

MINUTES  
NORTHEAST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

May 2, 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 2<sup>nd</sup> day of May, 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 Nunez, thus constituting a quorum.

Also attending either in person were: R. Craig Rathmann of Rathmann & Associates, L.P.; Greg McGrath of McGrath & Co. PLLC ("McGrath"); David Beyer of Stormwater Solutions ("SWS"); Aaron Alford of Woodmere Development Company, Ltd.; Jorge Diaz of McLennan & Associates, L.P.; Patty Rodriguez of Bob Leared Interests, Inc.; Mike Williams of Municipal Operations & Consulting, Inc.; Jason Hajduk of IDS Engineering Group; and Greer Pagan and Melissa Padilla of Allen Boone Humphries Robinson LLP.

PUBLIC COMMENT

The Board offered any members of the public attending the meeting the opportunity to make a public comment. There being no members of the public requesting to make a public comment, the Board moved to the next agenda item.

MINUTES

The Board considered approving the minutes of the April 4, 2022, regular meeting. After review and discussion, Director Crocker moved to approve the minutes of the April 4, 2022, regular meeting. Director Jaehne seconded the motion, which passed by unanimous vote.

AUTHORIZE AUDITOR TO CONDUCT AUDIT FOR FISCAL YEAR END MAY 31, 2022

Mr. McGrath presented and reviewed an engagement letter with McGrath for conducting the District's fiscal year end audits, beginning with the audit for the fiscal

year ending May 31, 2022. He stated the estimated fee for preparing the District's audit for the fiscal year ending May 31, 2022, will be \$14,500.00. After review and discussion, Director Gaylord moved to authorize McGrath to conduct the District's audit for the fiscal year ending May 31, 2022. Director Jaehne seconded the motion, which passed unanimously.

#### FINANCIAL AND BOOKKEEPING MATTERS

Mr. Diaz presented and reviewed the bookkeeper's report, a copy of which is attached, and presented the District's bills for payment. After review and discussion, Director Gaylord moved to approve the bookkeeper's report, including payment of the bills, as presented. Director Jaehne seconded the motion, which passed by unanimous vote.

#### ADOPT BUDGET FOR FISCAL YEAR END MAY 31, 2023

Mr. Diaz presented and reviewed a draft of the District's budget for the fiscal year ending May 31, 2023. After review and discussion, Director Gaylord moved to approve the budget for the fiscal year ending May 31, 2023. Director Jaehne seconded the motion, which passed unanimously.

#### 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. Ms. Rodriguez requested the addition of the tax assessor contract amendment to the June agenda. Following review and discussion, Director Moffatt moved to approve the tax assessor/collector's report and the payment of the bills contained in the tax assessor/collector's report. Director Crocker seconded the motion, which passed by unanimous vote.

#### DRAINAGE AND MAINTENANCE REPORT PLUS OTHER MATTERS

Mr. Beyer reviewed a proposal for an increase to the 2022 drainage maintenance budget, a copy of which is attached. Mr. Beyer reviewed the maintenance and mowing report, a copy of which is attached. After review and discussion, Director Gaylord moved to (1) approve the proposal for an increase to the 2022 budget; and (2) approve the maintenance and mowing report. Director Crocker 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 three delinquent accounts to the District's collection agency totaling \$645.24.

Following review and discussion, upon a motion made by Director Jaehne and seconded by Director Crocker, the Board voted unanimously to approve: (1) the operator's report; and (2) authorize the operator to run the recommended delinquent account over for collections.

#### 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 the reason why utility service should not be terminated for the reason of nonpayment. The Board then conducted a hearing on the termination of utility service to other customers. Following review and discussion, Director Jaehne 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 Crocker and passed by unanimous vote.

#### APPROVE CONSUMER CONFIDENCE REPORT ("CCR") AND AUTHORIZE OPERATOR TO MAIL CCR AND FILE CERTIFICATE OF MAILING WITH THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Mr. Williams reviewed the District's CCR. He then presented a copy of the 2022 CCR Provider Certification of Delivery, which is filed in the District's official records. Mr. Williams stated the CCR will be sent to residents and filed with the appropriate parties. After review and discussion, Director Jaehne moved to approve the District's CCR and direct that it be filed appropriately and retained in the District's official records. Director Crocker seconded the motion, which passed unanimously.

#### APPROVE LETTER REQUESTING COPY OF FISCAL YEAR END AUDIT FOR SHELDON ROAD MUNICIPAL UTILITY DISTRICT ("SHELDON MUD")

Mr. Pagan stated per the District's agreement with Sheldon MUD, Sheldon MUD is required to send the District its audit each year. He then presented a letter requesting Sheldon MUD's audit for Board consideration. After review and discussion, Director Gaylord moved to approve the letter and direct that it be filed appropriately and retained in the District's official records. Director Jaehne seconded the motion, which passed unanimously.

## 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.

Mr. Hajduk updated the Board regarding the construction of the Sheldon Ridge Phase III Detention.

Mr. Hajduk gave an update on the Sheldon Road Municipal Utility District ("SRMUD") wastewater plant and water plant capacity project.

Mr. Hajduk reported that the advertisement for bids for the construction of the Edgewood Village, Section 9 water, sewer, and drainage is pending developer authorization.

Mr. Hajduk reported that the 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 construction of the wastewater treatment plant expansion project.

Mr. Hajduk updated the Board on the status of the Boomerang project. He noted construction is nearing completion.

Mr. Hajduk updated the Board on the status of the erosion at the Sheldon Ridge Detention Outfall and reviewed and recommended approval of Pay Application No. 1 in the amount of \$18,000.00, payable to Double Oak Construction.

After review and discussion, Director Jaehne moved to: (1) approve the engineer's report; and (2) approve Pay Application No. 1 in the amount of \$18,000.00. Director Gaylord seconded the motion, which passed by unanimous vote.

UNLIMITED TAX BONDS, SERIES 2022, INCLUDING APPROVE PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL NOTICE OF SALE; ENGAGE RATING COMPANY TO PERFORM CREDIT RATING ANALYSIS FOR SERIES 2022 UNLIMITED TAX BONDS; APPOINT PAYING AGENT/REGISTRAR; AUTHORIZE ADVERTISEMENT FOR SALE OF THE SERIES 2022 BONDS AND SCHEDULE BOND SALE

Mr. Rathmann stated that bond application Series 2022 Unlimited Tax Bonds has been reviewed and approved by the Texas Commission on Environmental Quality (the

“TCEQ”), and he discussed the expected timeline of the upcoming bond sale. He then distributed and reviewed the Preliminary Official Statement and Official Notice of Sale for the \$5,540,000 Unlimited Tax Bonds, Series 2022 Unlimited Tax Bonds (the “Bonds”). Mr. Rathmann then discussed engaging a rating agency to perform a credit rating analysis for the Series 2022 Bonds.

Mr. Pagan said the District’s current paying agent/registrant, The Bank of New York Mellon Trust Company, N.A. (“Bony”), should serve as paying agent/registrant for the Bonds.

The Board considered authorizing the District’s financial advisor to advertise the sale of the Bonds and concurred to hold the bond sale on June 6, 2022.

Mr. McGrath requested the Board authorize McGrath to prepare the developer reimbursement report for amounts to be reimbursed to the developers from the proceeds of the Bonds.

Following review and discussion, Director Crocker made the following motion to: (1) approve the Preliminary Official Statement and Notice of Sale; (2) appoint Bony as the paying agent/registrant for the Bonds; (3) authorize the District’s financial advisor to advertise the sale of the Bonds; (4) apply for a rating of the Bonds; and (5) authorize McGrath to prepare the developer reimbursement report. Director Gaylord seconded the motion, which carried unanimously.

#### REPORT REGARDING DEVELOPMENT IN THE DISTRICT

Mr. Alford updated the Board regarding development in the District.

#### LANDSCAPING AND PARK MATTERS

There was no discussion on this agenda item.

#### 2022 DIRECTORS ELECTION

##### CERTIFICATE OF ELECTION

The Board considered approving a Certificate of Election, reflecting the election of Jim Moffatt, Keith Jaehne, and Ellen Crocker to the Board of Directors of the District each for a four-year term. After review and discussion, Director Crocker moved to approve the Certificate of Election and the distribution of same to Directors Moffatt, Jaehne, and Crocker and direct that the Certificate of Election be filed appropriately and retained in the District’s official records. Director Jaehne seconded the motion, which passed by unanimous vote.

DIRECTORS' SWORN STATEMENTS AND OATHS OF OFFICE

Mr. Pagan reviewed the Sworn Statements and Oaths of Office for Directors Moffatt, Jaehne, and Crocker. After review and discussion, Director Gaylord moved that the Board approve the Sworn Statements and Oaths of Office and direct that the documents be filed in the official records of the District, and that the Oaths of Office be filed with the Secretary of State, as required by law. Director Jaehne seconded the motion, which passed by unanimous vote.

DISTRICT REGISTRATION FORM

The Board then considered authorizing filing of an updated District Registration Form with the TCEQ, reflecting the terms of the newly elected directors and the organization of the Board. Following review and discussion, Director Crocker made a motion to authorize filing of the updated District Registration Form with the TCEQ and direct that the District Registration Form be filed appropriately and retained in the District's official records. Director Jaehne seconded the motion, which passed by unanimous vote.

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



Ellen Crocker  
Secretary, Board of Directors

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