

## HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149

### Minutes of Board of Directors Meeting January 17, 2022

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 149 (the "District") met in regular session, open to the public on January 17, 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:

John R. VanDyke, President  
Stefanie Cline, Vice President  
Margaret Petry, Secretary  
Terrence Stephens, Assistant Secretary  
Randall Kallus, Assistant Secretary

all of said persons were present, except Director Kallus, thus constituting a quorum.

Also present were: Michelle Steadman of Inframark, LLC ("Inframark"); Jeffrey Bishop of Jones & Carter, Inc. ("J&C"); Cory Burton of Municipal Accounts & Consulting, L.P. ("MA&C"); Michelle Guerrero of Bob Leared Interests ("Leared"); Mike Scott of Champions Hydro-Lawn, Inc. ("Champions"); Kevin Atkinson of Texas Pride Disposal Solutions LLC ("Texas Pride"); and Matthew Reed, Katie Davis and Kristi Tran-Chin of Schwartz, Page & Harding, L.L.P. ("SPH").

#### PUBLIC COMMENT

The Board began by opening the meeting for public comments. Mr. Reed informed the Board that Ms. Davis will eventually be the lead attorney for the District. He noted the transition will be gradual, and that he will continue to be the lead attorney in regards to the billing issue with Harris County Municipal Utility District No. 257 ("No. 257").

#### APPROVAL OF MINUTES

The Board reviewed the minutes of its December 20, 2021 regular Board meeting. After review and discussion of the minutes presented, Director Cline moved that the minutes of the Board's meeting held on December 20, 2021, be approved, as revised. Director Stephens seconded said motion, which unanimously carried.

#### CHAMPIONS HYDRO-LAWN, INC. ("CHAMPIONS")

Mr. Scott presented to and reviewed with the Board Champions' report dated January 17, 2022, a copy of which is attached hereto as Exhibit A.

Mr. Reed updated the Board regarding the Interlocal Mowing Reimbursement Agreement with Harris County Flood Control District ("HCFCD"), and advised the Board that the HCFCD

is behind in providing the new agreement. After discussion, it was noted that Champions will continue to mow the District's drainage channel until instructed otherwise.

#### TAX ASSESSOR-COLLECTOR REPORT

Ms. Guerrero presented to and reviewed with the Board the Tax Assessor-Collector's Report, dated December 31, 2021, a copy of which is attached hereto as Exhibit B. After discussion on the report, Director Cline moved that said report be approved and that the disbursements identified in the report be approved for payment from the tax account. Director Petry seconded said motion, which unanimously carried.

#### RESOLUTION ADOPTING LIST OF QUALIFIED BROKERS

The Board considered adopting a list of qualified brokers authorized to engage in investment transactions with the District. Mr. Reed advised that pursuant to the Public Funds Investment Act, the Board is required to review such list at least annually. He presented and reviewed with the Board the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, and a list of financial institutions, brokers and dealers attached thereto, together with a comparison of the list submitted and the list previously adopted by the Board, copies of which are attached hereto as Exhibit C. Mr. Reed further noted that the broker list presented is a list of potential institutions with which the District may engage in investment transactions compiled with the input of the District's Investment Officer, but it is ultimately the Board's decision as to where the District's funds are actually placed. After discussion, Director Cline moved that: (i) the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District be approved by the Board and the District, and (ii) the President and Secretary be authorized to execute same. Director Petry seconded said motion, which unanimously carried.

#### SPECIAL PURPOSE DISTRICT PUBLIC INFORMATION DATABASE

Mr. Reed informed the Board that, pursuant to provisions of Chapter 403, Government Code, and Chapter 203, Local Government Code, the District is required to submit information to the Texas Comptroller of Public Accounts (the "Comptroller") for inclusion in the Special Purpose District Public Information Database. Mr. Reed recommended that McCall Gibson Swedlund and Barfoot, PLLC ("McCall"), the District's auditor, be authorized to prepare and submit the information. After discussion on the matter, it was moved by Director Petry, seconded by Director Cline, and unanimously carried that McCall be authorized to prepare the required information and submit same to the Comptroller for inclusion in the Special Purpose District Information Database.

#### DELINQUENT TAX ATTORNEY'S REPORT

The Board deferred consideration of the Delinquent Tax Attorney's Report from Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue"), after noting that there is no report for the month of January.

CONSIDER GRANTING EXEMPTIONS FROM TAXATION FOR 2022. AND THE ADOPTION OF A RESOLUTION IN CONNECTION THEREWITH

Mr. Reed outlined for the Board the various tax exemptions available for the District, including the exemptions provided for by Article VIII, Section 1-b of the Texas Constitution, and Section 11.13 of the Tax Code, as amended. He advised that under said provisions, the District may provide for the exemption of up to 20% (but not less than \$5,000, if granted) of the appraised value of residential homestead improvements for tax year 2022, and the District may also exempt residential homesteads of persons who are under a disability for purposes of payment of disability insurance benefits under the Federal Old Age, Survivors and Disability Insurance Act, or its successor, or persons sixty-five years of age or older from ad valorem taxes levied by the District during tax year 2022, and, if any such exemptions are granted, they must be for not less than \$3,000 of the appraised value of such homesteads. Ms. Guerrero then reviewed with the Board a 2022 exemption calculation, a copy of which is attached hereto as Exhibit D. After further discussion of the matter, Director Petry moved that the District (a) grant the general residential homestead exemption of 20%, but not less than \$5,000, and (b) grant an exemption for persons under a disability or sixty-five years of age or older in the amount of \$10,000 from ad valorem taxes levied by the District during the tax year 2022, and that the Resolution attached hereto as Exhibit E relative to same be approved and adopted by the Board and District. Director Stephens seconded said motion, which carried unanimously.

RESOLUTION AUTHORIZING AN ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES

Mr. Reed next advised the Board that it is authorized pursuant to Section 33.11 of the Property Tax Code to impose, under certain conditions, an additional penalty not to exceed twenty percent (20%) of the total taxes, penalty and interest due the District on personal property that become delinquent after February 1 of a year and that remain delinquent sixty (60) days after said date, to defray the costs of collection of said delinquent taxes, in accordance with Section 33.11 of the Property Tax Code, as amended. The Board next considered the adoption of a resolution authorizing such additional penalty. After discussion, it was moved by Director Cline, seconded by Director Petry, and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes, attached hereto as Exhibit F, be adopted, and that Perdue be authorized to proceed with the collection of the District's 2021 delinquent personal property accounts following proper notice as provided in said Resolution, including the filing of lawsuits, as necessary.

Mr. Scott exited the meeting at this time.

BOOKKEEPER'S REPORT

Mr. Burton presented to and reviewed with the Board the Bookkeeping Report, dated January 17, 2022, including the checks presented for payment, a copy of which is attached hereto as Exhibit G. After discussion on the matter, it was moved by Director Petry that said report be approved, and that the disbursements identified therein be approved for payment, including additional checks to Directors Cline and Kallus for their attendance at the Wastewater Treatment

Plant monthly update meeting, or be voided as noted in said report, including check no. 14119. Director Cline seconded said motion, which unanimously carried.

#### OPERATOR'S REPORT

Ms. Steadman presented to and reviewed with the Board the Operator's Report for the month of December 2021, a copy of which is attached hereto as Exhibit H.

Ms. Steadman then presented to and reviewed with the Board the list of delinquent accounts for the prior month. She requested authorization to move four (4) accounts to collections in the amount of \$462.09 and write-off one (1) account in the amount of \$0.20. Upon discussion, Director Stephens moved that Inframark be authorized to write-off and forward said accounts to collections, as requested. Director VanDyke seconded said motion, which unanimously carried.

Mr. Reed advised that, pursuant to Consumer Confidence Report requirements promulgated by the United States Environmental Protection Agency, the District is required to provide by April 1, 2022, a report containing various information regarding the District's water supply to any other water supplier which has received water from the District through an interconnect during 2021. After discussion on the matter, it was moved by Director Cline, seconded by Director Stephens, and unanimously carried that Inframark be authorized to provide such information to any other water supplier, as necessary.

#### TEXAS PRIDE

Mr. Atkinson responded to questions and concerns expressed by the Board regarding garbage and recycling collection in the District by Texas Pride. He then noted that Texas Pride now has a notification system wherein District customers can sign up to receive updates regarding garbage and recycling collections by Texas Pride for their respective communities. It was noted that sign-up information for same will be added to the next water bill as well as posted in Sommerall Homeowner Association's newsletter.

Mr. Atkinson then updated the Board regarding the missed pick-up day from the May 2021 invoice, and noted that credit had been applied to the District in the amount of \$0.70 per connection.

#### WEST HARRIS COUNTY REGIONAL WATER AUTHORITY ("AUTHORITY")

Director VanDyke reported to the Board regarding the activities of the Authority. He reported that the Authority is promoting a water conservation program entitled "The Rising Cost of Water" and requested that Inframark contact the Authority to obtain the brochures for same to include in future District water bills.

Mr. Reed then presented the District's 2021 Water Usage Form, a copy of which is attached hereto as Exhibit I, to be submitted to the West Harris County Regional Water Authority ("Authority") on behalf of the District. After discussion on the matter, Director Petry

moved that the President be authorized to execute the Form on behalf of the Board and District and that Inframark submit same by March 1, 2022, to the Authority. Director Cline seconded said motion, which unanimously carried.

### RENEWAL OF DISTRICT INSURANCE COVERAGES

The Board next considered authorizing the solicitation of proposals for the renewal of the District's insurance policies. Mr. Reed reported that the District's current insurance policies expire on March 31, 2022, and that the District's current policies were placed through McDonald & Wessendorff Insurance ("McDonald"). He then presented McDonald's proposals for the 2022-2023 term for the Board's consideration, a copy of which is attached hereto as Exhibit J. No action was taken by the Board regarding same at this time.

Mr. Atkinson exited the meeting at this time.

### ATTORNEY'S REPORT

The Board next considered the Attorney's Report. Mr. Reed updated the Board regarding the billing discrepancy with No. 257 regarding the Joint Water Plant and Joint Wastewater Treatment Plant. He noted that a joint meeting to discuss same will take place in the near future.

Mr. Reed then proposed that MA&C add \$500,000.00 placeholder to the District's 5-year cash flow to account for the billing discrepancy with No. 257 merely as a budgeting tool and nothing more.

### SUPPLEMENTAL AGENDA

The Board considered the calling of a Directors Election in accordance with the requirements of the Texas Water Code. There was presented the Order Calling Directors Election (the "Order") attached hereto as Exhibit K calling such election to be held on May 7, 2022. It was noted that the terms of office of Directors Petry, Stephens and Kallus expire in May of this year. In reviewing the Order with the Board, Mr. Reed advised that the Order provides for the conduct of the Directors Election by Harris County, Texas (the "County"), jointly with elections of other political subdivision, using County election officials, voting equipment, and polling locations at a shared expense. Although the County will conduct the Directors Election, he advised that the Texas Water Code and the Texas Election Code authorize the Board to designate an agent to perform certain duties in connection with the Directors Election, and that the Order named Kristi Tran-Chin as such agent (the "Election Agent"). Mr. Reed further advised the Board that notice of the Directors Election must be given in accordance with the requirements of the Texas Election Code. Mr. Reed advised the Board that notice of the Directors Election could be given by one or more of the following methods: (i) publishing the notice in a newspaper published in the territory of the District or of general circulation in the District at least ten (10) days before the election, but not more than thirty (30) days before the election; (ii) posting the notice at a public place in each County election precinct that overlaps the District at least twenty-one (21) days before the election; or (iii) mailing the notice to each registered voter in the District at least ten (10) days before the election. Following discussion of

the options, the Board concurred that notice of the Directors Election be given by posting same at a public place in each County election precinct that overlaps the District. After discussion on the matter, Director Petry moved that said Order be passed and adopted, that the President and Secretary be authorized to execute the Order, and that the Election Agent be authorized and directed to make necessary arrangements for the Directors Election in accordance with the Order. Director Stephens seconded said motion, which unanimously carried. Mr. Reed advised the Board that if each candidate whose name is to appear on the ballot is unopposed as of 5:00 p.m. on February 22, 2022, the Board may thereafter cancel the Directors Election in accordance with the Texas Election Code.

### ENGINEER'S REPORT

Mr. Bishop presented to and reviewed with the Board a written Engineer's Report, dated January 14, 2022, a copy of which is attached hereto as Exhibit L, relative to the status of various projects within the District.

Mr. Bishop updated the Board regarding the Wastewater Treatment Plant Replacement Project (the "Project"). He reported that Pay Estimate No. 5 in the amount of \$391,427.73 was received from CSA Construction, Inc., ("CSA") for the Project, and recommended that the Board approve same. Upon discussion, Director Petry moved that Pay Estimate No. 5 from CSA in the amount of \$391,427.73 be approved, as recommended by J&C. Director Cline seconded said motion, which unanimously carried.

Mr. Bishop noted that there are monthly updates regarding status of the Project generally on the Wednesday before the 3<sup>rd</sup> Monday of the month. If the Board would like to attend said updates, J&C can send details to SPH for posting agendas related to same.

In connection with the 2021 Sanitary Sewer Cleaning and Televising, Mr. Bishop advised the Board that J&C will present proposals to the Board regarding same at next month's meeting.

Mr. Bishop next updated the Board regarding the Goo-Goo Carwash tract. He informed the Board that J&C is awaiting formal capacity request from the new owners of said tract.

Mr. Bishop next presented to and reviewed with the Board the 2021 Water Rate Analysis (the "Analysis"), copies of which are attached to the Engineering Report. Mr. Bishop discussed in detail the new tier structures proposed by J&C. After an extensive discussion regarding same, Director Petry moved to (i) approve Option G, as outlined in the Analysis, and as recommended by the District's consultants, and (ii) amend the District's Rate Order to reflect said changes, and that any and all Rate Orders heretofore adopted be revoked effective March 1, 2022. Director Stephens seconded said motion, which unanimously carried. The Rate Order, as amended, is attached hereto as Exhibit M.

Mr. Bishop informed the Board that J&C is rebranding its name to Quiddity.

Mr. Reed exited during discussion of the Engineering Report.

Ms. Guerrero exited and re-entered during discussion of the Engineering Report.

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

There being no further business to come before the Board, Director VanDyke moved that the meeting be adjourned. Director Stephens seconded said motion, which unanimously carried.

  
Secretary, Board of Directors



EXHIBITS  
January 17, 2022

- A. Champions Hydro-Lawn Report
- B. Tax Assessor-Collector Report
- C. Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District
- D. 2022 Exemption Calculation
- E. Resolution Concerning Exemptions from Taxation
- F. Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes
- G. Bookkeeper's Report
- H. Operator's Report
- I. 2021 Water Usage Form
- J. Proposal from McDonald & Wessendorff Insurance for term 2022 – 2023
- K. Order Calling Directors Election
- L. Engineer's Report
- M. Rate Order