

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166
Minutes of Meeting of Board of Directors
February 18, 2022

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 166 (the "District") met in regular session, open to the public on February 18, 2022, in accordance with the duly posted Notice of Public Meeting, and the roll was called of the duly constituted officers and members of the Board, as follows:

Richard Love, President
Nano Cox, Vice President
Bill Grzanka, Secretary
Lisa Mendel, Assistant Secretary
Thomas C. Knickerbocker, Assistant Secretary

all of whom were present at the meeting, with the exception of Director Love, thus constituting a quorum.

Also attending the meeting were Mirna Bonilla-Odums of Inframark, LLC ("Inframark"); Odett Newman of Bob Leared Interests, Inc. ("Bob Leared"); Jason Hajduk and Eve Blakemoore of IDS Engineering Group ("IDS"); Ravi Patel of Municipal Accounts & Consulting, L.P. ("MA&C"); Travis Benes of Storm Water Solutions, L.P. ("SWS"); Justin Jenkins of McCall Gibson Swedlund Barfoot PLLC ("McCall"); Barbara Nussa of Republic Services, Inc. ("Republic"); and Eric Lai and Kris Eddlemon of Schwartz, Page & Harding, L.L.P. ("SPH").

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

PUBLIC COMMENTS

The Board began by opening the meeting for public comments. There being no members of the public present, the Board continued to the next item of business.

MINUTES

The Board considered the minutes of its meeting held on January 21, 2022. After discussion, Director Knickerbocker moved that the minutes of the January 21, 2022, Board meeting be approved, as written. Director Mendel seconded the motion, which unanimously carried.

SUPPLEMENTAL AUDIT RELATIVE TO PAYMENT OF PROCEEDS OF THE DISTRICT'S \$2,510,000 UNLIMITED TAX BONDS, SERIES 2021

Mr. Jenkins next presented and reviewed with the Board a draft supplemental audit report prepared by McCall in connection with the disbursement of proceeds of the District's Series 2021

Bonds, dated February 18, 2022, a copy of which report is attached hereto as **Exhibit A**, for additional payments made by Pulte Homes of Texas, L.P. ("Pulte") for costs associated with the bond application report ("BAR"). In connection therewith, Mr. Jenkins advised that \$68,578.31 is now due to Pulte for costs associated with the BAR. After discussion, Director Mendel moved that the draft supplemental audit report be approved and that disbursement of proceeds of the District's Series 2021 Bonds to Pulte be authorized in accordance with such audit, subject to the execution of a Receipt by Pulte. Director Cox seconded the motion, which unanimously carried.

Mr. Jenkins exited the meeting at this time.

TAX ASSESSOR-COLLECTOR REPORT

Ms. Newman presented to and reviewed with the Board the tax assessor-collector report for the month of January 2022, including the disbursements presented therein for payment from the District's tax account. A copy of the report is attached hereto as **Exhibit B**. After discussion, Director Grzanka moved that the tax assessor-collector report be approved and that the disbursements identified in the report be authorized for payment from the District's tax account. Director Mendel seconded said motion, which unanimously carried.

DELINQUENT TAX COLLECTIONS ATTORNEYS' REPORT

The Board deferred review of the delinquent tax collections attorneys' report after noting that said report is presented on a quarterly basis, and that no report had been prepared for this Board meeting.

ADOPTION OF RESOLUTION CONCERNING DEVELOPED DISTRICT STATUS FOR 2022 TAX YEAR

Mr. Lai reminded the Board that the tax-rate setting procedures applicable to a particular district will depend, in part, upon whether it is determined to be a "Developed District" pursuant to Texas Water Code Section 49.23602. He then reviewed with the Board a Resolution Concerning Developed District Status for the 2022 Tax Year, attached hereto as **Exhibit C**. Following discussion, upon motion made by Director Cox, seconded by Director Mendel and unanimously carried, the attached Resolution was adopted by the Board, which reflects that the District is not a Developed District.

RENEWAL OF DISTRICT INSURANCE POLICIES

The Board considered renewal of the District's insurance coverages. Mr. Lai advised the Board that, as requested at the previous meeting, SPH requested a renewal proposal from Arthur J. Gallagher & Co. ("AJG") for the Board's consideration. He advised the Board that the District's current insurance policies are due to expire on March 31, 2022. Following discussion, Director Grzanka moved that the Board accept the AJG insurance proposal, a copy of which is attached hereto as **Exhibit D**, and that the Vice President be authorized to execute same on behalf of the Board and the District. Director Cox seconded the motion, which unanimously carried.

BOOKKEEPER'S REPORT

Mr. Patel then presented to and reviewed with the Board the bookkeeper's report, dated February 18, 2022, including the disbursements presented for payment. A copy of the report is attached hereto as **Exhibit E**. Following discussion, it was moved by Director Cox that the bookkeeper's report be approved, and that the disbursements identified in the report be approved for payment, with the exception of check no. 7086, which was voided. Director Mendel seconded the motion, which unanimously carried.

Mr. Patel additionally presented and reviewed with the Board a Quarterly Investment Inventory Report (the "Quarterly Report") for the period ending December 31, 2021, a copy of which is included with **Exhibit E**. After further discussion of the Report and upon motion duly made by Director Cox, seconded by Director Mendel and unanimously carried, the Quarterly Report was approved and the District's Investment Officer was authorized to execute same on behalf of the Board and the District.

CONTINUING DISCLOSURE REPORT

The Board deferred review of the continuing disclosure report, until the next meeting.

ANNUAL REVIEW OF WAGE RATE SCALE

Mr. Lai next presented to the Board for review and approval a Resolution Adopting Prevailing Wage Rate Scale for Construction Projects, attached hereto as **Exhibit F**. He reviewed various provisions of the Resolution with the Board. Mr. Lai informed the Board that the District previously adopted the U.S. Department of Labor's wage rates, which have recently been updated as of January 2022. After discussion and consideration of the proposed Resolution, Director Knickerbocker moved that the Board adopt the Resolution with Exhibit "A" to same reflecting the updated wage rates for the U.S. Department of Labor and that the Vice President and Secretary be authorized to execute same on behalf of the Board and the District. Director Mendel seconded said motion, which unanimously carried.

ENGINEERING REPORT

Mr. Hajduk next presented to and reviewed with the Board the Engineering Report prepared by IDS relative to the status of various projects within the District, a copy of which report is attached hereto as **Exhibit G**. With regard to the construction of water, sanitary sewer, drainage facilities, and paving improvements to serve Kingfield, Section 2 being developed by Pulte, Mr. Hajduk advised that the District is in receipt of Pay Estimate No. 5 and Final from D.L. Elliot Enterprises, Inc. in the amount of \$20,232.05, and that IDS recommends the Board concur in the payment of same by Pulte. Following discussion, Director Grzanka moved that the District concur in the payment of said pay estimate by Pulte, as recommended by IDS. Director Mendel seconded the motion, which unanimously carried.

With regard to the construction of the new wastewater treatment plant, Mr. Hajduk advised that the District is in receipt of Pay Estimate No. 7 from R&B Group, Inc. in the amount of

\$242,550.00, and that IDS recommends the Board approve the payment of same. Following discussion, Director Grzanka moved that the District approve the payment of said pay estimate, as recommended by IDS. Director Mendel seconded the motion, which unanimously carried.

SURPLUS FUNDS APPLICATION

The Board deferred adoption of a Resolution Authorizing Application to the Texas Commission on Environmental Quality ("TCEQ") Requesting Approval for Use of Surplus Funds and Interest Earned on Construction Funds until a future meeting.

ISSUANCE OF UTILITY COMMITMENTS

The Board deferred the approval of utility commitment requests until a future meeting as no requests had been received.

MAINTENANCE OF DETENTION AND DRAINAGE FACILITIES

Mr. Benes next addressed the Board on behalf of SWS and presented a Drainage Facilities Report, a copy of which is attached hereto as **Exhibit H**, regarding maintenance of the District's detention and drainage facilities. No action was taken by the Board at this time.

OPERATIONS AND MAINTENANCE REPORT

Ms. Bonilla-Odums presented to and reviewed with the Board the Operations and Maintenance Report for the month of January 2022, a copy of which report is attached hereto as **Exhibit I**. She advised that the District's water accountability for the previous month is 94.50%. She further advised that Harris County Municipal Utility District No. 276 recently tested its commercial meters, and found that several meters are under-registering water usage, or not registering any water usage. A copy of the Suggested Repair Summary is attached to the Operations and Maintenance Report. Ms. Bonilla-Odums stated that the faulty meters will be replaced which should increase the District's water accountability.

Ms. Bonilla-Odums next advised that the District received a Notice of Violation ("NOV") from the TCEQ for failing to have an available copy of the water purchase contract between the District and No. 276, and that Inframark will address the NOV on behalf of the Board.

REPORT BY REPUBLIC SERVICES, INC.

Ms. Nussa presented a verbal report to the Board in connection with services provided to the District by Republic, as well as increased garbage and recycling collection rates due to applicable Consumer Price Index increases. No action was taken by the Board at this time.

RATE ORDER

The Board next considered an amendment to the District's Rate Order, including, but not limited to, adjusting the residential sanitary sewer rate in light of the annual CPI increase in rates charged to the District by Republic. In that regard, Mr. Lai advised the Board that the District's Rate Order includes the solid waste collection fee as part of the residential sanitary sewer rate, which is currently a flat monthly fee of \$33.71. After discussion, Director Knickerbocker moved that the District's Rate Order be amended to increase the base monthly residential sanitary sewer rate from \$33.71 to \$34.45, which said amended Rate Order, attached hereto as **Exhibit J**, to be effective as of February 18, 2022, and that any and all rate orders heretofore adopted by the Board be revoked and that the attached rate order be passed and adopted as of this date. Director Cox seconded the motion, which unanimously carried.

DEVELOPERS' REPORTS

The Board next considered the developers' reports. It was noted that a representative of Pulte was not present at the meeting.

ATTORNEY'S REPORT

The Board next considered the attorney's report. Mr. Lai advised that he had nothing to report regarding legal matters other than those items which were previously addressed in the meeting.

EXECUTIVE SESSION

The Board determined it would not be necessary to enter into Closed Session pursuant to Texas Government Code, Section 551.071.

FUTURE AGENDA ITEMS

The Board next considered items for placement on future agendas. No specific agenda items, other than routine and ongoing matters, were requested.

ADJOURNMENT

There being no further business to come before the Board, upon motion made by Director Mendel, seconded by Director Grzanka and unanimously carried, the meeting was adjourned.


Secretary

LIST OF EXHIBITS TO MINUTES

- Exhibit A Draft Supplemental Audit Report
- Exhibit B Tax Assessor Collector's Report
- Exhibit C Resolution Concerning Developed District Status for the 2022 Tax Year
- Exhibit D Proposal provided by Arthur J. Gallagher & Co.
- Exhibit E Bookkeeper's Report
- Exhibit F Resolution Adopting Prevailing Wage Rate Scale for Construction Projects
- Exhibit G Engineering Report
- Exhibit H Drainage Facilities Report
- Exhibit I Operations and Maintenance Report
- Exhibit J Rate Order