

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166
Minutes of Meeting of Board of Directors
January 21, 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 January 21, 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 Directors Love and Mendel, 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 of IDS Engineering Group ("IDS"); Ravi Patel of Municipal Accounts & Consulting, L.P. ("MA&C"); Travis Benes of Storm Water Solutions, L.P. ("SWS"); Brian Toldan of McCall Gibson Swedlund Barfoot PLLC ("McCall"); and Matthew Reed, 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 December 17, 2021. After discussion, Director Cox moved that the minutes of the December 17, 2021, Board meeting be approved, as written. Director Grzanka seconded the motion, which unanimously carried.

BOOKKEEPER'S REPORT

Mr. Patel then presented to and reviewed with the Board the bookkeeper's report, dated January 21, 2022, including the disbursements presented for payment. A copy of the report is attached hereto as **Exhibit A**. Following discussion, it was moved by Director Grzanka that the bookkeeper's report be approved, and that the disbursements identified in the report be approved

for payment, with the exception of check nos. 7064 and 7066, which were voided. Director Cox seconded the motion, which unanimously carried.

RESOLUTION ADOPTING LIST OF QUALIFIED BROKERS

The Board next 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, and revise as necessary, such list at least annually. He presented to and reviewed with the Board the 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 B**. 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 Cox moved that 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 the Vice President and Secretary be authorized to execute same. Director Grzanka seconded said motion, which unanimously carried.

AUDIT REPORT

The Board considered the approval of the District's Audit Report ("Report") prepared for the District's fiscal year ended September 30, 2021, and the execution of an audit affidavit in connection therewith. Mr. Toldan presented and reviewed with the Board a draft of the Report prepared for the fiscal year ended September 30, 2021, a copy of which is attached hereto as **Exhibit C**. Mr. Toldan then presented and reviewed with the Board the Management Representation Letter prepared by McCall (the "Management Representation Letter"), a copy of which is included with the Report (**Exhibit C**). After discussion, it was moved by Director Cox, seconded by Director Grzanka and unanimously carried, that, subject to incorporation of any appropriate changes resulting from comments received from the District's consultants and the Board, the audit report for the fiscal year ended September 30, 2021, be approved, that the Vice President be authorized to execute the Annual Filing Affidavit on behalf of the Board and the District, and that such audit report and Annual Filing Affidavit be timely filed with the appropriate governmental authorities, including the Texas Commission on Environmental Quality.

Mr. Toldan exited the meeting at this time.

CONTINUING DISCLOSURE REPORT

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

AUTHORIZE PREPARATION AND SUBMISSION OF DISTRICT INFORMATION TO TEXAS COMPTROLLER OF PUBLIC ACCOUNTS FOR INCLUSION IN THE SPECIAL PURPOSE DISTRICT PUBLIC INFORMATION DATABASE

Mr. Reed next informed the Board that, pursuant to 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. Following discussion, Director Cox moved that the District's auditor, McCall, be authorized to prepare the required information and submit same to the Comptroller for inclusion in the Special Purpose District Information Database. Director Grzanka seconded the motion, which unanimously carried.

TAX ASSESSOR-COLLECTOR REPORT

Ms. Newman presented to and reviewed with the Board the tax assessor-collector report for the month of December 2021, including the disbursements presented therein for payment from the District's tax account. A copy of the report is attached hereto as **Exhibit D**. 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 Cox 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.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

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 market value of residential homestead improvements for the year 2021, 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 the calendar year 2021, and, if any such exemptions are granted, they must be for not less than \$3,000 of the market value of such homesteads. After further discussion of the matter, Director Cox moved that the District (a) not grant the general residential homestead exemption, and (b) grant an exemption for persons under a disability or sixty-five years of age or older in the amount of \$15,000 from ad valorem taxes levied by the District during the calendar year 2021, and that the Resolution, attached hereto as **Exhibit E** relative to same, be approved and adopted by the Board and the District. Director Grzanka seconded said motion, which carried unanimously.

RESOLUTION AUTHORIZING AN ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES

The Board considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes. Mr. Reed advised that the Board is authorized, pursuant to Section 33.11 of the Texas Tax Code, as amended, 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 taxes that remain delinquent 60 days after the date on which they become delinquent, which will be February 1, 2022, as more fully described in said Resolution. After discussion, it was moved by Director Cox, seconded by Director Grzanka and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes, attached hereto as **Exhibit F**, be passed and adopted by the Board.

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 the new wastewater treatment plant, Mr. Hajduk advised that the District is in receipt of Pay Estimate No. 6 from R&B Group, Inc. in the amount of \$92,250, and that IDS recommends the Board approve the payment of same. Following discussion, Director Knickerbocker moved that the District approve the payment of said pay estimate, as recommended by IDS. Director Cox seconded the motion, which unanimously carried.

Mr. Hajduk next reminded the Board that it previously awarded a contract to Underground Construction Services, LLC for the construction of a water line loop across Langham Creek (the "Project"). In connection with the Project, he advised that the District is in receipt of Change Order No. 1 in the amount of \$35,690, a copy of which is attached to the Engineering Report. Following discussion, Director Knickerbocker moved that the District approve Change Order No. 1 to Underground Construction Services, LLC, as recommended by IDS. Director Cox seconded the motion, which unanimously carried.

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. The Board approved his request to begin attending Board meetings on a quarterly basis. 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 December 2021, a copy of which report is attached hereto as **Exhibit I**.

Ms. Bonilla-Odums requested that Inframark be authorized to transfer four (4) delinquent accounts listed on the Operations and Maintenance Report totaling \$546.44 to Collections Unlimited for collection purposes. After discussion on the matter, Director Cox moved that the Board authorize Inframark to transfer said account as listed on Inframark's report to Collections Unlimited for collection purposes. Director Grzanka seconded the motion, which unanimously carried.

CONSUMER CONFIDENCE REPORT

The Board next considered authorizing Inframark to provide required information to districts receiving water through an emergency interconnect relative to Consumer Confidence Reports. Mr. Reed advised the Board 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. After discussion on the matter, Director Cox moved that the Board authorize Inframark to provide the required information as set forth hereinabove. Director Knickerbocker seconded said motion, which carried unanimously.

REPORT BY REPUBLIC SERVICES, INC. ("REPUBLIC")

It was noted that a representative of Republic was not present at the meeting.

RATE ORDER

The Board deferred amendment of the District's Rate Order in connection with the annual CPI increase in rate for solid waste and recycling collection and disposal services provided by Republic, until the next meeting.

DEVELOPERS' REPORTS

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

RENEWAL OF DISTRICT INSURANCE POLICIES

The Board next considered authorizing solicitation of proposals for renewal of the District's insurance policies. Mr. Reed advised the Board that the District's current policies are provided through Arthur J. Gallagher & Co. ("AJG") and will expire on March 31, 2022. Following discussion, Director Grzanka moved that SPH be authorized to solicit a proposal for renewal of

the District's insurance coverage from AJG, for review and consideration by the Board at its next meeting. Director Cox seconded the motion, which unanimously carried.

ATTORNEY'S REPORT

The Board next considered the attorney's report. Mr. Reed 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.

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 J** calling such election to be held on May 7, 2022. It was noted that the terms of office of Directors Knickerbocker, Cox, and Grzanka 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 Kris Eddlemon 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. He 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 Cox moved that said Order be passed and adopted, that the President or Vice President and Secretary or Assistant 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 Grzanka 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.

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 Cox, seconded by Director Grzanka and unanimously carried, the meeting was adjourned.


Secretary

614494

LIST OF EXHIBITS TO MINUTES

- Exhibit A Bookkeeper's Report
- Exhibit B Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District
- Exhibit C Draft Audit Report
- Exhibit D Tax Assessor Collector's Report
- Exhibit E Resolution Concerning Exemptions From Taxation
- Exhibit F Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes
- Exhibit G Engineering Report
- Exhibit H Drainage Facilities Report
- Exhibit I Operations and Maintenance Report
- Exhibit J Order Calling Directors' Election