

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 122
Minutes of Meeting of Board of Directors
August 24, 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 August 24, 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: Melissa Vasquez of Forvis, LLP ("Forvis"); Patty Rodriguez of Bob Leared Interests, Inc. ("BLI"); Sabrina Alaquinez of Inframark, LLC ("Inframark"); Cory Burton of Municipal Accounts & Consulting, L.P. ("MA&C"); Robert Dazey and Madison Barrington of Quiddity Engineering LLC ("Quiddity"); Joyce Bennett, Vanessa Marshall, Vicky McBride, and Captain James Phillips, members of the public; and Abraham Rubinsky, Katie Blasio 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 July 27, 2022. After discussion, Director Marshall moved that the minutes of the Board's meeting held on July 27, 2022, be approved, as written. Director Ragan seconded said motion, which unanimously carried.

BOOKKEEPER'S REPORT

Mr. Burton presented to and reviewed with the Board the Bookkeeper's Report dated August 24, 2022, a copy of which attached hereto as **Exhibit A**, including the disbursements presented for payment therein. After discussion, it was moved by Director Ragan that the

Bookkeeper's Report be approved and the disbursements listed therein be approved for payment. Director Marshall seconded said motion, which unanimously carried.

ADOPTION OF OPERATING BUDGET FOR FISCAL YEAR ENDING AUGUST 31, 2023

Mr. Burton presented to and reviewed with the Board a proposed operating budget for the District's fiscal year ending August 31, 2023, a copy of which budget is attached to the Bookkeeper's Report, and discussed same with the Board. After discussion, Director Reese moved that the operating budget for the District's fiscal year ending August 31, 2023, be adopted by the Board and District, as discussed. Director Ragan seconded said motion, which unanimously carried.

SECOND AMENDED AND RESTATED AGREEMENT FOR BOOKKEEPING SERVICES

The Board next considered the approval of a Second Amended and Restated Agreement for Bookkeeping Services between the District and MA&C (the "Agreement"). In that regard, Mr. Burton reviewed the terms of the proposed Agreement, a copy of which is attached hereto as **Exhibit B**. Mr. Burton advised the Board of the most significant changes being made in MA&C's Agreement, including moving from a base monthly rate to an hourly rate. He then presented and reviewed with the Board MA&C's proposed new Rate Schedule, a copy of which is attached to the Agreement as "Exhibit A". Mr. Burton then responded to various questions from the Board regarding the proposed Agreement. Following discussion, it was moved by Director Bennett that the Board (i) approve the Agreement and authorize execution of same by the President on behalf of the Board and the District, and (ii) authorize SPH to accept and acknowledge the associated Texas Ethics Commission ("TEC") Form 1295 provided by MA&C. Director Marshall seconded the motion, which unanimously carried.

ENGAGEMENT OF AUDITOR

The Board considered the engagement of an auditor to prepare the District's audit report for the fiscal year ending August 31, 2022. In connection therewith, Ms. Vasquez presented to and reviewed with the Board a proposal prepared by Forvis, a copy of which is attached hereto as **Exhibit C**. Ms. Vasquez advised that Forvis's base fee for conducting the audit and the preparation of said audit report is \$18,000, plus an administrative fee of \$1,000 to cover out of pocket costs. Ms. Vasquez additionally advised that Forvis has filed TEC Form 1295 with the TEC and has provided the District with an original of said form. After discussion on the matter, Director Ragan moved that (i) Forvis be engaged to conduct an audit of the District's financial statements and prepare the District's audit report for the fiscal year ending August 31, 2022, in accordance with the terms of the proposal presented, (ii) the District accept Forvis's TEC Form 1295 relative to the preparation of such audit, and (iii) SPH be authorized to acknowledge the District's receipt of same with the TEC. Director Marshall 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 July 31, 2022, which is attached hereto as **Exhibit D**, including the disbursements presented for payment from the Tax Account. She then advised the Board that the District is still awaiting certified values from Harris County Appraisal District, but that said values have increased approximately 15% from the prior year. After discussion, Director Marshall moved that the Tax Assessor/Collector's Report be approved and 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., the District's Delinquent Tax Collections Attorneys, dated August 24, 2022, a copy of which is attached hereto as **Exhibit E**. No action was required by the Board at this time.

2022 TAX RATE RECOMMENDATIONS

The Board deferred discussion of the 2022 tax rate recommendation pending the certification of values in the District by Harris County Appraisal District.

OPERATIONS AND MAINTENANCE REPORT

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

Ms. Alaquez updated the Board regarding Frontier Communications' ("Frontier") performance of underground work within the District. She reminded the Board that Frontier damaged certain District facilities, and that the estimated cost of said damages is approximately \$25,000, which will be backcharged to Frontier.

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 no. 122-00333-10 if said account remains unpaid, and (ii) adjust the deposit amount of account nos. 122-00139-02 and 122-00253-01 if said accounts get terminated due to nonpayment. Ms. Alaquez noted Inframark would do so.

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 August 24, 2022, a copy of which is attached hereto as **Exhibit G**, 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 updated the Board regarding City Park Development, and advised the Board that the feasibility study related to Logistics Property Company's request for additional water and sewer capacity to serve said project is in progress. He then advised the Board that if it approves City Park's request for additional capacity, it will put the District at its maximum capacity. A discussion ensued regarding the potential need to expand the District's Wastewater Treatment Plant, and the financial impact on the District related to same. No action was taken by the Board regarding same at this time.

Mr. Dazey next presented and reviewed with the Board Quiddity's Schedule of Hourly Rates, which reflects an increase in hourly rates to be effective September 1, 2022, a copy of which is attached included under **Exhibit G**. Following discussion, Director Hoxie moved that the Board approve Quiddity's Schedule of Hourly Rates. Director Bennett seconded said motion, which carried unanimously.

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 additional formal requests for same had been received during the previous month.

DISCUSSION REGARDING REQUEST FROM COLONY CROSSING HOMEOWNERS ASSOCIATION

A discussion ensued regarding the request of the Colony Crossing Homeowners Association's ("HOA") that the District consider contributing annually to the HOA \$234,000 for additional law enforcement officers and the purchase and installation of Flock Safety cameras in the Colony Crossing Subdivision. It was noted that the HOA has not formally communicated with the District regarding same. Director Reese noted that she would like for herself and Director Marshall to meet with representatives of the HOA in person to discuss said request.

Mr. Burton exited the meeting at this time.

ATTORNEY'S REPORT

The Board next considered the Attorney's Report. In that regard, Mr. Rubinsky advised the Board that the District received an open records request from Real Cost Analytics requesting

copies of certain documentation related to the construction contract for the Wastewater Treatment Plant Access Road Improvements. A copy of such request is attached hereto as **Exhibit H**. He further advised that SPH has responded to same, and that no further action is required by the Board.

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.

ADJOURNMENT

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




Secretary

List of Attachments to Minutes

- Exhibit A – Bookkeeper's Report
- Exhibit B – Second Amended and Restated Agreement for Bookkeeping Services between the District and MA&C
- Exhibit C – Forvis Engagement Letter regarding Audit for FYE August 31, 2022
- Exhibit D – Tax Assessor-Collector's Report
- Exhibit E – Delinquent Tax Report
- Exhibit F – Operations and Maintenance Report
- Exhibit G – Engineering Report and Quiddity's Schedule of Hourly Rates
- Exhibit H – Public Information Act Request from Real Cost Analytics