

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 122
Minutes of Meeting of Board of Directors
February 23, 2022

The Board of Directors ("Board") of Harris County Municipal Utility District No. 122 ("District") met in regular session at the Board's regular meeting place on February 23, 2022, in accordance with the duly posted notice of public meeting, and the roll was called of the duly constituted officers and members of said Board of Directors, as follows:

Joycelyn Reese, President
Ronald F. Bennett, Vice-President
James H. Ragan, Jr., Secretary
John Hoxie, Assistant Secretary
John R. Marshall, Assistant Secretary

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

Also present were: Patty Rodriguez of Bob Leared Interests, Inc. ("BLI"); Sabrina Alaquez of Inframark, LLC ("Inframark"); Rahi Patel of Municipal Accounts & Consulting, L.P. ("MA&C"); Robert Dazey of Jones & Carter, Inc. ("J&C"); John Howell of The GMS Group ("GMS"); Joyce Bennett, member of the public; and Abraham Rubinsky, Katie Davis and Kristi Tran-Chin 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 being no comments from the public, the Board continued to the next item of business.

APPROVAL OF MINUTES

The Board considered the review and approval of the minutes of its meeting held on January 26, 2022. After review and discussion, Director Hoxie moved that the minutes of the Board's meeting held on January 26, 2022, be approved, as presented. Director Ragan seconded said motion, which passed with Directors Reese, Bennet, Ragan and Hoxie voting in favor of such motion, and Director Marshall abstaining.

STATUS OF CONTINUING DISCLOSURE REPORT

The Board discussed the status of the District's continuing disclosure report due February 28, 2022. In connection therewith, Mr. Rubinsky advised the Board that the final audit report for the District's fiscal year ended August 31, 2021 has been provided to Coats Rose, P.C. ("Coats

Rose"), Continuing Disclosure Counsel to the District, who filed the continuing disclosure report with the appropriate entities on February 21, 2022.

BOOKKEEPER'S REPORT

Mr. Patel presented to and reviewed with the Board the Bookkeeper's Report dated February 23, 2022, a copy of which attached hereto as **Exhibit A**, including the disbursements presented for payment therein. After discussion, it was moved by Director Marshall that the Bookkeeper's Report be approved and the disbursements listed therein be approved for payment, including additional check no. 9602 to Coats Rose for costs related to the preparation and filing of the annual continuing disclosure report. Director Hoxie seconded said motion, which unanimously carried.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Rodriguez presented to and reviewed with the Board the Tax Assessor/Collector's Report for the period ended January 2022, which is attached hereto as **Exhibit B**, including the disbursements presented for payment from the Tax Account. After discussion, Director Ragan moved that the Tax Assessor/Collector's Report be approved and that the disbursements identified in said report be approved for payment from the Tax Account. Director Bennett seconded said motion, which unanimously carried.

REPORT AND LEGAL ACTION TAKEN BY THE DISTRICT'S DELINQUENT TAX COLLECTIONS ATTORNEY

Mr. Rubinsky presented to and reviewed with the Board a Delinquent Tax Report received from Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("PBFCM"), the District's Delinquent Tax Collections Attorneys, dated February 23, 2022, a copy of which is attached hereto as **Exhibit C**. No action was required by the Board at this time.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Mr. Rubinsky 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. 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 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 the calendar year 2022, and, if any such exemptions are granted, they must be for not less than \$3,000 of the market value of such homesteads.

Mr. Howell then presented to and reviewed with the Board an analysis reflecting the impact on the District of granting certain exemptions. The Board concurred that it would like to provide a general homestead exemption of \$5,000 for qualified taxpayers in 2022, in addition to

the previous exemption for persons under a disability or sixty-five years of age or older. After further discussion of the matter, Director Ragan moved that the District (i) grant a general residential homestead exemption of 2.38% from ad valorem taxes levied by the District (which will provide an exemption of approximately \$5,000 based on the average taxable value of homes in the District), and (iii) grant an exemption for persons under a disability or sixty-five years of age or older in the amount of \$7,500 from ad valorem taxes levied by the District during the calendar year 2022, and that the Resolution Concerning Exemptions From Taxation attached hereto as **Exhibit D** relative to same be approved and adopted by the Board and the District. Director Reese seconded said motion, which carried unanimously.

RESOLUTION CONCERNING DEVELOPED DISTRICT STATUS FOR 2022 TAX YEAR

Mr. Rubinsky advised that the procedures applicable to the adoption of the District's tax rate in 2022 will depend, in part, upon whether the District is determined to be a "Developed District" under Texas Water Code Section 49.23602. Mr. Rubinsky then reviewed with the Board a worksheet completed by J&C to assist the Board in making this determination, along with a Resolution Concerning Developed District Status for the 2022 Tax Year. Following discussion, the Board determined that the District should be considered a "Developed District" for the 2022 Tax Year and, upon motion made by Director Bennett, seconded by Director Reese, and unanimously carried, the Board voted to pass and adopt the Resolution Concerning Developed District Status for 2022 Tax Year, attached hereto as **Exhibit E**.

OPERATIONS AND MAINTENANCE REPORT

Ms. Alaquez presented to and reviewed with the Board the Operations and Maintenance Report for the month of January 2022, a copy of which is attached hereto as **Exhibit F**, and discussed with the Board the various matters contained therein.

Ms. Alaquez advised the Board that the concrete laid over the District's 8-foot utility easement in the backyard of the property located at 16511 Mahogany Drive has now been removed by the homeowner as requested by the District.

Ms. Alaquez next reviewed with the Board the delinquent accounts for the prior month. After discussion, Director Ragan requested that Inframark (i) lock and pull the water meter on account nos. 122-00139-02 and 122-00253-01 and (ii) increase the deposit of said accounts if said accounts remain unpaid. Ms. Alaquez noted Inframark would do so.

Mr. Howell exited the meeting at this time.

RATE ORDER

The Board considered an amendment to the District's Rate Order relative to an increase in the Groundwater Reduction Plan ("GRP") Fee imposed by Fort Bend County Water Control and Improvement District No. 2 ("No. 2"). Mr. Rubinsky advised that SPH determined that No. 2 increased its GRP Fee to \$1.56 for each 1,000 gallons of water of water delivered, effective

October 1, 2018, but that the District is only charging its customers \$1.36 for each 1,000 gallons of metered water usage. It was noted that the District subsidizes a portion of the GRP Fees for its customers. After further discussion on the matter, Director Ragan moved that the District's Rate Order be amended to increase the Groundwater Reduction Plan Fee charged by the District to its customers from \$1.36 to \$1.46 for each 1,000 gallons of water billed to each Customer of the District, to be effective as of March 1, 2022, and that any and all rate orders heretofore adopted by the Board be revoked and that the Rate Order attached hereto as **Exhibit G**, be passed and adopted. Director Reese seconded said motion which unanimously carried.

REVIEW OF RENEWAL PROPOSAL FOR DISTRICT INSURANCE COVERAGES

The Board next considered renewal of the District's insurance policies. In connection therewith, Mr. Rubinsky presented to and reviewed with the Board an insurance proposal received from the District's current insurance provider, Arthur J. Gallagher ("Gallagher"), relative to the renewal of the District's insurance policies and bonds for a term expiring on March 31, 2023. Mr. Rubinsky advised the Board that Gallagher had filed a TEC Form 1295 and provided the District with an original of said form. After discussion on the matter, Director Reese moved that: (i) Gallagher's proposal, a copy of which is attached hereto as **Exhibit H**, be accepted, as presented, (ii) the President be authorized to execute same on behalf of the Board and the District, (iii) the District accept the TEC Form 1295 relative to the insurance proposal, and (iv) SPH be authorized to acknowledge receipt of the TEC Form 1295. Director Ragan seconded said motion, which unanimously carried.

DISCUSSION REGARDING CITY OF MISSOURI MATTERS

The Board noted that no representative of the City of Missouri City was in attendance at today's Board meeting.

ENGINEERING REPORT

Mr. Dazey presented to and reviewed with the Board a written Engineering Report dated February 23, 2022, a copy of which is attached hereto as **Exhibit I**, relative to the status of engineering and construction projects within the District, and responded to several questions from the Board regarding ongoing projects.

Mr. Dazey then presented to and reviewed with the Board an updated development plan provided by CityPark Logistics Center ("LPC"), a copy of which is included with the Engineering Report. He noted that LPC has a new development team and that J&C is in communication with said team regarding the proposed screening between the buildings on the City Park development and the subdivision within the District. Mr. Dazey then advised that LPC has expressed interest in requesting additional water and sewer capacity from the District, but that a formal request for same has not yet been received.

Mr. Dazey next advised the Board that J&C will be changing its name to Quiddity Engineering, and explained the reasons for same. He emphasized that there is and will be no change in ownership or personnel and that it is solely a name change.

ANNUAL REVIEW OF SURVEY OF WAGE RATE SCALES AND ADOPTION OF RESOLUTION ADOPTING PREVAILING WAGE RATE SCALE FOR CONSTRUCTION PROJECTS

The Board considered the review of an annual survey of prevailing wage rates for construction projects and the adoption of a Resolution in connection therewith. In that regard, Mr. Rubinsky reported that SPH is recommending that the District adopt the updated wage rate scales published by the United States Department of Labor ("DOL"), in accordance with the Davis-Bacon Act (40 U.S.C. Section 276a *et seq.*). After discussion on the matter, Director Hoxie moved that the DOL wage rate scales effective January 1, 2022 be adopted as the District's prevailing wage rate scale for construction projects, and that the Resolution Adopting Prevailing Wage Rate Scale for Construction Projects, attached hereto as **Exhibit J**, be adopted by the Board. Director Bennett seconded said motion, which unanimously carried.

DEVELOPER'S REPORT

The Board deferred consideration of the developer's report, as no representative of any developer within the District was present at the meeting.

REQUESTS FOR UTILITY COMMITMENTS

The Board deferred consideration of the issuance of utility commitments after noting that no formal requests for same had been received during the previous month.

ATTORNEY'S REPORT

The Board next considered the Attorney's Report. In connection therewith, Mr. Rubinsky advised the Board that the District did not receive any applications to be on the ballot for the upcoming May 7, 2022 Election, except from the incumbent Directors. As such, an item will be added to next month's meeting agenda to cancel said Election.

CLOSED SESSION

The Board determined it would not be necessary to enter into Closed Session at this time.

FUTURE AGENDA ITEMS

The Board considered items for placement on a future agenda. No specific agenda items, other than routine and ongoing matters, were requested to be placed on same.

ADJOURNMENT

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




Secretary

List of Attachments to Minutes

- Exhibit A – Bookkeeper's Report
- Exhibit B – Tax Assessor-Collector's Report
- Exhibit C – Delinquent Tax Report
- Exhibit D – Resolution Concerning Exemptions From Taxation
- Exhibit E – Resolution Concerning Developed District Status for 2022 Tax Year
- Exhibit F – Operations and Maintenance Report
- Exhibit G – Rate Order, effective March 1, 2022
- Exhibit H – Insurance proposal from Arthur J. Gallagher for term 2022 - 2023
- Exhibit I – Engineering Report
- Exhibit J – Resolution Adopting Prevailing Wage Rate Scale for Construction Projects

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