

LLANO COUNTY MUD #1
BOARD OF DIRECTORS MEETING
10/25/2016

The Llano County Municipal Utility District #1 Board of Directors held a Regular Scheduled Meeting on October 25, 2016 at 10:30 a.m., at the District Office.

Board member(s) present: Rod Bond, Bruce Lomax, Warner Tweed, L.D. Stewart and John Walters

Board member(s) absent: None

Also present were General Manager, Angela Thomas; Tim Webb, TNA O&M Operator; Administrative Assistant, Sharon Bowen

1. PLEDGE OF ALLEGIANCE

2. PUBLIC COMMENTS AND DISCUSSION

No public comment

3. TNA O&M QUARTERLY UPDATE

Operator, Tim Webb with TNA O&M provided an update over the water and wastewater operations. The slabs have been poured and are ready for installation of the cranes at the lift stations. Representatives with FogRod, the float replacement rod, and Eradigator, mixer for the lift stations, visited with Tim and got specifications for ordering the materials needed to install the rod and mixer. Tim states he worked with AMR installers a lot this month, with issues on shut off valves and leaks after new meters were installed. Tim has ordered parts and will be making additional repairs for 10 meters that were not able to be changed out. Tim states he turned off the meter on Blue Mountain Trail up the hill from a possible leak to verify that it is a leak in the road and not a meter leak. He will check back in a day or two and see if the area is dry on the road. Tim reported PEC is trimming trees and taking out an old utility pole and moving it at the water plant. A service line that runs over one of the clarifiers is too low and this will correct that problem. He concluded with a statement that the sludge removal has allowed him to lower the chemicals by half at the water plant.

4. UPDATE FROM SHARON BOWEN ON AMR INSTALLS

Administrative Assistant, Sharon Bowen provided an update on the AMR installs. Ms. Bowen states there are 10 meters that have not been installed, 5 are due to shut off valves on the MUD side, 2 meters are were 1 inch meters that had to be ordered, and 3 meters are problem locations due to landscape and meter box issues. Tim Webb is ordering parts to fix the shut off valves, the 1 inch meters are on order and the final 3 meters are being looked at to find a way to resolve the problem. Ms. Bowen did a test run with the AMR software and found some issues that have now been resolved. She will continue to provide updates to the Board until all the meters have been converted.

5. DISCUSSION AND ACTION TO APPROVE THE MINUTES OF THE REGULARY SCHEDULED BOARD MEETING HELD ON SEPTEMBER 22, 2016

Bruce Lomax made a motion to approve the minutes with corrections to item #11 for fact sheet being presented quarterly and the financials presented monthly and approved quarterly. Also, remove TNA Operator, Tim Webb as present, he was not present. The hearing minutes need to be revised by striking the pledge and removing no public comments. Warner Tweed seconded the motion. All members present were in favor. Motion passed.

6. REVIEW AND POSSIBLE ACTION TO APPROVE AN INTERLOCAL AGREEMENT BETWEEN LLANO COUNTY MUD #1 AND LLANO COUNTY FOR ROAD REPAIRS AND MAINTENANCE

Warner Tweed made a motion to accept the Interlocal Agreement between Llano County MUD #1 and Llano County for road repairs and maintenance with the updated President's name. Bruce Lomax seconded the motion. All members present were in favor. Motion passed.

7. REVIEW AND POSSIBLE ACTION TO APPROVE THE FIRE-FIGHTING SERVICE AGREEMENT WITH THE CITY OF HORSESHOE BAY

President Rod Bond explained the property tax values increased 7% over all for Horseshoe Bay and their cost only increased by 3% resulting in the rate reduction from .1000 to .09313; a \$10,000 savings. The MUD set taxes in September and did not receive the contract until October; the Board will discuss committing the funds to a reserve in the General Fund to be prepared for Horseshoe Bay's end of fiscal year. At the end of the fiscal year Horseshoe Bay can charge the full rate of .1000 if their expenses were higher than expected, resulting in the MUD paying a bill at the end of the fiscal year. The savings from this lower rate can be used to determine taxes next fiscal year if the MUD is not billed. Mr. Bond explained he would like to send a Letter of Intent for a 12 months' notice of cancellation to provide sufficient time to get Fire Services in the event Horseshoe Bay cancels services. Bruce Lomax made a motion to accept the Fire-Fighting Service Agreement with the City of Horseshoe Bay. John Walters seconded the motion. All members present were in favor. Motion passed.

8. REVIEW AND DISCUSS THE STORAGE FACILITY LEASE WITH THE POA

Rod Bond updated the Board on his meeting with the POA President, Johnny Burgess, regarding the storage facility lease agreement. Mr. Bond explained they discussed the intent of the MUD Board and POA Board to work together and provide services beneficial to both entities while recovering costs of said services. An agreement was made to present to the Boards an increase of \$50 per month and for the MUD to take over the electric service at the facility, which runs around \$70 per month. The charges would change from \$100 per month to \$220 per month. The MUD uses 2/3 of the facility; the \$150 charge makes up 2/3 of the cost to the POA for taxes, insurance, and maintenance. Mr. Bond states the agreement will be updated and include a 12 months cancellation notice and an annual review of actual costs. Bruce Lomax made a motion to increase payment to \$150, take over the utility bill and review the costs in one year. John Walters seconded the motion. All members present were in favor.

9. REVIEW, DISCUSS, AND POSSIBLE ACTION TO APPROVE OPENING TWO ADDITIONAL TEXPOOL ACCOUNTS

Rod Bond explained the need to open two additional TexPool accounts to move reserves from the Sewer Operating Account and the Sewer Reserve Fund for grinders to an investment account to accrue a higher interest rate on those funds. Warner Tweed made a motion to approve opening two TexPool accounts, one for the reserves in the Sewer Revenue Fund and the second for the Sewer Reserve fund for grinder emergencies. L.D. Stewart seconded the motion. All members present were in favor. Motion passed.

10. REVIEW AND APPROVE THE QUARTERLY INVESTMENT AND FINANCIAL REPORTS

General Manager, Angela Thomas presented the quarterly investment and financial reports. Warner Tweed made a motion to approve the quarterly investment report. Bruce Lomax seconded the motion. All members present were in favor. Motion passed. Bruce Lomax made a motion to approve the quarterly financial reports. Warner Tweed seconded the motion. All members present were in favor. Motion passed.

11. REVIEW AND APPROVE BUDGET REVISIONS FOR THE 2015-2016 FISCAL YEAR

General Manager, Angela Thomas presented the budget revisions for the 2015-2016 fiscal years. Warner Tweed made a motion to approve the 2015-2016 budget revisions. L.D. Stewart seconded the motion. All members present were in favor. Motion passed.

12. DISCUSS AND REVIEW CAPITAL OUTLAY PROJECTS

Angela Thomas presented the Capital Outlay and Project report.

13. REVIEW AND DISCUSS POLICY FOR COMMUNITY CONTRIBUTIONS

Angela Thomas presented the draft policy for community contributions. The policy was revised from the first presentation to include notation of the General Manager presenting a report at the next board Meeting after a contribution has been made. The Board will review the contribution and provide guidance, if necessary on the types of contributions to be made. L.D. Stewart will edit the policy for grammatical errors. Bruce Lomax made a motion to accept the Community Contribution Policy as edited by L.D. Stewart. John Walters seconded the motion. All members present were in favor. Motion passed.

14. REVIEW AND APPROVE TML COBRA COC AGREEMENT PY 2016-2017

Warner Tweed made a motion to approve the TML Cobra COC Agreement for 2016-2017. Bruce Lomax seconded the motion. All members present were in favor. Motion passed.

15. GENERAL MANAGER'S REPORT

Angela Thomas presented the General Manager's Report. Sharon and Angela have been working on gathering information for the updated website, Mrs. Thomas contacted Llano County TxDot about the heavy vehicles using Blue Lake Dr. as a turnaround and was told by the Manager, Shannon that they will find other ways to haul materials and use smaller trucks to avoid using Blue Lake Dr. Mrs. Thomas contacted Brian Box with LCRA and was given approval to remove erosion control materials. Mrs. Thomas and Tim Webb met with representative with FogRod and Eradigator to verify specifications for installation at the lift stations. Mr. Webb repaired the leak on Blue Waters and is troubleshooting the leak on Blue Mountain Trail. Mrs. Thomas presented a draft of the newsletter regarding the MUD's accomplishments and reduction in the tax rate. The Board will review the newsletter and send revisions by Friday to email to residents.

16. COMMITTEE REPORTS

FINANCE & PLANNING-

LEGAL AFFAIRS-

STREETS AND LIGHTS/TRASH DISPOSAL- The Board discussed a response to Mr. Rashid's letter requesting reimbursement for expenses incurred due to the road project. L.D. Stewart explained a need to address problems diverting water on Packsaddle because drainage water is running into Mr. Newsome's basement. L.D. Stewart made a motion to set aside \$2,500 to address and complete the issue of diverting the water on Packsaddle. Warner Tweed seconded the motion. All members present were in favor. Motion passed.

WATER DISTRIBUTION SYSTEM-

SEWER SYSTEMS-

17. EXPENDITURES REQUIRING APPROVAL

Rod Bond introduced the request of Donna Stevens and Gloria Lomax to install commercial Holiday Lighting on the eaves of the MUD office and around the entrance sign. Mrs. Stevens and Mrs. Lomax received a quote from Nightscapes for \$1,900 for purchase, storage and installation of lights, with an annual installation charge of \$300 thereafter. The Board requested Angela Thomas work with Mrs. Stevens and Mrs. Lomax to find a cost efficient way of installing holiday lighting.

18. EXECUTIVE SESSION

None

19. NEW BUSINESS/OLD BUSINESS

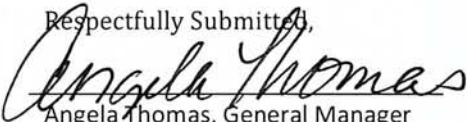
None

20. SET DATE AND TIME FOR NEXT MEETING

The next regularly scheduled meeting will be held 11/29/2016 at 10:30 am.

Warner Tweed made a motion to adjourn at 12:10 pm. John Walters seconded the motion. All members were in favor. Motion passed.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Angela Thomas". The signature is written in black ink and is positioned above the printed name and title.

Angela Thomas, General Manager
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