

MINUTES  
NORTHEAST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

July 10, 2023

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 10th day of July, 2023, 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 the above were present, thus constituting a quorum.

Also attending the meeting were: Craig Rathmann of Rathmann and Associates L.P.; Renee Butler and Leigh Vitols of McLennan & Associates, L.P.; Debbie Arellano of Bob Leared Interests, Inc. ("BLI"); Ryan Vaughan and Mike Williams of Municipal Operations & Consulting, Inc. ("MOC"); Jason Hajduk of IDS Engineering Group; JC Reno of Storm Water Solutions; Aaron Alford of Woodmere Development Company Ltd.; and Greer Pagan and Kerri Houck 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 June 5, 2023, regular meeting. After review and discussion, Director Jaehne moved to approve the minutes of the June 5, 2023, regular meeting. Director Crocker seconded the motion, which passed unanimously.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Butler presented and reviewed the bookkeeper's report, a copy of which is attached, and presented the District's bills for payment. Following review and discussion, Director Crocker moved to approve the bookkeeper's report, including

payment of the bills, as presented. Director Jaehne seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Arellano presented and reviewed the tax assessor/collector’s report with the Board, a copy of which is attached. 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 Jaehne seconded the motion, which passed unanimously.

DISCUSSION OF DEVELOPMENT STATUS FOR 2023 TAX YEAR

Mr. Pagan discussed the “truth-in-taxation” property tax calculations and tax levy process for water districts and stated that Chapter 49 of the Texas Water Code establishes three main categories for water districts, based on a district’s development status and/or tax rate. He reviewed the definitions for each of the three categories and said the Board must annually determine the District’s category for that tax year and follow the associated notice and levy provisions in the Texas Water Code.

Discussion ensued regarding the District’s development status. After fully considering relevant data, information, and statutory definitions, the Board determined that the District is a Developing District for the 2023 tax year.

Following review and discussion, Director Crocker moved adopt a Resolution Regarding Development Status for 2023 Tax Year establishing the District as a Developing district for the 2023 tax year, pursuant to Section 49.23603, Texas Water Code, and direct that the Resolution be filed appropriately and retained in the District’s official records. Director Jaehne seconded the motion, which passed unanimously.

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 two delinquent accounts totaling \$1,017.06 to the District’s collection agency.

Mr. Williams reviewed MOC’s annual consumer price index (“CPI”) increase with the Board. He then requested approval of a Fifth Amendment to Professional Services Agreement with Operator.

Following review and discussion, Director Jaehne moved to (1) approve the operator’s report; (2) authorize the operator to turn over the two recommended delinquent accounts over for collections; and (3) approve the Fifth Amendment to Professional Services

Agreement with Operator. Director Nunez seconded the motion, which passed unanimously.

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

Mr. Hajduk updated the Board regarding the construction of Edgewood Village, Section 9 water, sewer, and drainage and reviewed and recommended approval of Pay Estimate No. 1 in the amount of \$734,909.88 payable to Fellers & Clark LP ("Fellers").

Mr. Hajduk then reviewed and recommended approval of Change Order No. 1 to the contract with Fellers for the construction of Edgewood Village, Section 9 water, sewer, and drainage to decrease the contract in the amount of \$23,822.40. The Board determined that Change Order No. 1 is beneficial to the District.

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 reviewed a cost summary for bond application no. 13, a copy of which is attached to the engineer's report.

After review and discussion, Director Crocker moved (1) to approve the engineer's report; (2) based on the engineer's recommendation, to approve Pay Estimate No. 1 in the amount of \$734,909.88 for the construction of Edgewood Village, Section 9 water, sewer, and drainage; and (3) to approve Change Order No. 1 in the amount of \$23,822.40 as a

decrease to the contract with Fellers for the construction of Edgewood Village, Section 9 water, sewer, and drainage, based upon the Board's finding that the Change Order is beneficial to the District and the engineer's recommendation. Director Nunez seconded the motion, which passed unanimously.

### UNLIMITED TAX BONDS, SERIES 2023

Mr. Rathmann presented and reviewed a bid sheet reflecting the bids received for the District's \$6,570,000 Unlimited Tax Bonds, Series 2023 Bonds (the "Series 2023 Bonds"), a copy of which is attached.

Mr. Rathmann distributed an update to Credit Analysis from Moody's Investors Service, a copy of which is attached. He reported Moody's Investors Service affirmed Baa3 as the District's rating.

The Board next considered awarding the sale of the District's Series 2023 Bonds. Mr. Rathmann stated he verified the accuracy of the bids and recommended that the Board accept the bid with the lowest net effective interest rate of 4.577033% submitted by Raymond James and Associates, Inc. ("Raymond James").

Mr. Pagan reviewed a Resolution Authorizing the Issuance of the District's Series 2023 Bonds.

Mr. Pagan then reviewed the Paying Agent/Registrar Agreement between the District and The Bank of New York Mellon Trust Company, N.A.

Mr. Pagan stated that the Preliminary Official Statement will be updated to include information regarding the bond sale.

Mr. Pagan presented and reviewed a Certificate Regarding Provision of Financial Advice.

Mr. Pagan stated that it will be necessary for the Board of Directors to sign certain documents relating to the sale of the District's Series 2023 Bonds, and for the attorney to submit a transcript of the bond proceedings to the Attorney General of Texas ("AG"). He added that the financial advisor also will take necessary action in connection with the delivery of the bonds to the purchaser.

The Board discussed approving payment to the AG for the \$6,570,000 Unlimited Tax Bonds, Series 2023 transcript review.

Mr. Pagan stated that the Texas Water Code requires the District to file an Amendment to the Information Form with Harris County and the Texas Commission on Environmental Quality in order to reflect the bonds issued by the District. He then reviewed the Amendment to the Information Form with the Board.

After review and discussion, Director Moffatt moved to: (1) award the sale of the District's \$6,570,000 Unlimited Tax Bonds, Series 2023 to Raymond James., whose bid contained the lowest net effective interest rate; (2) adopt the Resolution Authorizing the Issuance of the District's \$6,570,000 Unlimited Tax Bonds, Series 2023, and direct that the Resolution be filed appropriately and retained in the District's official records; (3) approve the Paying Agent/Registrar Agreement between the District and The Bank of New York Mellon Trust Company, N.A. and direct that the Agreement be filed appropriately and retained in the District's official records; (4) approve the Official Statement for the \$6,570,000 Unlimited Tax Bonds, Series 2023 and direct that the Statement be filed appropriately and retained in the District's official records; (5) approve the Certificate Regarding Provision of Financial Advice and direct that the Certificate be filed appropriately and retained in the District's official records; (6) authorize the Board of Directors to sign the documents relating to the bond sale and authorize the attorney and financial advisor to take all necessary action to deliver the bonds to the purchaser; (7) approve payment to the AG for the \$6,570,000 Unlimited Tax Bonds, Series 2023 transcript review; and (8) authorize execution of the Amendment to the Information Form and direct that the Amendment be filed appropriately and retained in the District's official records. Director Jaehne seconded the motion, which passed unanimously.

#### REPORT ON DETENTION MAINTENANCE

Mr. Reno presented and reviewed Stormwater Solution's monthly inspection report, a copy of which is attached.

Mr. Reno presented and reviewed a budget proposal for maintenance of the Boomerang tract detention pond for an annual cost of \$17,750.00, a copy of which is attached.

Mr. Reno then presented and reviewed a proposal to desilt the drainage flow line that serves Sheldon Ridge for a cost of \$68,700.00, a copy of which is attached.

Following review and discussion, Director Jaehne moved to (1) approve the inspection report; (2) approve the budget proposal for maintenance of the Boomerang tract for an annual cost of \$17,750.00; and (3) approve the proposal to desilt the drainage flow line that serves Sheldon Ridge for a cost of \$68,700.00. Director Crocker seconded the motion, which passed unanimously.

#### REPORT REGARDING DEVELOPMENT IN THE DISTRICT

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

CONSIDER AGREEMENT WITH HARRIS COUNTY FOR SECURITY SERVICE AND APPROVE APPROPRIATE ACTION

There was no discussion on this item.

LANDSCAPING AND PARK MATTERS

There was no discussion on this agenda item.

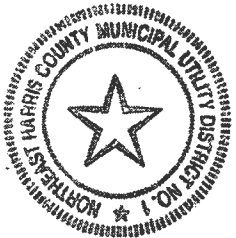
REPORT REGARDING LEGISLATIVE MATTERS

Mr. Pagan presented and reviewed a Capitol Report and updated the Board on legislative matters from the 88<sup>th</sup> Regular Texas Legislative Session.

DIRECTOR PER DIEMS

Mr. Pagan stated that House Bill No. 2815, which became effective on June 18, 2023, sets the maximum water district director fees of office at the per diem amount set by the Texas Ethics Commission for members of the legislature. He noted that, pursuant to House Bill No. 2815, the current maximum amount for director fees of office is \$221.00, and going forward, the maximum amount automatically will be indexed for inflation. After discussion, the Board concurred to approve payment of directors' fees of office at the new maximum amount allowed by law, effective as of June 18, 2023.

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



*Ellen Crocker*  
Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Bookkeeper's report.....	1
Tax assessor/collector's report .....	2
Operator's report.....	2
Engineer's report.....	3
Bid Sheet.....	4
Credit Analysis.....	4
Mowing and maintenance report .....	5
Boomerang tract proposal.....	5
Sheldon Ridge proposal .....	5