MINUTES
ACTON MUNICIPAL UTILITY DISTRICT

The Board of Directors of Acton Municipal Utility District met in special session at 10:00 a.m., Wednesday, August 12, 2026. Notice of said meeting was posted as prescribed by Chapter 54, Article 109, of the Texas Water Code.

Special Session August 12, 2026

Directors Present	Staff Present	Visitors Present
R. Lewis	R. English	C. Hay, P.E.,
J. Featherston	C. Neal	Enprotec/Hibbs & Todd
G. Rose	B. Evart	
V. Vernon	T. Riggio	
D. Maunder	S. Dollins	

Directors Absent
None

Call to Order
Ray Lewis, President, called the meeting to order at 10:02 a.m.

A. Richard English presented a proposed Operations & Maintenance (O & M) and Debt Service Budget for fiscal year 2026-2027. He thanked Staff for their efforts in getting everything together for preparing the budget. He reported the net revenue is in line with what is projected for this year. Under the current rate structure, we are projected to have an approximate deficit of $1,050,198; this will be funded through cash reserves. Although our current budget projection was budgeted with a $376,683 deficit, we expect to finish the year in a positive. R. English stated he is comfortable with the numbers we are seeing and does not see anything right now that would indicate we need to make a change in rates.

Bob Evart reported under the proposed O & M Budget, the total revenue is projected to be $19,129,924. Growth is anticipated to increase during the fiscal year. Impact Fees projections are reduced based upon the new customer growth projections.

Water and Sewer:
With regard to SWATS, overall O & M expenses are budgeted at $4,518,270, with an expected income through the Wholesale Contract with JCSUD of $2,953,339, leaving a net expense to AMUD of $1,564,931.

Projected raw water cost for all 7,000-acre feet is $570,000. BRA system-wide rate increased from $106.00 to $113.00 per acre foot. Option water contracts have increased slightly. This is water contracted for but not expected to be used, thus we pay less for reserving the water.

Debt:
Debt Service is budgeted at $4,987,352 including agency fees. Debt Service requirement is 1.05; projected debt service coverage is approximately 1.37. This indicates our bond covenant is covered, under our current rate structure we are projected to have an approximate $1,050,198 deficit after funding cash-funded capital expenses.

Wages and Benefits:
Payroll has been budgeted with a 6.0% increase composed of a 4% COLA and 2% merit. B. Evart reported wages are calculated and based on staffing levels of 44 full time employees. Water, Sewer, SWATS, and Administration personnel cost is calculated based upon the department to which the employee is assigned, however, time is charged based upon the work done. The account License Adjustment is included to recognize an increase in wages in recognition of obtaining a water or sewer license. Retirement costs are approximately 8.84% of payroll. Included in this rate is 1.86% related to underfunded retirement liability (approximately $591,634). AMUD currently has a 94.1% funded ration with TCDRS. Mandatory employee contribution rate is 6%, AMUD matches the rate 2.0 times the employee's contribution rate. Unemployment taxes fluctuate from year to year; the rate is set by the State of Texas and fluctuates on a recurring cycle of low to high every other year. We have no control over this rate and will not know the rate until March of the ensuing year for implementation January 1st. Longevity pay is budgeted in the amount of $185,000.

Medical coverage is through United Healthcare and renews January 1st. Actual AMUD amounts will not be available until late October to early November. The District currently provides medical coverage for 40 of the 44 full time employees with employees picking up 30% of the cost for family members. AMUD contributes $1,400 to a Health Reimbursement Account (HRA) for each covered employee under the plan, with a maximum allowable carryover of $600 per employee (maximum account balance cannot exceed $2,000); however, this account is expensed as funds are expended. A Flexible Spending Account (FSA) is offered that allows employees to set aside pre-tax funds for medical care. FSA amounts are funded entirely by employees; currently there are 20 employees participating in the FSA program.

Insurance:
Reported we may change insurance, in process of comparing Texas Mutual Workers Compensation Insurance to Higginbothams. Premiums are expected to increase this year due to several claims on our P & C policy.

Engineering:
Engineering Office Expenses is budgeted at $200 for occasional expenses. Engineering Consultant category represents eHT retainer.

Summary:
In summary, the overall budget yields net revenues, which are estimated to cover a portion of cash funded capital items with a deficit of approximately $1,050,198 to be paid from cash reserves.

R. English informed the Board a House Bill 1522 passed and became effective September 1, 2025 requiring the proposed budget be posted online and available for the public. The Proposed Annual Budget prepared for public review is included in the Board Packet. B. Evart did a great job preparing and putting this packet together.

Two memorandums are included under this agenda item. Stefan Dollins presented a memorandum regarding FY 2026-2027 JCSUD Rate. He discussed the methodology for the wholesale treated water agreement rate for JCSUD for fiscal year 2026-2027. The rate is based on a 12 month actual flow period from July 2025 through June 2026. As shown on Attachment A, the Volumetric Rate is $2.49, the Effective Rate is $5.27. This will be listed on the agenda for the August 19th Regular Board Meeting for approval and then presented to JCSUD. This is the 3rd year under the 5 year contract for the Agreement for the Sale and Delivery of Treated Water Between AMUD and JCSUD. R. English confirmed with Leonard Dougal that Attachment A covers everything listed under the Separation Agreement.

T J Riggio presented a memorandum regarding a proposal for satellite based leak detection. Denny Maunder visited with a vendor from Asterra at the Texas Water Conference and brought information for Staff to look into. Asterra is a leak detection service that utilizes real time satellite imagery to detect leaks. As stated in the memo, a scan is performed and the software identifies areas where leaks are suspected. After the scan is done, they send a leak detection subcontractor out to pin point the leaks. The contract entitles us to 40 hours of leak detection services. The scan would cover the entire water system, along with 50 miles of sewer line. Staff recommends we utilize these services as a pilot to determine if this is a service we would like to utilize again in the future.

B. Richard English presented the proposed Capital Budget for fiscal year 2026-2027. Income for capital projects is either from bond proceeds or cash funded from operations. For fiscal year 2027, $17,190,000 is budgeted through bond funds for the following ongoing projects:

Acton Loop Water Line	$ 2,500,000
Fall Creek Water Line	$ 1,630,000
WWTP #2 Expansion	$ 360,000
Lift Station #11 Improvements	$ 1,200,000
SWATS Capacity Restoration	$11,500,000

R. English stated the WWTP #2 Expansion is basically retainage; if the project is finaled prior to the new fiscal year, it will come off this list. He also stated the Lift

Station #11 Improvements Project has evolved. Chris Hay, P. E. of eHT was present to discuss the cost estimate difference.

Cash funded capital requests are budgeted at $2,887,000 and are summarized below.

Water Capital:

- Water Valves – New valves purchased and installed in the system to facilitate flow control of various lines and fire hydrants - $5,000.
- Fire Hydrants – To replace inoperable existing hydrants or installed in new locations to enhance fire protection where needed - $5,000.
- Meters Remote Read – $400,000 to purchase and install Badger E-Series ultra-sonic meters and transmitters to replace old meters in the system as well as new installations. With the assistance of SWATS employees, this effort has increased at certain times of the year.
- Pumps and Motors – $60,000 to replace various high service pumps and motors as needed.
- Water Meters – $10,000 for purchase of non-standard meters that are typically larger and register increased volume.
- Well Rehab/Replacement – $600,000 estimated cost to replace Well No. 9 as well as rehab Well No. 20 and others as needed. Memorandums are included under this agenda item from T. Riggio. As stated in the memo, the casing for Well No. 9 collapsed this past year. Well No. 20 is for a well pump replacement and screen cleaning. C. Hay provided the estimated cost during the meeting, therefore this amount is not reflected in the workshop proposed budget.
- Tank Rehab – Elevated Tank 8 in Pecan Plantation. T. Riggio provided a memorandum for this line item.
- Machinery and Equipment - $237,000 - $15,000 for trailer mounted lights to assist with emergency night repairs, $7,000 for a 2.5" Boring Missile, $215,000 to repurpose a WWTP generator for use at Booster Station 4 at SWATS. T. Riggio provided a memorandum for this line item.

Sewer Capital:

- Fence, Walks, Roadways - $40,000 – Various walk and fence repairs.
- WWTP – DCBE – $31,000 – Blower replacement and effluent meter. Contingency for rehab as needed. T. Riggio provided memorandums for this line item.
- WWTP – Pecan Plantation – $10,000 contingency for repairs/replacement of equipment as needed.
- I & I Abatement/Upgrade – $500,000 sewer line and manhole rehabilitation. Mambrino sewer crossing. T. Riggio provided a memorandum for this line item.
- Pump Replacement – $60,000 - Replacement of lift station pumps and motors as needed.
- Lift Station Rehab - $25,000 – Lift Station 05, rail system and piping.
  T. Riggio provided a memorandum for this line item.

- Grinder Pumps – $100,000 – As existing grinder pumps are scrapped due to being non-repairable, replacements can be capitalized.
- Machinery and Equipment - $18,000 – Vac rig engine replacement.

Administration Capital:
- Vehicle Replacements – $184,000 – Three fleet replacement vehicles. T. Riggio provided a memorandum for this line item.
- Office & Warehouse Building – $350,000 – Carryover project, $250,000 for a new building, $70,000 for chip seal laydown yard, and $30,000 for A/C replacements as needed.
- Computer Software – $15,000.
- Computer Equipment – $20,000 for various computer replacements.

SWATS Capital:
- Water Plant - $10,000 – Contingency for miscellaneous repair/replacements.
- Office & Warehouse Building - $125,000 – Roof on Admin and Chemical Building/shop floor and door.
- Pumps/Motors - $125,000 – Contingency for replacements as necessary.
- Computer Equipment - $10,000 for various computer replacements.
- Vehicles - $36,000.

Engineering Capital:
- Engineering Fees – $36,000.

Capital Contingency:
- $20,000 to allow for unexpected capital expenditures.

R. English stated he feels solid on the numbers proposed; they are conservative and not extreme. The FY 2026-2027 Proposed Budget will be listed on the agenda for action at the August 19th Regular Board Meeting.

C. Items from Board Members:

<u>Rose:</u>
1. Asked if we are maintaining spare pumps for emergencies since there seems to be a long lead time to receive them. S. Dollins stated this is a topic that has been discussed, and yes, we try to ensure we have backups as much as possible.

<u>Vernon:</u>
None

<u>Maunder:</u>
None

<u>Featherston:</u>
None

Lewis:
None

Adjournment
A motion was made to adjourn at 12:00 p.m.

Motion:	Featherston
Second:	Rose
Vote:	All ayes

Secretary, Board of Directors
Acton Municipal Utility District