

MINUTES
NORTHEAST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

August 30, 2021

The Board of Directors (the "Board") of Northeast Harris County Municipal Utility District No. 1 (the "District") met in regular session, open to the public, on the 30th day of August, 2021, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Houston, Texas, outside the boundaries of the District, and the roll was called of the members of the Board:

Jim Moffatt	President
Keith Jaehne	Vice President
Tonya Nunez	Asst. Vice President
Ellen Crocker	Secretary
Ted Gaylord	Assistant Secretary

and all of the above were present, except Director Nunez, thus constituting a quorum.

Also present at the meeting were: Mark McGrath of McGrath & Co., PLLC; R. Craig Rathmann of Rathmann & Associates, LP; Aaron Alford of Woodmere Development Company, Ltd; Renee Butler of McLennan & Associates, L.P.; Patty Rodriguez of Bob Leared Interests, Inc.; Mike Williams of Municipal Operations & Consulting, Inc.; Jason Hajduk of IDS Engineering Group; and Greer Pagan and Arlene Catalan of Allen Boone Humphries Robinson LLP.

PUBLIC COMMENT

The Board offered any members of the public attending the meeting the opportunity to make public comment. There being no members of the public requesting to make public comment, the Board moved to the next agenda item.

MINUTES

The Board considered approving the minutes of the August 2, 2021, regular meeting. After review and discussion, Director Jaehne moved to approve the minutes of the August 2, 2021, regular meeting. Director Crocker seconded the motion, which passed by unanimous vote.

UNLIMITED TAX BONDS, SERIES 2021A, INCLUDING APPROVE DEVELOPER REIMBURSEMENT REPORT FOR SERIES 2021A BONDS; AND AUTHORIZE DISBURSEMENT OF BOND PROCEEDS

Mr. McGrath presented a developer reimbursement report in connection with the Series 2021A Bonds, a copy of which is attached. After review and discussion, Director Crocker moved to approve the developer reimbursement report and authorize the disbursement of the bond proceeds in accordance with the report. Director Gaylord seconded the motion, which passed by unanimous vote.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

The Board reviewed a renewal insurance proposal from HARCO Insurance Services for the District's insurance policies expiring November 1, 2021. After review and discussion, Director Jaehne moved to approve the renewal insurance proposal and direct that it be filed appropriately and retained in the District's official records. Director Gaylord seconded the motion, which passed unanimously.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Butler presented and reviewed the bookkeeper's report, a copy of which is attached, and presented the District's bills for payment. After review and discussion, Director Moffatt moved to approve the bookkeeper's report, including payment of the bills, as presented. Director Jaehne seconded the motion, which passed by unanimous vote.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Rodriguez presented and reviewed the tax assessor/collector's report with the Board, a copy of which is attached. Following review and discussion, Director Gaylord moved to approve the tax assessor/collector's report and the payment of the bills contained in the tax assessor/collector's report. Director Crocker seconded the motion, which passed by unanimous vote.

DISCUSS 2021 TAX RATE, ADOPT RESOLUTION REGARDING DEVELOPMENT STATUS FOR 2021 TAX YEAR, SET PUBLIC HEARING DATE, AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

The Board considered the District's 2021 tax rate. Mr. Pagan discussed the "truth-in-taxation" property tax calculations and tax levy process for water districts and stated that Chapter 49 of the Texas Water Code establishes three main categories for water districts, based on a district's development status and/or tax rate. He reviewed the definitions for each of the three categories and said the Board must annually determine the District's category for that tax year and follow the associated notice and levy provisions in the Texas Water Code.

Discussion ensued regarding the District's development status. After fully considering relevant data, information, and statutory definitions, the Board determined that the District is a Developing District for the 2021 tax year.

Mr. Rathmann distributed and reviewed a debt service tax rate analysis reflecting the recommendation for the District to levy a 2021 water, sewer, and drainage debt service tax rate of \$0.66 per \$100 of assessed valuation, based on the District's initial 2021 certified value of \$188,315,145, plus \$31,013,045 of the uncertified value under protest. A copy of the debt service tax rate analysis is attached. The Board then discussed the District's operation and maintenance tax rate. Mr. Rathmann discussed the two-step process for setting the District's tax rate.

Following review and discussion, Director Jaehne moved to: (1) adopt a Resolution Regarding Development Status for 2021 Tax Year establishing the District as a Developing district for the 2021 tax year, pursuant to Section 49.23603, Texas Water Code, and direct that the Resolution be filed appropriately and retained in the District's official records; (2) set the public hearing date for October 4, 2021; and (3) authorize the tax assessor/collector to publish notice in the *Houston Chronicle* of the District's meeting on October 4, 2021, to set the proposed 2021 total tax rate of \$1.34 per \$100 of assessed valuation, with \$0.66 allocated for debt service on water, sewer, and drainage bonds, and \$0.68 allocated for operations and maintenance. Director Gaylord seconded the motion, which passed unanimously.

OPERATION OF DISTRICT FACILITIES

Mr. Mike Williams presented and reviewed the operator's report, a copy of which is attached.

Mr. Williams presented and recommended turning four delinquent accounts to the District's collection agency totaling \$280.80.

Following review and discussion, upon a motion made by Director Crocker and seconded by Director Moffatt, the Board voted unanimously to: (1) approve the operator's report; and (2) authorize the operator to turn the four recommended delinquent account over for collections.

TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS

Mr. Williams reviewed the termination list reflecting delinquent water and sewer accounts, a copy of which is attached to the operator's report. Mr. Williams reported the customers on the termination list were mailed written notice prior to today's meeting in accordance with the District's Rate Order, notifying them of the opportunity to appear before the Board to explain, contest, or correct the utility service bill and to show reason why utility service should not be terminated for reason of nonpayment. The Board then conducted a hearing on the termination of utility service to other

customers. Following review and discussion, Director Crocker moved to authorize termination of delinquent accounts in accordance with the District's Rate Order and direct that the delinquent customer list be filed appropriately and retained in the District's official records. The motion was seconded by Director Moffatt and passed by unanimous vote.

ENGINEERING MATTERS

Mr. Hajduk presented and reviewed the engineer's report, a copy of which is attached, and reviewed the status of construction projects in the District.

Mr. Hajduk updated the Board on the construction of the water, sewer and drainage facilities to serve Sheldon Ridge, Section 11.

Mr. Hajduk updated the Board on the construction of Sheldon Ridge Section 12, 13, and Phase III Detention clearing and grubbing.

Mr. Hajduk updated the Board on the construction of Sheldon Ridge, Phase II Detention.

Mr. Hajduk gave an update on the Sheldon Road Municipal Utility District water plant and wastewater plant capacity project.

Mr. Hajduk updated the Board regarding construction of the Edgewood Village, Section 8 water, sewer and drainage.

Mr. Hajduk reported that advertisement for bids for the construction of the Edgewood Village, Section 9 water, sewer and drainage is pending developer authorization.

Mr. Hajduk updated the Board regarding the construction of the Edgewood Village Phase III Detention.

Mr. Hajduk updated the Board regarding construction of the Edgewood Village, Section 7 Park, and reviewed and recommended approval of Pay Estimate No. Retention and Final in the amount of \$98,960.26, payable to Woodcreek Landscape Company, Inc. He also presented a Certificate of Completion and Acceptance and recommended the Board accept the facilities.

Mr. Hajduk updated the Board regarding construction of the Wastewater Treatment Plant Expansion.

Mr. Hajduk stated that the draft report for Bond Issue No. 11 is being finalized.

Mr. Hajduk reported on the Boomerang project and said construction is underway. He stated that Boomerang is reconsidering getting sanitary sewer service from Harris County Municipal Utility District No. 421 ("HCMUD 421") and noted that District concurrence is required. The Board reviewed the First Amended Agreement to Sanitary Sewer Service Agreement between the City of Houston and HCMUD 421.

Mr. Hajduk reviewed the Stormwater Solution's monthly inspection report. Discussion ensued regarding erosion at the Sheldon Ridge detention outfall, north of Garrett Road, and possible solutions.

After review and discussion, Director Gaylord moved to: (1) approve the engineer's report; (2) approve Pay Estimate No. Retention and Final in the amount of \$98,960.26, and to accept the facilities; and (3) approve the First Amended Agreement to Sanitary Sewer Service Agreement. Director Jaehne seconded the motion, which passed by unanimous vote.

APPROVE THE FIRST AMENDED AGREEMENT TO SANITARY SEWER SERVICE AGREEMENT

This agenda item was discussed in the engineer's report.

DISCUSS AGREEMENT WITH HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 421 ("HCMUD 421") FOR SERVICES TO THE TERRA GREZZA TRACT

Mr. Pagan gave an update on the agreement with HCMUD 421 for sanitary sewer services to the Terra Grezza Tract.

DISCUSS AGREEMENT FOR PAYMENT IN LIEU OF TAXES FOR POTENTIAL FEDERAL FOREIGN TRADE ZONE DESIGNATION FOR DEVELOPMENT OF TERRA GREZZA TRACT

Mr. Pagan gave an update on the agreement for payment in lieu of taxes for development of the Terra Grezza Tract.

REPORT REGARDING DEVELOPMENT IN THE DISTRICT

Mr. Alford updated the Board regarding development in the District.

LANDSCAPING AND PARK MATTERS

This agenda item was covered in the engineer's report.

There being no further business to conduct, the meeting was adjourned.



Ellen Coker
Secretary, Board of Directors

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