

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166
Minutes of Meeting of Board of Directors
February 17, 2023

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 166 (the "District") met in regular session, open to the public on February 17, 2023, in accordance with the duly posted Notice of Public Meeting, and the roll was called of the duly constituted officers and members of the Board, as follows:

Richard Love, President
Nano Cox, Vice President
Bill Grzanka, Secretary
Lisa Mendel, Assistant Secretary
Thomas C. Knickerbocker, Assistant Secretary

all of whom were present at the meeting, thus constituting a quorum.

Also attending the meeting were Mirna Bonilla-Odums of Inframark, LLC ("Inframark"); Odett Newman of Bob Leared Interests, Inc. ("BLI"); Jason Hajduk of IDS Engineering Group ("IDS"); Ravi Patel and Maxwell Lockhart of Municipal Accounts & Consulting, L.P. ("MA&C"); Barbara Nussa of Republic Services, Inc. ("Republic"); Loren Vandiver of Taurus Capital Corporation on behalf of Weekley Properties and its related entities, and Kate Henderson of Schwartz, Page & Harding, L.L.P. ("SPH"), each on behalf of Harris County Municipal Utility District No. 257 ("No. 257"); and Eric Lai and Kris Eddlemon of SPH.

The President called the meeting to order and declared it open for such business as might regularly come before the Board.

PUBLIC COMMENTS

The Board began by opening the meeting for public comments. There being no members of the public present, the Board continued to the next item of business.

ISSUANCE OF UTILITY COMMITMENTS; REQUEST FOR WATER CAPACITY RESERVATION NO. 257

The Board considered requests for utility commitments, including a request for water capacity reservation from No. 257, a copy of which is attached hereto as **Exhibit A**. Ms. Henderson, the attorney representing No. 257, addressed the Board at this time. She advised that No. 257 is in the process of designing a second ground storage tank to serve Mr. Vandiver's developments, and that it will take approximately eighteen (18) months to design and construct. She further advised that, at this time, No. 257 does not anticipate that either of the two (2) planned developments will be completed and require water service prior to completion of the water plant improvements. Out of an abundance of caution, however, Ms. Henderson stated that No. 257 is requesting that the District reserve 50,000 gallons per day, average daily flow, of water capacity

in the District's Water Plant for the next three (3) years. She advised that, as consideration for the reservation of water, No. 257 will pay the District a lump sum of \$50,000, and that if water is supplied by the District to No. 257, No. 257 will pay for such water at a rate equal to \$2.18 per 1,000 gallons plus any applicable regulatory fees. Mr. Hajduk advised that the District has enough capacity to serve No. 257, if necessary. Mr. Lai advised that No. 257 has provided a letter agreement between the District and No. 257 memorializing the terms and conditions of service, and that SPH is in the process of reviewing same. Following discussion, Director Cox moved that the Board approve the letter agreement and authorize the President to execute same on behalf of the Board and the District subject to finalization of the letter agreement by SPH. Director Grzanka seconded the motion, which unanimously carried. Mr. Vandiver thanked the Board for its consideration.

Mr. Vandiver and Ms. Henderson exited the meeting at this time.

MINUTES

The Board considered the minutes of its meeting held on January 20, 2023. After discussion, Director Grzanka moved that the minutes of the January 20, 2023, Board meeting be approved, as written. Director Mendel seconded the motion, which unanimously carried.

CONTINUING DISCLOSURE REPORT

The Board deferred review of the continuing disclosure report, until the next meeting.

TAX ASSESSOR-COLLECTOR REPORT

Ms. Newman presented to and reviewed with the Board the tax assessor-collector report for the month of January 2023, including the disbursements presented therein for payment from the District's tax account. A copy of the report is attached hereto as **Exhibit B**. After discussion, Director Grzanka moved that the tax assessor-collector report be approved and that the disbursements identified in the report be authorized for payment from the District's tax account. Director Mendel seconded said motion, which unanimously carried.

DELINQUENT TAX COLLECTIONS ATTORNEYS' REPORT

The Board deferred review of the delinquent tax collections attorneys' report after noting that said report is presented on a quarterly basis, and that no report had been prepared for this Board meeting.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Mr. Lai 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, as amended. 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 2023, 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 2023. and, if any such exemptions are granted, they must be for not less than \$3,000 of the market value of such homesteads. The Board reviewed a tax exemption analysis prepared by the District's financial advisor, a copy of which is attached hereto as **Exhibit C**. After further discussion of the matter, Director Mendel moved that the District (i) grant a residential homestead exemption in the amount of 5%, but in no event less than \$5,000, (ii) grant an exemption for persons under a disability or sixty-five years of age or older from ad valorem taxes levied by the District during the calendar year 2023 in the amount of \$15,000, and (iii) that the Resolution attached hereto as **Exhibit D** relative to same be approved and adopted by the Board and the District. Director Cox seconded said motion, which carried unanimously.

ADOPTION OF RESOLUTION CONCERNING DEVELOPED DISTRICT STATUS FOR 2023 TAX YEAR

Mr. Lai reminded the Board that the tax-rate setting procedures applicable to a particular district will depend, in part, upon whether it is determined to be a "Developed District" pursuant to Texas Water Code Section 49.23602. He then reviewed with the Board a Resolution Concerning Developed District Status for the 2023 Tax Year, attached hereto as **Exhibit E**. Following discussion, upon motion made by Director Grzanka, seconded by Director Mendel and unanimously carried, the attached Resolution was adopted by the Board, which reflects that the District is not a Developed District.

BOOKKEEPER'S REPORT

Mr. Patel then presented to and reviewed with the Board the Bookkeeper's Report, dated February 17, 2023, including the disbursements presented for payment. A copy of the report is attached hereto as **Exhibit F**. Following discussion, it was moved by Director Mendel that the Bookkeeper's Report be approved, and that the disbursements identified in the report be approved for payment. Director Grzanka seconded the motion, which unanimously carried.

Mr. Patel additionally presented to and reviewed with the Board a Quarterly Investment Inventory Report (the "Quarterly Report") for the period ending December 31, 2022, a copy of which is included with **Exhibit F**. After further discussion of the Report and upon motion duly made by Director Mendel, seconded by Director Grzanka and unanimously carried, the Quarterly Report was approved and the District's Investment Officer was authorized to execute same on behalf of the Board and the District.

ENGINEERING REPORT

Mr. Hajduk next presented to and reviewed with the Board the Engineering Report prepared by IDS relative to the status of various projects within the District, a copy of which report is attached hereto as **Exhibit G**. With regard to the construction of the new wastewater treatment plant, Mr. Hajduk advised that the District is in receipt of Pay Estimate No. 17 from R&B Group, Inc. in the amount of \$82,332, and that IDS recommends the Board approve the payment of same. Following discussion, Director Knickerbocker moved that the District approve the payment of said

pay estimate, as recommended by IDS. Director Mendel seconded the motion, which unanimously carried.

Mr. Lai next reminded the Board that the District previously issued a utility commitment to KBN, LLC, for a one (1) acre development located at 16939 West Little York Road. Mr. Hajduk advised that IDS previously issued the developer a cost letter provided by Inframark outlining the required fees for the Pinehill Plaza project. Mr. Lai noted that, as part of the utility commitment, the developer will be required to extend the eight-inch water line located across the frontage of West Little York Road to serve the tract. Following discussion, Director Knickerbocker moved that IDS be authorized to prepare a cost summary for construction of the extension of the water line. Director Mendel seconded the motion, which unanimously carried.

RESOLUTION ADOPTING PREVAILING WAGE RATE SCALE FOR CONSTRUCTION PROJECTS

The Board deferred adoption of a Resolution Adopting Prevailing Wage Rate Scale for Construction Projects.

DETENTION AND DRAINAGE FACILITIES REPORT

The Board deferred review of a detention and drainage facilities report.

OPERATIONS AND MAINTENANCE REPORT

Ms. Bonilla-Odums presented to and reviewed with the Board the Operations and Maintenance Report for the month of January 2023, a copy of which is attached hereto as **Exhibit H**.

Ms. Bonilla-Odums next presented to and reviewed with the Board correspondence related to a contractual CPI adjustment of the rates charged by Inframark, a copy of which included with the Operations and Maintenance Report, effective as of March 19, 2013. The Board discussed amending the District's Rate Order to adjust fees to recover the increase in costs associated with Inframark's rate increase. Following discussion, Director Mendel moved that the Board (i) approve Inframark's rate adjustment and authorize the President to execute the letter agreement, and (ii) defer amendment of the District's Rate Order at this time. Director Cox seconded the motion, which unanimously carried.

REPORT BY REPUBLIC SERVICES, INC.

Ms. Nussa presented a verbal report to the Board in connection with services provided to the District by Republic. No action was taken by the Board at this time.

THIRD AMENDMENT TO EXCLUSIVE RESIDENTIAL REFUSE SERVICE CONTRACT

The Board next considered approval of the Third Amendment to Exclusive Residential Refuse Service Contract (the "Third Amendment") between the District and Republic, a copy of which is attached hereto as **Exhibit I**. Following discussion, Director Mendel moved that the Board approve the Third Amendment and authorize the President to execute same on behalf of the Board and the District. Director Knickerbocker seconded the motion, which unanimously carried.

DEVELOPERS' REPORTS

The Board next considered the developers' reports. It was noted that no developers were present at the meeting.

RENEWAL OF DISTRICT INSURANCE POLICIES

The Board considered renewal of the District's insurance coverages. Mr. Lai advised the Board that, as requested at the previous meeting, SPH requested a renewal proposal from Arthur J. Gallagher & Co. ("AJG") for the Board's consideration. He advised the Board that the District's current insurance policies are due to expire on March 31, 2023. Following discussion, Director Mendel moved that the Board accept the AJG insurance renewal proposal, a copy of which is attached hereto as **Exhibit J**, and that the President be authorized to execute same on behalf of the Board and the District. Director Cox seconded the motion, which unanimously carried.

ATTORNEY'S REPORT

The Board next considered the attorney's report. Mr. Lai advised that he had nothing to report regarding legal matters other than those items which were previously addressed in the meeting.

EXECUTIVE SESSION

The Board determined it would not be necessary to enter into Closed Session pursuant to Texas Government Code, Section 551.071.

FUTURE AGENDA ITEMS

The Board next considered items for placement on future agendas. 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 Grzanka, seconded by Director Mendel and unanimously carried, the meeting was adjourned.


Secretary

661097

LIST OF EXHIBITS TO MINUTES

- Exhibit A Request for water capacity reservation from Harris County Municipal Utility District No. 257
- Exhibit B Tax Assessor Collector's Report
- Exhibit C Tax Exemption Analysis
- Exhibit D Resolution Concerning Exemptions From Taxation
- Exhibit E Resolution Concerning Developed District Status for the 2023 Tax Year
- Exhibit F Bookkeeper's Report
- Exhibit G Engineer's Report
- Exhibit H Operations and Maintenance Report
- Exhibit I Third Amendment to Exclusive Residential Refuse Service Contract between the District and Republic Services, Inc.
- Exhibit J Proposal from Arthur J. Gallagher & Co.