

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 122
Minutes of Meeting of Board of Directors
January 26, 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 January 26, 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, except Director Marshall, thus constituting a quorum.

Also present were: Patty Rodriguez of Bob Leared Interests, Inc. ("BLI"); Sabrina Alaquinez of Inframark, LLC ("Inframark"); Darrell Hawthorne and Rahi Patel of Municipal Accounts & Consulting, L.P. ("MA&C"); Robert Dazey and Madison Barrington of Jones & Carter, Inc. ("J&C"); Joyce Bennett, member of the public; and Daniel Ringold 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 special meeting held on December 17, 2021. After review and discussion, Director Hoxie moved that the minutes of the Board's special meeting held on December 17, 2021, be approved, as written. Director Ragan seconded said motion, which unanimously carried.

RATIFY BOARD'S PRIOR ACTION REGARDING APPROVAL OF AUDIT FOR THE FISCAL YEAR ENDED AUGUST 31, 2021

The Board considered ratification of its prior action regarding approval of (i) the audit report for the fiscal year ending August 31, 2021, (ii) that the President be authorized to execute the Annual Filing Affidavit on behalf of the Board and District, and (iii) that such audit report and Annual Filing Affidavit be filed with the appropriate governmental authorities, including the

Texas Commission on Environmental Quality ("TCEQ"). After discussion, Director Ragan moved that the Board's prior action, as set forth above, be ratified and authorized in all respects. Director Bennett seconded said motion, which unanimously carried.

STATUS OF CONTINUING DISCLOSURE REPORT

The Board discussed the status of the District's annual continuing disclosure report due February 28, 2022. In connection therewith, Mr. Ringold 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., Continuing Disclosure Counsel to the District, who will file the continuing disclosure report with the appropriate entities by the February 28, 2022 deadline.

BOOKKEEPER'S REPORT

Mr. Patel presented to and reviewed with the Board the Bookkeeper's Report dated January 26, 2022, a copy of which attached hereto as **Exhibit A**, including the disbursements presented for payment therein. After discussion, it was moved by Director Hoxie that the Bookkeeper's Report be approved and the disbursements listed therein be approved for payment, except check no. 9561, which was voided. Director Bennett seconded said motion, which unanimously carried.

Mr. Patel presented to and reviewed with the Board a Quarterly Investment Inventory Report, which Report had been prepared by MA&C for the reporting period ended November 30, 2021. A copy of the Report is attached to the Bookkeeper's Report. After review of the Quarterly Investment Inventory Report and upon motion duly made by Director Hoxie, seconded by Director Bennett and unanimously carried, said Quarterly Investment Inventory Report was approved and the District's Investment Officer was authorized to execute same on behalf of the Board and the District.

QUALIFIED BROKERS RESOLUTION

The Board considered adopting a list of qualified brokers authorized to engage in investment transactions with the District. Mr. Ringold advised that pursuant to the terms of the District's Investment Policy and the Public Funds Investment Act, the Board is required to review, revise if necessary, and adopt such list at least annually. He presented to 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 B**. Mr. Ringold 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. Director Ragan advised that because he is an employee of Branch Banking and Trust Company, which appears on the list, that he will abstain from voting. After due deliberation, upon a motion by Director Bennett, seconded by Director Reese and carried by a vote of three (3) in favor, none opposed, and with Director Ragan abstaining, the Board moved that the Resolution Adopting

List of Qualified Brokers Authorized to Engage in Investment Transactions with the District be approved by the Board, and that the President and Secretary be authorized to execute same on behalf of the Board and the District.

SUBMISSION OF DISTRICT INFORMATION TO TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

Mr. Ringold informed the Board that, pursuant to provisions of Chapter 403, Government Code, and Chapter 203, Local Government Code, the District is required to submit certain information annually to the Texas Comptroller of Public Accounts (the "Comptroller") for inclusion in the Special Purpose District Public Information Database. Mr. Ringold recommended that BKD, LLP, the District's auditor, be authorized to prepare and submit the information on behalf of the District. Following discussion, Director Ragan moved, Director Hoxie seconded, and it was unanimously carried that BKD, LLP be authorized to prepare the required information and submit same to the Comptroller for inclusion in the Special Purpose District Public Information Database by the appropriate deadline.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Rodriguez presented to and reviewed with the Board the Tax Assessor/Collector's Report for the period ended December 2021, which is attached hereto as **Exhibit C**, including the disbursements presented for payment from the Tax Account. After discussion, Director Bennett 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 Ragan seconded said motion, which unanimously carried.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Mr. Ringold 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. After further discussion on the matter, the Board requested that the District's Financial Advisor, John Howell of The GMS Group, analyze the effects on collections and the potential impact on the District's tax rate and the tax bill to the average homeowner if the District provides (i) a general homestead exemption of \$5,000, and (ii) an exemption of \$7,500 for 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. The Board deferred taking action on 2022 tax exemptions until its February meeting when additional information is available for review.

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

Mr. Ringold 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 January 26, 2022, a copy of which is attached hereto as **Exhibit D**. The Board concurred that no action was required on its part relative to said matter at this time.

ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES

Mr. Ringold advised the Board that it is authorized, pursuant to Section 33.07 of the Property Tax Code, to impose, under certain conditions, an additional penalty not to exceed 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 considered the adoption of a resolution authorizing such additional penalty. After discussion, it was moved by Director Ragan, seconded by Director Bennett and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes, attached hereto as **Exhibit E**, be adopted by the Board.

OPERATIONS AND MAINTENANCE REPORT

Ms. Alaquez presented to and reviewed with the Board the Operations and Maintenance Report for the month of December 2021, a copy of which is attached hereto as **Exhibit F**, and discussed with the Board the various matters contained therein.

Ms. Alaquez next presented and reviewed with the Board a proposal to repair or replace Blower Motor No. 2, a copy of which is included with **Exhibit F**, at an estimated cost of \$7,046 to repair and \$7,867 to replace said Blower Motor. After discussion, Director Ragan authorized Inframark to proceed with replacing Blower Motor No. 2, as discussed, at a price of \$7,867. Director Bennett seconded said motion, which unanimously carried.

Ms. Alaquez then presented and discussed with the Board a proposal to repair approximately 11 fire hydrants within the District, a copy of which is included with **Exhibit F**, at an estimated cost of \$16,310 to repair said hydrants. After discussion, Director Ragan authorized Inframark to proceed with repairing the hydrants, as discussed, for \$16,310. Director Bennett seconded said motion, which unanimously carried.

Ms. Alaquez next reviewed with the Board the delinquent accounts for the prior month. After discussion, Director Ragan requested that Inframark lock and pull the water meter on account no. 122-00351-06 if said account remains unpaid. Ms. Alaquez noted Inframark would do so.

CONSUMER CONFIDENCE REPORT

Mr. Ringold 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 Ragan, seconded by Director Bennett, and unanimously carried that Inframark be authorized to provide such information to any other water supplier, as necessary.

DISCUSSION CONCERNING RENEWAL OF DISTRICT INSURANCE COVERAGES AND AUTHORIZE SOLICITATION OF PROPOSALS FOR SAME

The Board considered authorizing the solicitation of proposals for renewal of District insurance coverages. Mr. Ringold reported that the District's current insurance coverages expire on March 31, 2022, and that the District's current policies were provided by Arthur J. Gallagher ("Gallagher"). After discussion on the matter, the Board concurred to authorize SPH solicit a renewal proposal for the District's insurance coverages for the term April 1, 2022, through March 31, 2023, from Gallagher for its review and consideration at the February Board meeting.

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. Ms. Alaquez noted Inframark will follow-up with City of Missouri City regarding pending District matters.

ENGINEERING REPORT

Mr. Dazey presented to and reviewed with the Board a written Engineering Report dated January 26, 2022, a copy of which is attached hereto as **Exhibit G**, relative to the status of various engineering and construction projects within the District, and responded to several questions from the Board regarding ongoing projects.

Mr. Dazey updated the Board regarding the large amount of dirt stockpiled on-site at the City Park development site, and informed the Board that the dirt will be used to level future building pad sites, so will be on-site for approximately one year. Director Ragan noted that the Board requests that the City Park Detention Pond be maintained on a regular basis.

Mr. Dazey advised the Board that, as previously authorized by the Board, Jones & Carter has received bids for the Wastewater Treatment Plant Improvements ("Project"). He then advised the Board that Jones & Carter received four (4) bid for the Project, with the lowest bid being submitted by T&G Services ("T&G"), in the amount of \$194,500. Mr. Dazey recommended that the Board award the Project to T&G. After discussion, Director Ragan moved that the Board award the Project to T&G, as recommended by the District's Engineer. Director Reese 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.

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 H** calling such election to be held on May 7, 2022. It was noted that the terms of office of Directors Bennett, Ragan and Hoxie expire in May of this year. In reviewing the Order with the Board, Mr. Ringold 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 of SPH as such agent (the "Election Agent"). Mr. Ringold further advised the Board that notice of the Directors Election must be given in accordance with the requirements of the Texas Election Code. Mr. Ringold 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 Reese 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 Ragan seconded said motion, which unanimously carried. Mr. Ringold 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.

ATTORNEY'S REPORT

The Board next considered the Attorney's Report. In connection therewith, Mr. Ringold presented and reviewed with the Board correspondence prepared by The GMS Group relative to

the annual disclosure requirements imposed by Municipal Securities Rulemaking Board's Rule G-10, a copy of which is attached hereto as **Exhibit I**.

A discussion ensued regarding the inspection of the concrete laid over the District's 8-foot utility easement in the backyard of the property located at 16511 Mahogany Drive. The Board requested that any expenses relating to same, including legal, operation and engineering fees, be billed to said customer.

CLOSED SESSION

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

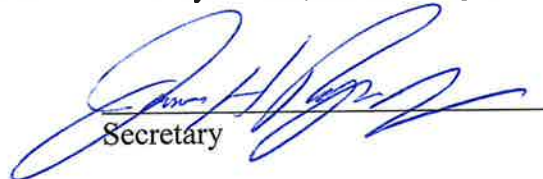
FUTURE AGENDA ITEMS

The Board considered items for placement on a future agenda. The Board requested that Inframark schedule an inspection at 16511 Mahogany Drive on February 1, 2022, to determine whether the unauthorized encroachment upon the District's easement has been removed.

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 – Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District
- Exhibit C – Tax Assessor-Collector's Report
- Exhibit D – Delinquent Tax Report
- Exhibit E – Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes
- Exhibit F – Operations and Maintenance Report
- Exhibit G – Engineering Report
- Exhibit H – Order Calling Directors Election
- Exhibit I – Municipal Securities Rulemaking Board's Rule G-10 from The GMS Group