auditor

questions regarding the District's investments and the ability to invest in online savings accounts. The attorney noted that all investments must be made in compliance with the Public Funds Investment Act. The bookkeeper noted that currently it is difficult to invest public funds in the banks, due to new banking regulations. While it may be legally possible to make such banking investments, it may be difficult as a practical matter. After discussion, upon unanimous vote, the Board approved the audit report and authorized its filing as required by law.

6. The Board considered the attached Resolution Affirming Review of Investment Policy, Strategies and Objectives and list of brokers. The attorney noted that she was not recommending any changes to the policy. The auditor confirmed that the District's investments were made in accordance with the policy. Upon motion duly made, seconded and unanimously carried, the Board voted unanimously to adopt the resolution as presented.

7. Lori Aylett discussed the continuing disclosure filing with regard to the District's bonds. Pursuant to Bond Orders previously adopted, the District is required to annually update certain material information, including the audit, which might be of interest to District bondholders. Upon unanimous vote, the Board authorized the attorney to make the continuing disclosure filing as required by law.

8. The Board considered review of the District's investments for compliance with Senate Bill 253. The attorney reminded the Board that Senate Bill 253 prohibits the District from investing with entities that support terrorist organizations. The District's Treasurer must periodically review a list of such entities that will be prepared by the Texas Comptroller of Public Accounts and made available on their website. The Board authorized the Treasurer to perform periodic reviews to confirm compliance with Senate Bill 253.

9. The Board discussed Texas Tax Code Section 26.18 compliance. The attorney advised that the District is required to make certain information about the District available on a publicly accessible website. The information includes names and contact information for directors of the District, the current budget and prior two years' budgets, a comparison by dollar amount and percentage of the current budget to the prior year's budget, the current and prior two years' debt service and maintenance tax rates, the proposed current year tax rate, and the current audit. The document will be required to amended several times of the year after the adoption of the budget, proposal and levy of the tax rate, and approval of the audit. Upon unanimous vote, the Board approved the Tax Code 26.18 compliance document and authorized the attorney to make it available on the District's publicly available website as required by law.

10. Mr. Russell Cosbey presented the engineer's report, a copy of which is attached. The Board gave the engineer approval to get started on the waterline project. The engineer reported that they received three bids for the fuel tank and the hydro-pneumatic tank interior. The engineer recommended awarding the contract to low bidder G-Tex Coatings, Inc with a bid of \$41,420. Related to the G-Tex Coatings contract, the engineer presented a bid of \$6,500 for coatings inspection. The engineer also reported that they received a notice of deficiency from the TCEQ on the waste discharge permit application, and the engineer is taking corrective actions. The permit application must also be available for public inspection and

viewing at a place in Walker County, and the engineer has made such arrangements. There was general discussion regarding the TxDOT project. After a full discussion, upon unanimous vote, the Board approved the G-Tex Coatings bid, the inspection bid, and the engineer's report as presented.

11. The Board briefly reviewed the asset management plan. The engineer discussed the District's anticipated long range capital expenditures and presented a working draft of the asset management plan. The plan is voluminous, and the Board noted that a special meeting should be held to discuss all aspects of the assets in a workshop setting. After discussion, the Board agreed to conduct a special meeting on February 22, 2022 at 1 p.m. to discuss the asset management plan.

12. Mr. Mike Pawalowski and Ms. Melanie White presented an operator's report, a copy of which is attached. The District had 14.2% water loss, and the sewage treatment plant operated at 33% of permitted capacity. The operator reported pumpage from the Jasper well of 8,400 gallons and from the Catahoula well of 6,100,000 gallons. The District had 1,057 active accounts and billed 1,067 accounts. The District installed five new taps and performed 12 meter change outs.

The operator reported that the large water loss percentage was due to a software update that caused the water used at the sewer plant to be included in the amounts to be accounted for, and since the District does not "pay itself" for the water used at the plant, it showed up as an unaccounted for loss. The operator replaced six pickets at the wastewater treatment plant fence, but he noted that it was time to put a new fence in place. The operator pulled the 34-horsepower pump at the Main Lift Station. The operator also responded to a call-out for the pumps being tripped.

At the Water Plant, the operator delivered a load of crushed concrete, and Well No. 2 was cemented and plugged. Pinnacle Pumping came out to clean up a phosphate spill on the site. In the distribution system, the operator repaired the asphalt that was dug up after a waterline leak at 12386 Lake Vista.

The operator next presented photographs of the six new generators installed at the lift stations. The operator discussed his recommendations for actions to be taken to protect and shield the generators from view. For photograph No. 1, the operator recommended installation of shrubs. The operator made the same recommendation for the second photograph. For the third photograph, the operator recommended fencing. For the fourth photograph the operator recommended shrubbery. For the fifth, the operator recommended fencing. For the sixth, the operator recommended placing rock on the driveway, cleaning out the brush, and fencing the area. The operator will get quotes for taking the recommended actions and present those to the Board.

13. The Board discussed the change in depository banks. Melanie White noted that she was having a problem with the depository bank accepting online payments. Claudia Redden assisted her by getting a letter that can be presented at the time of deposit regarding acceptance of the online checks. However, this procedure is taking longer because the operator

has to separate the electronic deposits from the manual deposits before making the bank run, and the operator must present the letter at each deposit. The Board took these matters under advisement and noted that if the situation does not improve, the operator should begin investigating options at some of the local banks to see if better service can be obtained from one of them.

14. Lori Aylett presented an attorney's report. Her work during the month was reflected under other agenda items.

15. The Board considered engagement of Arbitrage Compliance Specialists for the Series 2014 bonds final rebate report. The attorney reminded the Board that the District must remain in compliance with all treasury regulations to assure that its bonds remain tax exempt. As part of that covenant, the District must make periodic analyses of arbitrage and rebate compliance. Upon unanimous vote, the Board approved engagement of Arbitrage Compliance Specialists for the Series 2014 final rebate report.

16. Claudia Redden presented a bookkeeper's report, a copy of which is attached. The District has a general fund balance of \$3,104,093.80, a tax fund balance of \$15,846.62 and total debt service funds of \$240,676.54. Upon unanimous vote, the Board approved that bookkeeper's report as presented.

17. The Board conducted a consultant review of the operator. The review indicated that the operator's performance was excellent, and Director Wengler noted a few opportunities for improvement with regard to communication with residents. The operator noted that some of those opportunities for improvement would relate to the District's website communication. Director Wengler asked the attorney for contact information for the current website provider.

18. The Board discussed the vacancy created by the resignation of Elizabeth Potts. The Board interviewed two residents who were interested in being appointed to the Board. Sean Falk indicated that he was a Pelican Bay resident and a neighbor of Liz Potts. He is a mechanical engineer, served his country in the Marine Corps, and has a basic understanding about drainage matters.

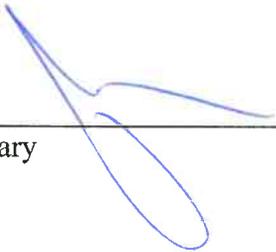
Andy Welsch stated that he had been a resident of the District for several years. He has an engineering degree from the University of Texas at Austin and an MBA from the University of Chicago. Mr. Welsch served his country in the United States Army and has been a systems analyst. He has worked with both the Property Owners Association and the District and is newly retired and has the time to devote to such matters. The Board members thanked the gentlemen for their willingness to serve. After discussion, the Board appointed Frank Lorch as interim treasurer.

19. At 6:52 p.m., the Board convened in executive (closed) session pursuant to Texas Government Code §551.074 to deliberate the appointment of a public officer. At 6:59 p.m., the Board reconvened in regular session. Upon unanimous vote, the Board adopted the attached Order Appointing Director, which Order reflects the appointment of Glenn "Andy" Welsch. Mr. Welsch executed a letter of qualification, statement of appointed officer and took

the oath of office. He completed a questionnaire regarding the potential conflicts of interest and received memorandum regarding completion of Public Information Act/ Open Readings Act training and cybersecurity training.

The Board noted the need to elect a treasurer. Upon unanimous vote, the Board elected Director Andy Welsch as the treasurer.

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



Secretary