

**WOOD TRACE MUNICIPAL UTILITY DISTRICT NO. 1,
OF MONTGOMERY COUNTY, TEXAS**

**Minutes of Meeting of Board of Directors
December 14, 2021**

The Board of Directors of Wood Trace Municipal Utility District No. 1, of Montgomery County, Texas met in accordance with the duly posted notice of meeting, and the roll was called of the duly constituted members of the Board of Directors, to-wit:

Mercedes C. Burns, President
Elias L. Hinojosa, Vice President
James Art Nicholson, Secretary
Dexter Braband, Assistant Secretary
David Ambrose, Assistant Secretary

all of whom were present, with the exception of Directors Hinojosa and Ambrose, thus constituting a quorum.

Also present were Kristen Scott of Bob Leared Interests ("Leared"); Mark Swanson of LJA Engineering, Inc. ("LJA"); Ryan Haynes and Steven Hamilton of Environmental Allies; Mark Burton of Municipal Accounts & Consulting, L.P. ("MA&C"); Kirti Patel of Richfield Investment Corporation representing Primewood Investments, L.P. ("Primewood"); Preston Wittenburg of Friendswood Development Company ("Friendswood"); Josh Rowe and John Escamilla of Water District Management Company, Inc. ("WDM"); Jennifer Hanna of BKD, LLP ("BKD"); and Bryan Yeates and Kris Eddlemon of Schwartz, Page & Harding, L.L.P. ("SPH").

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

PUBLIC COMMENTS

The Board began by opening the meeting for public comments. There were no comments from the public at this time.

APPROVAL OF MINUTES

As the next order of business, the Board considered approval of the minutes of the Board of Directors meeting held on November 9, 2021. After discussion of the minutes presented, Director Braband moved that the minutes be approved, as written. Director Burns seconded said motion, which unanimously carried.

BOOKKEEPING REPORT

Mr. Burton next reviewed the Bookkeeping Report dated December 14, 2021, a copy of which is attached as **Exhibit A**, including the disbursements presented for payment from the District's various accounts. After discussion on the matter, it was moved by Director Nicholson

that said Bookkeeping Report be approved and that the disbursements identified therein be approved for payment, with the exception of check nos. 5041 and 5042, which were voided. Director Braband seconded said motion, which carried unanimously.

PRESENTATION BY MUNICIPAL FINANCIAL SERVICES, LLC ("MFS")

The Board next considered a presentation related to the preparation of enhanced bookkeeping reports. In connection therewith, Mr. Burton advised that MFS is in the process of preparing the report.

SUPPLEMENTAL AUDIT OF PAYMENTS TO DEVELOPER OUT OF THE PROCEEDS OF THE DISTRICT'S \$8,100,000 UNLIMITED TAX BONDS, SERIES 2021

The Board next considered the approval of a supplemental audit of payments to Friendswood out of the proceeds of the District's \$8,100,000 Unlimited Tax Bonds, Series 2021 (the "Bonds"). In that regard, Ms. Hanna presented and reviewed with the Board a draft supplemental audit report prepared by BKD, a copy of which is attached hereto as **Exhibit B**, for an additional payment in the amount of \$1,480,358.85 to Friendswood for utilities constructed to serve Wood Trace, Sections 13, 14, and 15. After discussion, Director Nicholson moved that said supplemental audit report be approved and that disbursement of proceeds of the Bonds be authorized in accordance with such audit, subject to the execution of a Receipt by Friendswood. Director Braband seconded the motion, which unanimously carried.

APPROVAL OF AUDIT REPORT FOR FISCAL YEAR ENDED AUGUST 31, 2021

Ms. Hanna next reviewed with the Board the draft of the District's audit report prepared by BKD for the District's fiscal year ended August 31, 2021, a copy of which is attached hereto as **Exhibit C**. After discussion concerning the audit presented, Director Nicholson moved that (i) the audit report for the District's fiscal year ended August 31, 2021, be approved, subject to final review and comment by SPH, (ii) the President be authorized to execute the Annual Filing Affidavit on behalf of the Board and the District, and (iii) the audit report and Annual Filing Affidavit be filed with the appropriate governmental authorities. Director Braband seconded said motion, which unanimously carried.

In connection with the District's audit, Ms. Hanna next presented to and reviewed with the Board a draft Management Letter prepared by BKD, concerning the Board's internal controls over financial reporting (the "Management Letter"), and the District's response to same, which is included in the Management Letter. A copy of the Management Letter is included with **Exhibit C**. After discussion, it was moved by Director Nicholson, seconded by Director Braband and unanimously carried, that the draft Management Response be approved, as presented, and that the same be included in the final Management Letter.

CONTINUING DISCLOSURE REPORT

The Board deferred taking action on the continuing disclosure report at this time.

TAX ASSESSOR-COLLECTOR REPORT

Ms. Scott then presented the Tax Assessor-Collector Report for the month of November 2021, a copy of which is attached hereto as **Exhibit D**. After discussion concerning the Tax Assessor-Collector Report, Director Nicholson moved that said Report be approved and that the disbursements identified in the Report be approved for payment from the District's tax account. Director Braband seconded said motion, which carried unanimously.

DELINQUENT TAX COLLECTIONS REPORT

Mr. Yeates next presented the District's delinquent tax report dated December 14, 2021, from Perdue, Brandon, Fielder, Collins & Mott, L.L.P., a copy of which is attached as **Exhibit E**. He noted that no action was required on the matter at this time.

ENGINEERING REPORT

Mr. Swanson next presented and reviewed with the Board an Engineering Report, a copy of which is attached hereto as **Exhibit F**. Following discussion, it was moved by Director Braband, seconded by Director Ambrose and unanimously carried, that all action items in the Engineering Report be approved, as recommended by LJA, including the District's concurrence with the following: (i) payment by Friendswood of Pay Estimate No. 6 and Pay Estimate No. 7 and Final in the amounts of \$125,068.54 and \$38,930.35, respectively, and approval of Change Order No. 2 in the amount of \$81,57.12, submitted by C.E. Barker, LTD., for water, sanitary sewer, drainage facilities, and paving to serve Wood Trace, Sections 14 and 15, (ii) acceptance of a Conveyance of Utility Facilities in connection with water, sanitary sewer, drainage facilities, and paving to serve Wood Trace, Sections 14 and 15, (iii) approval of a proposal provided by Ninyo & Moore in the amount of \$15,800.00 for construction materials testing and observation services in connection with the expansion of the Wastewater Treatment Plant and improvements to Lift Station No. 1, and (iv) authorization of LJA to prepare bond application reports for water, sanitary sewer, and drainage facilities, and recreational facilities.

STORMWATER MANAGEMENT PROGRAM

The Board considered the status of the District's Stormwater Management Program. The Board noted that a representative of Storm Water Solutions, LP was not present at the meeting, and deferred further discussion regarding this matter.

DEVELOPERS' REPORTS

The Board next considered the Developers' Reports. Mr. Patel advised that he had nothing new to report to the Board at this time. Mr. Wittenburg then updated the Board on the status of development within the District by Friendswood.

LANDSCAPE ARCHITECT REPORT

The Board next considered the landscape architect report. Following discussion, it was moved by Director Nicholson seconded by Director Braband and unanimously carried, that the District accept a Conveyance of Facilities in connection with softscape improvements constructed

to serve Wood Trace, Sections 9B, 11, and 12, and that the President be authorized to execute same of behalf of the Board and the District.

REPORT FROM ENVIRONMENTAL ALLIES

Mr. Hamilton next presented and reviewed a report with regard to mowing and maintenance of District drainage and detention areas, a copy of which report is attached hereto as **Exhibit G**. No action was taken by the Board at this time.

OPERATION AND MAINTENANCE REPORT

Mr. Escamilla presented and reviewed the Operation and Maintenance Report for the month of October 2021, a copy of which is attached hereto as **Exhibit H**. He advised that WDM will repair well motor no. 2 located at the Water Plant, as discussed at the previous meeting, and will file an insurance claim for such repair.

Mr. Escamilla next advised that there are two (2) delinquent accounts totaling \$364.42 which WDM has been unable to collect. He advised that WDM recommends the accounts be forwarded to Collections Unlimited for further collection efforts. Following discussion, Director Nicholson moved that the two (2) accounts totaling \$364.42 be forwarded to Collections Unlimited for further handling, as discussed. Director Braband seconded said motion, which unanimously carried.

A discussion ensued regarding termination of water service to those customers who may be delinquent prior to the holidays. Following discussion, the Board authorized WDM to delay termination of water service until January 2022, for those customers who may otherwise be scheduled for termination in December.

UTILITY COMMITMENTS

Mr. Yeates reported that the District has not received any requests for utility commitments.

MATTERS RELATED TO MAY 7, 2022 DIRECTORS ELECTION

Mr. Yeates reported on issues related to the District's Directors Election (the "Election") to be held on May 7, 2022. In connection therewith, he presented to and discussed with the Board a memorandum prepared by SPH, a copy of which is attached hereto as **Exhibit I**, regarding (i) participation in the joint election with Montgomery County (the "County"), (ii) publication of notice regarding accessible voting systems, and (iii) posting of Notice Regarding Candidate Filing Period. Mr. Yeates advised that the County will administer the Election if the District participates in the County's joint election. He further noted that if the District elects not to contract with the County and to hold an independent Election, Section 49.111, Texas Water Code, provides an exemption from the requirement to provide certain electronic voting systems at the Election if the District's previous directors election was canceled as uncontested or if fewer than 250 voters voted in the District's previous directors election. Mr. Yeates noted that the District is exempt from said requirement because the District's previous directors election was canceled. Following discussion, it was moved by Director Burns, seconded by Director Braband and unanimously carried that SPH be authorized to (i) notify the County of the District's intent to participate in the joint Election, (ii)

provide notice of the District's intent not to provide electronic voting systems for said Election by publication in a newspaper of general circulation in an area that includes the District, in case the District subsequently elects to hold an independent Election, and (iii) post the required Notice Regarding Candidate Filing Period.

ATTORNEY'S REPORT

The Board next considered the Attorney's Report. In connection therewith, Mr. Yeates advised the Board that he had nothing additional to discuss with the Board of a legal nature which was not covered under specific agenda items.

FUTURE AGENDA ITEMS

The Board next considered matters for possible placement on future agendas. There were no other future agenda items to be discussed other than matters previously noted during the meeting.

ADJOURNMENT

There being no further business to come before the Board, it was moved by Director Braband, seconded by Director Nicholson and unanimously carried, that the meeting be adjourned.



Secretary, Board of Directors

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LIST OF ATTACHMENTS

<u>Exhibit A</u>	Bookkeeper's Report
<u>Exhibit B</u>	Draft Supplemental Audit – BKD, LLP
<u>Exhibit C</u>	Draft Audit Report – BKD, LLP
<u>Exhibit D</u>	Tax Assessor-Collector Report
<u>Exhibit E</u>	Delinquent Tax Report
<u>Exhibit F</u>	Engineering Report
<u>Exhibit G</u>	Environmental Allies' Report
<u>Exhibit H</u>	Operation and Maintenance Report
<u>Exhibit I</u>	Memorandum prepared by Schwartz, Page & Harding, L.L.P.