

MINUTES
NORTHEAST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

February 7, 2022

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 7th day of February, 2022, 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 Gaylord, thus constituting a quorum.

Also attending either in person or by teleconference were: Barbara Nussa of Republic Services, Inc.; Renee Butler of McLennan & Associates, L.P. ("McLennan"); Patty Rodriguez of Bob Leared Interests, Inc.; Mike Williams of Municipal Operations & Consulting, Inc. ("MOC"); Jason Hajduk of IDS Engineering Group ("IDS"); and Greer Pagan, Melissa Padilla, 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.

Mr. Williams reported that District resident, Jenny Rankin, has contacted MOC requesting meeting information and the requested information has been provided to her.

MINUTES

The Board considered approving the minutes of the January 10, 2022, regular meeting. After review and discussion, Director Jaehne moved to approve the minutes of the January 10, 2022, regular meeting. Director Crocker seconded the motion, which passed by unanimous vote.

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.

Ms. Butler reported that fraudulent activity with the District's account was reported. She stated that McLennan has voided and reissued the affected checks.

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.

CONDUCT ANNUAL REVIEW OF INVESTMENT POLICY AND ADOPT RESOLUTION REGARDING ANNUAL REVIEW OF INVESTMENT POLICY

The Board reviewed the District's Investment Policy and concurred no changes were necessary at this time. The Board then reviewed a Resolution Regarding Annual Review of Investment Policy for the Board's consideration. After review and discussion, Director Moffatt moved to adopt the Resolution Regarding Annual Review of Investment Policy and direct that it be filed appropriately and retained in the District's official records. Director Jaehne seconded the motion, which passed by unanimous vote.

REVIEW, REVISE AND ADOPT RESOLUTION ESTABLISHING THE AUTHORIZED DEPOSITORY INSTITUTIONS AND ADOPTING LIST OF QUALIFIED BROKER/DEALERS WITH WHOM THE DISTRICT MAY ENGAGE IN INVESTMENT TRANSACTIONS

The Board reviewed a list of authorized Broker/Dealers provided by the District's bookkeeper. The Board then reviewed a Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engagement in Investment Transactions. After review and discussion, Director Moffatt moved to adopt Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engagement in Investment Transactions and direct that it be filed appropriately and retained in the District's official records. 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 Crocker moved to approve the tax assessor/collector's report and the payment of the bills contained in the tax assessor/collector's report. Director Nunez seconded the motion, which passed by unanimous vote.

ADOPT RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

The Board reviewed the Resolution Concerning Exemptions from Taxation with the Board. After review and discussion, Director Nunez moved to adopt the Resolution Concerning Exemptions from Taxation rejecting all exemptions. Director Moffatt seconded the motion, which passed by unanimous vote.

OPERATION OF DISTRICT FACILITIES

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

Mr. Williams presented and recommended turning two delinquent accounts to the District's collection agency totaling \$399.68.

Mr. Williams reported the digester and aerator at the District's wastewater treatment plant is showing signs of corrosion. He recommended authorizing MOC to sandblast and re-paint the digester and aerator at a cost of \$68,198.00. Mr. Hajduk concurred that the recommended work needs to be completed.

Mr. Williams noted that MOC has been performing additional line flushings in the District due to District residents reporting a smell in the water. Discussion ensued. Mr. Hajduk stated IDS would look into the matter.

Following review and discussion, upon a motion made by Director Crocker and seconded by Director Nunez, the Board voted unanimously to: (1) approve the operator's report; (2) authorize the operator to turn the recommended delinquent accounts over for collections; and (3) approve the sandblasting and re-painting of the digester and aerator at a cost of \$68,198.00.

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 Nunez 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 and reviewed and recommended approval of Pay Estimate No. 1 in the amount of \$266,915.75, payable to Crostex Construction, Inc. ("Crostex"). Additionally, he reviewed and recommended approval of Change Order No. 1 to the contract amount of \$0. Mr. Hajduk stated the change order included the addition of increased material costs due to COVID-19 which was offset with extra work items. The Board determined that Change Order No. 1 is beneficial to the District.

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 regarding construction of the Sheldon Ridge Phase III Detention and reviewed and recommended approval of Pay Estimate No. 3 in the amount of \$109,292.94 and Pay Estimate No. 4 in the amount of \$83,472.24, payable to Paskey Incorporated ("Paskey").

Mr. Hajduk gave an update on the Sheldon Road Municipal Utility District water plant and wastewater plant capacity project. He presented and reviewed the Fourth Amendment to Utility Functions and Services Allocation Agreement by and Between Sheldon Road Municipal Utility District and Woodmere Development Company, LTD. On Behalf of the District ("Amendment to Utility Functions and Services Allocation Agreement"). Mr. Hajduk stated that part of the new water plant design includes the acquisition of a 150-foot buffer zone. He presented and reviewed the Restrictive Covenant Agreement.

Mr. Hajduk updated the Board regarding the 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 reported that advertisement for bids for the construction of the Edgewood Village, Section 10 water, sewer and drainage is pending developer authorization.

Mr. Hajduk updated the Board on the status of a surplus funds application.

Mr. Hajduk updated the Board on the status of the Boomerang project.

Mr. Hajduk updated the Board regarding the wastewater treatment plant expansion project. He requested Board authorization to execute the Texas Commission on Environmental Quality Notification of Completion/Phase of Wastewater Treatment Facility form (the "Form").

Mr. Hajduk reported that plans for the solution for the erosion at the Sheldon Ridge detention outfall are with agencies for final approval. He recommended that the Board award the contract to Double Oak in the amount of \$342,495.00. The Board concurred that, in its judgment, Double Oak was a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project. Additionally, Mr. Hajduk requested authorization to circulate the contract for execution.

After review and discussion, Director Jaehne moved to: (1) approve the engineer's report; (2) approve Pay Estimate No. 11 in the amount of \$266,915.74; (3) approve Change Order No. 1 in the amount of \$0 to the contract with Crostex, based upon the Board's finding that the Change Order is beneficial to the District and the engineer's recommendation; (4) approve Pay Estimate No. 3 in the amount of \$109,292.94; (5) approve Pay Estimate No. 4 in the amount of \$83,472.24; (6) approve the Amendment to Utility Functions and Services Allocation Agreement; and directed a copy of the agreement be filed appropriately and retained in the District's official records; (7) approve the Restrictive Covenant Agreement and directed a copy of the agreement be filed appropriately and retained in the District's official records; (8) authorize execution of the Form; and (9) award the contract for the repair erosion at the Sheldon Ridge detention outfall to Double Oak in the amount of \$342,495.00, based upon the engineer's recommendation and subject to approval of the payment and performance bonds and review of the certificate(s) of insurance and endorsements, if any, provided by the contractor, and authorize execution of the contract. Director Crocker seconded the motion, which passed by unanimous vote.

REPORT REGARDING DEVELOPMENT IN THE DISTRICT

There was no discussion on this agenda item.

Mr. Hajduk reported that IDS was contacted by a potential buyer for the 70-acre Riverwood tract. Discussion ensued.

LANDSCAPING AND PARK MATTERS

There was no discussion on this agenda item.

AMEND RATE ORDER

Mr. Pagan discussed recently enacted legislation prohibiting certain retail water or sewer providers from imposing late fees or terminating service for nonpayment of water bills that become due during a period when the previous day's highest temperature and the predicted temperature for the next 24 hours is not higher than 28 degrees Fahrenheit. He presented a proposed Amended Rate Order incorporating such provisions. After review and discussion, Director Crocker moved to adopt the Amended Rate Order. Director Nunez seconded the motion, which passed unanimously.

2022 DIRECTORS ELECTION

Mr. Pagan discussed procedures related to the 2022 Directors Election. He reviewed an Order Calling Directors Election. Following review and discussion, Director Jaehne moved to adopt the Order Calling Directors Election and direct that the Order be filed appropriately and retained in the District's official records. Director Crocker seconded the motion, which passed unanimously.

Mr. Pagan discussed that Notice of Election may be required to be posted or published and provided to the County Clerk and Voter Registrar of Harris County. Following discussion, Director Jaehne moved to authorize the Secretary's agent to post or publish and provide to the County Clerk and Voter Registrar Notice of Election, if required, and to direct that the Notice be filed appropriately and retained in the District's official records. Director Crocker seconded the motion, which passed unanimously.

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



Ellen Crocker
Secretary, Board of Directors

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