

**WOOD TRACE MUNICIPAL UTILITY DISTRICT NO. 1,
OF MONTGOMERY COUNTY, TEXAS**

**Minutes of Meeting of Board of Directors
January 10, 2023**

The Board of Directors of Wood Trace Municipal Utility District No. 1, of Montgomery County, Texas met in accordance with the duly posted notice of meeting, and the roll was called of the duly constituted members of the Board of Directors, to-wit:

Mercedes C. Burns, President
Elias L. Hinojosa, Vice President
James Art Nicholson, Secretary
Dexter Braband, Assistant Secretary
David Ambrose, Assistant Secretary

all of whom were present, with the exception of Director Hinojosa, thus constituting a quorum. Director Braband entered later in the meeting, as noted herein.

Also present were Kristen Scott of Bob Leared Interests ("Leared"); Mark Swanson of LJA Engineering, Inc. ("LJA"); Diane Michaux and Dulce Molina of Municipal Accounts & Consulting, L.P. ("MA&C"); John Escamilla of Water District Management Company, Inc. ("WDM"); Christine Crotwell of Masterson Advisors LLC ("Masterson"); Bradley Hinkle of Environmental Allies; and Bryan Yeates and Kris Eddlemon 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 were no comments from the public at this time.

APPROVAL OF MINUTES

As the next order of business, the Board considered approval of the minutes of the Board of Directors meeting held on December 13, 2022. After discussion of the minutes presented, Director Burns moved that the minutes be approved, as written. Director Ambrose seconded said motion, which unanimously carried.

BOOKKEEPING REPORT

Ms. Michaux next reviewed the Bookkeeping Report dated January 10, 2023, a copy of which is attached as **Exhibit A**, including the disbursements presented for payment from the District's various accounts. After discussion on the matter, it was moved by Director Nicholson

that said Bookkeeping Report be approved and that the disbursements identified therein be approved for payment, with the exception of check no. 5340, which was voided. Director Ambrose seconded said motion, which carried unanimously.

Ms. Michaux additionally presented and reviewed with the Board a Quarterly Investment Inventory Report (the "Report") for the reporting period ended November 30, 2022, a copy of which is attached to the Bookkeeping Report. After further discussion of the Report and upon motion duly made by Director Nicholson, seconded by Director Ambrose and unanimously carried, the Report was approved and the District's Investment Officers were authorized to execute same on behalf of the Board and the District.

RESOLUTION ADOPTING LIST OF QUALIFIED BROKERS

The Board next considered adopting a list of qualified brokers authorized to engage in investment transactions with the District. Mr. Yeates advised that pursuant to the Public Funds Investment Act, the Board is required to review, and revise as necessary, 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. Yeates 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 Officers, but it is ultimately the Board's decision as to where the District's funds are actually placed. After discussion, Director Nicholson moved that the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District be approved by the Board and the District, and the President and Secretary be authorized to execute same. Director Ambrose seconded said motion, which unanimously carried.

Director Braband entered the meeting at this time.

TAX ASSESSOR-COLLECTOR REPORT

Ms. Scott then presented the Tax Assessor-Collector Report for the month of December 2022, a copy of which is attached hereto as **Exhibit C**. After discussion concerning the Tax Assessor-Collector Report, Director Nicholson moved that said Report be approved and that the disbursements identified in the Report be approved for payment from the District's tax account. Director Ambrose seconded said motion, which carried unanimously.

DELINQUENT TAX COLLECTIONS REPORT

The Board deferred action relative to the review of a delinquent tax report from the District's delinquent tax collections attorney, Perdue, Brandon, Fielder, Collins & Mott, L.L.P., as one had not been received.

EXEMPTIONS FROM TAXATION

Mr. Yeates then outlined for the Board the various tax exemptions available for the District, including the exemptions provided for by the Texas Constitution and the Texas 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. After further discussion of the matter, Director Ambrose moved that the District (i) not grant the residential homestead exemption, (ii) grant an exemption for persons under a disability or sixty-five years of age or older in the amount of \$10,000 from ad valorem taxes levied by the District during the calendar year 2023, and (iii) approve the Resolution relative to same, attached hereto as **Exhibit D**. Director Burns seconded said motion, which carried unanimously.

RESOLUTION AUTHORIZING AN ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES

The Board considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes. Mr. Yeates advised that the Board is authorized, pursuant to Section 33.11 of the Texas Tax Code, as amended, to impose, under certain conditions, an additional penalty not to exceed twenty percent (20%) of the total taxes, penalty and interest due the District on personal property taxes that remain delinquent sixty (60) days after the date on which they become delinquent, which will be February 1, 2023, as more fully described in said Resolution. After discussion, it was moved by Director Braband, seconded by Director Nicholson and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes, attached hereto as **Exhibit E**, be passed and adopted by the Board.

ENGINEERING REPORT

Mr. Swanson next presented and reviewed with the Board a written Engineering Report, a copy of which is attached hereto as **Exhibit F**. Following discussion, it was moved by Director Ambrose, seconded by Director Nicholson and unanimously carried, that all action items included in the Engineering Report be approved, as recommended by LJA, including the District's concurrence with the following: (i) payment by Friendswood Development Company of Pay Estimate No. 8 submitted by Gilleland Smith Construction, Inc., in the amount of \$11,520 for Expansions of the Wastewater Treatment Plant and Lift Station No. 1 (the "Project"), and (ii) execution of notification of completion form by the President in connection with the Project.

Mr. Swanson next advised that LJA is preparing bond application reports for water, sanitary sewer, and drainage facilities, and recreational facilities. Ms. Crotwell then presented to and reviewed with the Board a cash flow analysis in connection with the proposed bond issues, a copy of which is attached hereto as **Exhibit G**. She requested that the District obtain an updated

estimate of value from the Montgomery Central Appraisal District as of January 1, 2023, in connection with the proposed sale of the bonds. In connection therewith, the Board then considered adoption of a Resolution Requesting Appraisal of Property as of January 1, 2023 (the "Resolution"). After discussion, Director Ambrose moved that the Board adopt the Resolution, attached hereto as **Exhibit H**, and that the President be authorized to execute same on behalf of the Board and the District. Director Nicholson seconded the motion, which unanimously carried.

LIGHTING AT RECREATION CENTER

Mr. Swanson next addressed the Board regarding the proposed installation of additional lighting at the recreation center, as discussed at the previous meeting. Following discussion, no action was taken by the Board at this time.

STORMWATER MANAGEMENT PROGRAM

The Board considered the status of the District's Stormwater Management Program. The Board noted that a representative of Storm Water Solutions, LP was not present at the meeting, and deferred further discussion regarding the matter.

DEVELOPERS' REPORTS

The Board deferred consideration of the Developers' Reports upon noting that no developer representatives were present at the meeting.

LANDSCAPE ARCHITECT REPORT

The Board deferred consideration of the Landscape Architect Report upon noting that a representative of Kudela & Weinheimer was not present at the meeting.

REPORT FROM ENVIRONMENTAL ALLIES

Mr. Hinkle next presented and reviewed a report provided by Environmental Allies with regard to mowing and maintenance of District drainage and detention areas, a copy of which report is attached hereto as **Exhibit I**. He noted that no action was required on the matter at this time.

OPERATION AND MAINTENANCE REPORT

Mr. Escamilla presented and reviewed the Operation and Maintenance Report for the month of November 2022, a copy of which is attached hereto as **Exhibit J**. He advised that the motor at water well no. 2 was pulled on December 26, 2022 due to vibration, and that a rental motor is currently in place. Mr. Escamilla further advised that WDM has requested a quote for repair of the motor. Following discussion, the Board concurred that WDM and LJA be authorized to proceed with the motor repair, and that the President be authorized to execute any related documentation in connection therewith.

Mr. Escamilla next advised that residents have indicated that unauthorized vehicles have

been utilized along certain drainage and detention areas of the District, and inquired about the installation of an additional no trespassing sign. Following discussion, Director Ambrose moved that WDM be authorized to install an additional no trespassing sign, as discussed. Director Nicholson seconded the motion, which unanimously carried.

CONSUMER CONFIDENCE REPORTS

Mr. Yeates advised that WDM confirmed the District did not provide water to any other District during 2022 and therefore it would not be necessary to authorize WDM to provide information to other water districts in connection with Consumer Confidence Reports.

UTILITY COMMITMENTS

Mr. Yeates reported that the District has not received any requests for utility commitments.

RENEWAL OF DISTRICT INSURANCE POLICIES

The Board next considered authorizing solicitation of proposals for renewal of the District's insurance policies. In that regard, Mr. Yeates advised the Board that the District's current insurance policies are provided through Brown & Brown Lone Star Insurance Services, Inc. ("Brown & Brown") (formerly HARCO/Texas Municipal League Intergovernmental Risk Pool) and that such policies will expire on March 31, 2023. He inquired whether the Board desired to have SPH request written proposals from other insurance providers. After discussion, Director Burns moved that SPH be authorized to solicit a renewal proposal from Brown & Brown for the Board's review at the next meeting. Director Braband seconded the motion, which unanimously carried.

AUTHORIZE PREPARATION AND SUBMISSION OF DISTRICT INFORMATION TO TEXAS COMPTROLLER OF PUBLIC ACCOUNTS FOR INCLUSION IN THE SPECIAL PURPOSE DISTRICT PUBLIC INFORMATION DATABASE

Mr. Yeates next informed the Board that, pursuant to provisions of Chapter 403, Government Code, and Chapter 203, Local Government Code, the District is required to submit information to the Texas Comptroller of Public Accounts (the "Comptroller") for inclusion in the Special Purpose District Public Information Database. Following discussion, Director Braband moved that the District's auditor, FORVIS, LLP, be authorized to prepare the required information and submit same to the Comptroller for inclusion in the Special Purpose District Public Information Database. Director Burns seconded the motion, which unanimously carried.

ARBITRAGE REBATE REPORT

Mr. Yeates next presented to and reviewed with the Board a 5th Year Arbitrage Compliance Report prepared by Arbitrage Compliance Specialists, Inc. in connection with the District's Unlimited Tax Bonds, Series 2017A, a copy of which is attached hereto as **Exhibit K**. Mr. Yeates advised no rebate installment payment is due to the Internal Revenue Service for the rebate installment computation period.

ATTORNEY'S REPORT

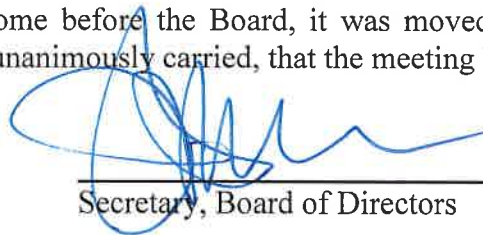
The Board next considered the Attorney's Report. In connection therewith, Mr. Yeates next presented and reviewed with the Board an Annual Financial and Operating Report prepared by McCall, Parkhurst & Horton L.L.P. ("MPH"), the District's Disclosure Counsel, a copy of which is attached hereto as **Exhibit L**. He advised that MPH will file the report with the appropriate repositories prior to the deadline.

FUTURE AGENDA ITEMS

The Board next considered matters for possible placement on future agendas. There were no other future agenda items to be discussed other than matters previously noted during the meeting.

ADJOURNMENT

There being no further business to come before the Board, it was moved by Director Braband, seconded by Director Ambrose and unanimously carried, that the meeting be adjourned.



Secretary, Board of Directors

656860

LIST OF ATTACHMENTS

<u>Exhibit A</u>	Bookkeeper's Report
<u>Exhibit B</u>	Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District
<u>Exhibit C</u>	Tax Assessor/Collector's Report
<u>Exhibit D</u>	Resolution Concerning Exemptions From Taxation
<u>Exhibit E</u>	Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes
<u>Exhibit F</u>	Engineering Report
<u>Exhibit G</u>	Cash Flow Analysis
<u>Exhibit H</u>	Resolution Requesting Appraisal of Property
<u>Exhibit I</u>	Environmental Allies' Report
<u>Exhibit J</u>	Operations and Maintenance Report
<u>Exhibit K</u>	5 th Year Arbitrage Compliance Report prepared by Arbitrage Compliance Specialists, Inc. in connection with the District's Unlimited Tax Bonds, Series 2017A
<u>Exhibit L</u>	Annual Financial and Operating Report prepared by McCall, Parkhurst & Horton L.L.P.