

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 183
Minutes of Meeting of Board of Directors
August 22, 2023

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 183 (the "District") met in regular session, open to the public on August 22, 2023, 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:

Rudy Alvarado, President
Anthony (Jerry) Langley, Vice President
Chad Vowell, Secretary
Robert Pollard, Assistant Secretary
Daniel Mushen, Assistant Secretary

all of whom were present, except Director Alvarado, thus constituting a quorum.

Also present was Chad Walker and Cameron Silvernail of Quiddity Engineering, LLC ("Quiddity"); Jorge Diaz and Derek Davenport of McLennan & Associates ("McLennan"); Michelle Guerrero of Bob Leared Interests, Inc. ("Leared"); Kyle Donham and Corey Andujar of Si Environmental, LLC ("SE"); and Gina Free and Sabrina Johnston of Schwartz, Page & Harding, L.L.P. ("SPH").

In the absence of the President, the Vice President called the meeting to order and declared it open for such business as might regularly come before the Board.

PUBLIC COMMENTS

The Board deferred consideration of public comments after noting that no members of the public were in attendance.

APPROVAL OF MINUTES

The Board next considered approval of the minutes of the regular Board meeting held on July 25, 2023, and the special Board meeting held on July 27, 2023. Following discussion, Director Vowell moved that the minutes of said meetings be approved, as written. Director Mushen seconded said motion, which unanimously carried.

BOOKKEEPER'S REPORT AND INVESTMENT REPORT

Mr. Diaz then presented to and reviewed with the Board the Bookkeeper's Report, dated August 22, 2023, a copy of which is attached hereto as **Exhibit A**, including the disbursements presented for payment from the District's various accounts, and the District's Investment Report for the period ended July 31, 2023. Following review, Director Vowell moved that (i) the Bookkeeper's Report be approved, (ii) the disbursements identified therein be approved for payment, except check no. 10958, which was voided, and (iii) the Investment Report for the reporting period ended July 31, 2023, be approved. Director Langley seconded said motion, which unanimously carried. The Board next considered the proposed amended operating budget for the

District's fiscal year ending June 30, 2024, a copy of which is included with the Bookkeeper's Report. Discussion ensued regarding adjustments to certain line items in the proposed amended budget. Following discussion, the Board concurred to defer approval of the amended budget at this time.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Guerrero then reviewed the Tax Assessor-Collector's Report for the month of July 2023, a copy of which is attached hereto as **Exhibit B**, including the disbursements presented for payment. After discussion, Director Vowell moved that the Tax Assessor-Collector's Report be approved and the disbursements identified in the Report be approved for payment. Director Pollard seconded said motion, which unanimously carried.

DELINQUENT TAX COLLECTIONS ATTORNEY'S REPORT

The Board deferred consideration of a Delinquent Tax Collections Attorney's Report after noting that no report was received from Perdue, Brandon, Fielder, Collins & Mott, L.L.P.

FINANCIAL ADVISOR'S 2023 TAX RATE RECOMMENDATION

The Board deferred consideration of the Financial Advisor's recommendation concerning the District's 2023 tax rate until the next Board meeting.

ENGINEER'S REPORT

Mr. Walker next presented to and reviewed with the Board the Engineer's Report dated August 22, 2023, a copy of which is attached hereto as **Exhibit C**, relative to the status of various projects within the District.

He then presented to and reviewed with the Board a Water and Sewer Rate Analysis, a copy of which is attached hereto as **Exhibit D**. In connection therewith, Mr. Walker reviewed the impact the proposed rate increases would have (i) on customers based on different usage amounts, and (ii) on the District's operating budget. Mr. Walker also presented to and reviewed with the Board the Ten-Year Operating Cash Flow Forecast, a copy of which is included with **Exhibit D**. He advised that the Cash Flow Forecast reflects the adopted budget and both the current rates and the proposed increased rates. He then responded to questions from the Board. A lengthy discussion ensued regarding same. Following discussion, it was moved by Director Vowell, seconded by Director Langley, and unanimously carried that the proposed rates presented by Quiddity be adopted, and SPH be authorized to prepare an amendment to the District's Rate Order to implement said rates, effective October 1, 2023.

Mr. Walker then discussed the Remote Water Well No. 2 Generator Addition (the "Generator Project"). In connection therewith, Mr. Walker presented a proposal for the design of same, in accordance with the Professional Services Agreement between the District and Quiddity (the "PSA"). A discussion ensued regarding the Generator Project. Mr. Walker reminded the Board that it previously discussed proceeding with a natural gas generator at Remote Well No. 2 in addition to the existing diesel generator at said well site. A lengthy discussion ensued regarding

the cost difference between diesel and natural gas generators, the cost or preventative maintenance and the useful life of both types of generators, and the accessibility and cost of diesel and natural gas. The Board then discussed financing the Generator Project. Mr. Walker reminded the Board that funds for the Generator Project were included in the District's \$8,425,000 Unlimited Tax Bonds, Series 2023 (the "Series 2023 Bonds"). He further advised that the current estimate for the Generator Project is greater than the funds included in the Series 2023 Bonds for said project and that Quiddity is proposing to fund the remainder of the Generator Project with surplus construction funds. Following discussion, Director Vowell moved that Quiddity's proposal for the design of the Generator Project be approved and Quiddity be authorized to begin design. The motion was seconded by Director Pollard, and carried by unanimous vote.

The Board then discussed the use of surplus construction funds from the District's \$2,740,000 Unlimited Tax Bonds, Series 2018 (the "Series 2018 Bonds"). Mr. Walker and Ms. Free advised that the funds included in the Series 2018 Bonds were allocated to specific projects, but can be reallocated to other projects with the approval of the Texas Commission on Environmental Quality ("TCEQ"). Ms. Free then explained that the Board could submit an application to the TCEQ to change the use of said funds and discussed the process for same. A discussion ensued regarding the projects not yet completed from the Series 2018 Bonds and the timing and priority of each project. Following discussion, Director Vowell move that the funds allocated for (i) the Water Well Rework No. 2 Project in the amount of \$269,000, and (ii) the Backlot Sanitary Extension Project in the amount of \$175,000 be reallocated to the upcoming projects that are of higher priority. The motion was seconded by Director Mushen and carried by unanimous vote. Ms. Free advised that SPH and Quiddity will prepare a Change In Use Application to the TCEQ at the appropriate time.

Mr. Diaz exited the meeting at this time.

Mr. Walker next discussed the 2023 Water Plant Improvements project ("Water Plant Project"), and presented a proposal for the design of same in accordance with the PSA. A discussion ensued regarding the cost and timing of the Water Plant Project. Mr. Walker advised that Quiddity is proposing to use (i) surplus construction funds, and interest earned thereon, from the Series 2018 Bonds and the Series 2023 Bonds, and (ii) funds from the Series 2018 Bonds that will be reallocated, subject to the TCEQ's approval of the Change In Use Application previously discussed, to fund the Water Plant Project. Following discussion, Director Vowell moved that Quiddity's proposal for the design of the Water Plant Project be approved and Quiddity be authorized to begin design. The motion was seconded by Director Pollard, and carried by unanimous vote.

Mr. Walker next advised that Quiddity plans to present proposals for the design of the Sanitary Sewer Cleaning and Televising Phase III Project and the Windsong Phase I Waterline Replacement Project soon.

Mr. Walker then discussed the installation of security cameras at the District's water plant facilities. In connection therewith, Director Langley presented a proposal from Intuitive Living Systems, LLC for the installation of security cameras at Water Well No. 1 and Remote Well No. 1, a copy of which is attached hereto as **Exhibit E**. A discussion ensued regarding access to Internet and Wi-Fi services and whether those services could be obtained for both water plant sites.

Following discussion, Director Vowell moved to authorize the security subcommittee to obtain and review quotes and proposals for the security cameras and the required services necessary to install said cameras, including, but not limited to, Internet and Wi-Fi services and to coordinate with the District's consultants regarding same, for presentation at a future Board meeting. The motion was seconded by Pollard and carried by unanimous vote.

Mr. Walker next advised the Board that Quiddity received a request from the Quang Duc Buddhist Temple for a letter denying annexation of their tract into the District. He then requested that the Board authorize Quiddity to send the proposed annexation denial letter, a copy of which is included with the Engineer's Report. Following discussion, it was moved by Director Vowell, seconded by Director Mushen, and unanimously carried, that Quiddity be authorized to send the annexation denial letter, as requested.

UTILITY COMMITMENT LETTERS

The Board deferred the issuance of utility commitments, as no requests for same had been received.

OPERATIONS AND MAINTENANCE REPORT

Mr. Donham presented to and reviewed with the Board the Operations and Maintenance Report for the month of July 2023, a copy of which is attached hereto as **Exhibit F**. In connection therewith, he requested the Board's authorization to write-off seventeen (17) accounts totaling \$6,573.23 identified in the Collection Report attached to the Operations and Maintenance Report. Following discussion, Director Mushen moved to (i) authorize the termination of accounts in accordance with the District's Rate Order, and (ii) authorize SE to write-off the delinquent accounts presented. Director Vowell seconded said motion, which carried unanimously.

Mr. Donham next advised the Board that Stage 1 of the District's Drought Contingency Plan (the "DCP") has been implemented because the West Harris County Regional Water Authority (the "Authority") implemented Stage 1 of its DCP. A discussion ensued regrading DCP signs and providing notice to customers. Following discussion, Director Vowell moved to authorize SE to install signs within the District concerning Stage 1 of the District's DCP and to send said information to the Windsong Community Homeowner's Association. Director Langley seconded said motion, which carried unanimously. The Board then requested that SE confirm that the signs include information regarding recommended watering times.

DISCUSSION REGARDING THE PROPOSED ADMINISTRATIVE BUILDING

The Board next considered the status of the proposed administrative building. In connection therewith, Ms. Free discussed the status of the bidding and construction documents and the timeframe for completion of same. She also discussed the construction subcommittees concerns with the building generator. It was noted that no action was required of the Board at this time.

Ms. Guerrero, Mr. Walker, Mr. Silvernail, Mr. Donham, Mr. Andujar, and Mr. Davenport exited the meeting at this time.

SECURITY REPORT

Ms. Free presented the security report to the Board, a copy of which is attached hereto as **Exhibit G**.

Ms. Free next presented to and reviewed with the Board the Interlocal Agreement for Law Enforcement Services between the District and Harris County, Texas, a copy of which is attached hereto as **Exhibit H**. Following discussion, Director Vowell moved to approve the Interlocal Agreement for Law Enforcement Services and authorize the Vice President to execute same on behalf of the Board and the District. Director Langley seconded said motion, which carried unanimously.

Ms. Free then advised the Board that she received telephone calls from a few of the District's independent security officers and discussed said conversations with the Board. Following discussion regarding same, the Board concurred to schedule a special meeting to be held on August 30, 2023 to further discuss security matters in the District.

COMMUNICATION WITH DISTRICT RESIDENTS

The Board next considered communication with the District's residents. Following discussion, the Board concurred to defer action on the matter at this time.

ATTORNEY'S REPORT

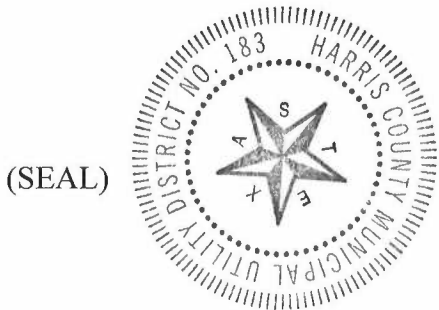
The Board next considered the Attorney's Report. In connection therewith, Ms. Free advised the Board that she had nothing additional of a legal nature that was not previously discussed.

FUTURE AGENDA ITEMS

The Board did not request any items be place on future agendas other than those already discussed and regular, on-going items.

ADJOURNMENT

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




Secretary, Board of Directors

**Harris County Municipal Utility District No. 183
EXHIBITS**

- Exhibit A Bookkeeper's Report
- Exhibit B Tax Assessor-Collector Report
- Exhibit C Engineer's Report
- Exhibit D Water and Sewer Rate Analysis
- Exhibit E Intuitive Living Systems, LLC Proposal
- Exhibit F Operations and Maintenance Report
- Exhibit G Security Report
- Exhibit H Interlocal Agreement for Law Enforcement Services

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