

MONTGOMERY COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 205

MINUTES OF MEETING OF BOARD OF DIRECTORS

August 21, 2024

The Board of Directors (the "Board") of Montgomery County Water Control and Improvement District No. 205 (the "District") met in regular session, open to the public, on Wednesday, August 21, 2024, at 11:00 a.m., 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:

Erica Sinner, President
Alene Frey, Vice President
Chad P. Collins, Secretary
Dana Neuneker, Assistant Secretary
Elaine Balagia, Assistant Secretary

and all of said persons were present, except for Director Frey, thus constituting a quorum.

Also present were Lorenzo Rivera on behalf of TPHTL HBL, LLC ("TPHTL"); Ravi Patel of Municipal Accounts & Consulting, L.P. ("MAC"); Robin Goin of BLICO Inc. ("BLICO"); Martin Murdock and Cameron Miller of Quiddity Engineering, LLC ("Quiddity"); Bill Zollman of Pape-Dawson Engineers, LLC ("Pape-Dawson"); Robert Garcia of Champions Hydro-Lawn, Inc. ("Champions"); Greg McGrath of McGrath & Company, PLLC ("McGrath"); and Diana Miller, Julie Kime and Jennifer Spears of Schwartz, Page & Harding, L.L.P. ("SPH").

The meeting was called to order and declared open for business as might properly come before it.

PUBLIC COMMENTS

The Board opened the meeting for public comments. No comments from the public were presented.

APPROVAL OF MINUTES

As the first order of business, the Board considered approval of the draft minutes of the meeting of the Board of Directors held on July 17, 2024. After review and discussion of the minutes presented, Director Sinner moved that such minutes be approved, as written. Director Neuneker seconded said motion, which unanimously carried.

BOOKKEEPING REPORT

Mr. Patel then presented to and reviewed with the Board the bookkeeping report, a copy of which is attached hereto as **Exhibit A**. Mr. Patel also presented for the Board's consideration a proposed budget for the fiscal year ending August 31, 2025. Following review and discussion, Director Sinner moved that (i) the bookkeeping report be approved and that

payment be authorized on the checks presented with the exception of check No. 1237 which was voided, and (ii) the proposed budget for the fiscal year ending August 31, 2025, be approved as presented. Director Neuneker seconded the motion which unanimously carried. A copy of the budget thus approved is attached hereto as **Exhibit B**.

ENGAGEMENT OF AUDITOR TO AUDIT THE DISTRICT'S FINANCIAL STATEMENTS AND PREPARE THE DISTRICT'S AUDIT REPORT FOR FISCAL YEAR ENDING AUGUST 31, 2024, AND AUTHORIZE ACCEPTANCE OF TEC FORM 1295

The Board considered the engagement of an auditor to prepare the District's audit report for the fiscal year ending August 31, 2024. Mr. McGrath presented to and reviewed with the Board a proposal from McGrath, a copy of which is attached hereto as **Exhibit C**. He advised that McGrath's estimated fee for the preparation of said audit is between \$13,000 and \$15,000. Ms. Miller reported to the Board that McGrath has filed a Texas Ethics Commission ("TEC") Form 1295 with the TEC and has provided the District with a copy of said form. Following discussion, Director Sinner moved that (i) the proposal for preparation of the District's audit report for fiscal year ending August 31, 2024, from McGrath be approved, and the President be authorized to execute same on behalf of the District, and (ii) McGrath's TEC Form 1295 be accepted, and SPH be authorized to acknowledge the District's receipt of same with the TEC. Director Neuneker seconded the motion, which unanimously carried.

ADOPTION OF RESOLUTION REQUESTING APPRAISAL OF PROPERTY AS OF SEPTEMBER 1, 2024, FROM THE MONTGOMERY CENTRAL APPRAISAL DISTRICT

Ms. Miller informed the Board that action on this agenda item was no longer needed. The Board deferred action on such matter at this time.

TAX ASSESSOR/COLLECTOR REPORT

Ms. Goin presented the Tax Assessor/Collector Report dated July 31, 2024, a copy of which is attached hereto as **Exhibit D**. Following review and discussion, Director Sinner moved that the Tax Assessor/Collector Report be approved and that payment be authorized on the check presented. Director Neuneker seconded the motion, which unanimously carried.

RECEIVE BIDS FOR PURCHASE OF THE DISTRICT'S \$7,100,000 UNLIMITED TAX BONDS, SERIES 2024 (the "Bonds")

As the next order of business, it was announced that, pursuant to notice published as required by law, public bids for the sale of the District's Series 2024 Bonds were to be received at this time and place. Ms. Peak announced that six (6) bids for the Bonds had been received electronically, and presented the Pricing Book attached hereto as **Exhibit E**. Ms. Peak reported that (i) the lowest qualified bid for the Bonds was submitted by Robert W. Baird & Co. Inc. ("R.W. Baird"), at a net effective interest rate of 4.327494%. After a discussion of the bids received, Director Sinner moved that the Board accept the bid of R.W. Baird & Co., Inc., for the purchase

of the Bonds, and that the accompanying TEC Form 1295 be accepted and acknowledged. Director Neuneker seconded said motion, which unanimously carried.

BOND ORDER

Ms. Miller presented to the Board the Order authorizing the issuance, sale and delivery the Bonds. She reviewed various provisions of the Order with the Board, a copy of which Order is attached hereto as **Exhibit F**. After further discussion, it was duly moved by Director Sinner, seconded by Director Nueneker and unanimously carried that the Order presented be passed and adopted and that the President be authorized to execute the Order and the Secretary to attest same on behalf of the Board and District.

DISTRIBUTION OF FINAL OFFICIAL STATEMENT

As the next order of business, the Board discussed preparation of the Final Official Statement in connection with the Bonds. After further discussion of the matter, Director Sinner moved that Masterson be authorized to complete the Final Official Statement, dated as of the date hereof, and that said Final Official Statement be adopted by the Board and District. Director Nueneker seconded said motion, which carried unanimously.

PAYING AGENT/REGISTRAR AGREEMENT WITH THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

The Board next considered and reviewed a Paying Agent/Registrar Agreement ("Agreement") by and between the District and The Bank of New York Mellon Trust Company, N.A. ("BNY"), relative to the Bonds. Ms. Miller reviewed the various provisions of the Agreement with the Board, and noted that BNY has indicated that it is a publicly traded business and, therefore, are not required to file TEC Form 1295. After further discussion of the Agreement, Director Sinner moved that the Agreement be approved, and that the President be authorized to execute the Agreement on behalf of the Board and District. Director Nueneker seconded said motion, which carried unanimously.

OTHER MATTERS CONCERNING THE BONDS

As the next order of business, the Board considered acting upon any other matters relative to the Bonds. Ms. Miller presented to and reviewed with the Board the General Certificate, Signature Identification and No-Litigation Certificate with Letter of Instruction to the Attorney General of Texas, and the initial bonds. Following discussion, Director Sinner moved that the above documentation be approved and that the Board authorize SPH to handle all matters relative to the sale of the Bonds and in obtaining approval of the Attorney General of Texas for issuance of the Bonds. Director Nueneker seconded said motion, which unanimously carried.

ENGAGEMENT OF AN AUDITOR FOR PREPARATION OF AUDIT OF PAYMENTS TO THE DEVELOPER OUT OF THE PROCEEDS OF THE BONDS

The Board considered the engagement of an auditing firm to prepare an audit report in connection with the payment of funds to TPHTL out of the proceeds of the Bonds. Mr. McGrath presented and reviewed with the Board the engagement letter relative to same, a copy of which is attached hereto as **Exhibit G**. He noted that McGrath's fees for preparing the reimbursement audit report will be computed at its standard hourly rates. Ms. Miller advised the Board that McGrath has filed TEC Form 1295 with the TEC and has provided the District with a copy of said form. After discussion of the matter, Director McIntire moved that (i) McGrath be engaged to prepare an audit report in connection with the reimbursement of funds to TPHTL out of the proceeds of the Bonds, (ii) the District accept McGrath's TEC Form 1295 relative to the engagement letter, and (iii) SPH be authorized to acknowledge the District's receipt of same with the TEC. Director Kreshaw seconded said motion, which carried unanimously.

2024 TAX RATE RECOMMENDATION

The Board then considered the tax rate to be adopted for the 2024 tax year. Ms. Peak presented a Proforma Cash Flow Analysis relative to Masterson's 2024 tax rate recommendation, a copy of which is attached hereto as **Exhibit H**, and advised the Board that Masterson is recommending a 2024 maintenance tax rate of \$0.35 per \$100 of assessed valuation. There next followed a discussion concerning the requirements for notice of the District's intention to adopt a 2024 tax rate. Ms. Miller advised that, pursuant to §49.236 of the Texas Water Code, as amended, the District is required to provide a notice containing certain tax-related information in connection with each meeting at which the adoption of a tax rate will be considered, including the proposed tax rate to be adopted. She advised that the District must provide the notice by either (1) publishing it at least once in a newspaper having general circulation in the District at least seven days before the date of the meeting at which the tax rate will be adopted, or (2) mailing it to each owner of taxable property in the District, at the address shown on the most recently certified tax roll of the District, at least ten days before the date of the meeting. After further discussion on the matter, Director Sinner moved that the Board (1) accept the financial advisor's recommendation of a proposed 2024 maintenance tax rate of \$0.35 per \$100 of assessed valuation, and (2) the District's tax assessor-collector be authorized to publish notice of the District's intention to adopt a 2024 tax rate at its next meeting in the form and at the time required by law. Director Nueneker seconded said motion, which unanimously carried.

DEVELOPER'S REPORT

Mr. Rivera discussed the status of development in the District.

ENGINEER'S REPORT

Mr. Murdock presented an Engineer's Report prepared by Quiddity dated August 21, 2024 ("Quiddity Report"), a copy of which is attached hereto as **Exhibit I**. Following review and discussion, Director Sinner moved to authorize payment of the pay estimates and approve the change order identified in the Quiddity report. Director Nueneker seconded the motion, which unanimously carried.

Mr. Zollman next presented an Engineer's Report prepared by Pape-Dawson dated August 21, 2024 ("Pape-Dawson Report"), a copy of which is attached hereto as **Exhibit J**. Following review and discussion, Director Sinner moved to (i) authorize Pape-Dawson to proceed with the design of the Townsend Boulevard Bridge over the Detention Pond, and (ii) approve the conveyance of a sanitary sewer force main easement along the Diversion Channel to Montgomery County Municipal Utility District No. 152C for the Lift Station No. 3 force main. Director Nueneker seconded the motion, which unanimously carried.

PROPOSALS AND MASTER AGREEMENT FROM BERG OLIVER ASSOCIATES

Ms. Miller reminded the Board that at its last meeting, the Board authorized Director Sinner to execute a Proposal from Berg Oliver Associates ("Berg Oliver") for maintenance of Woodson's Gully, and that Director Sinner has since executed the Master Agreement for Land Management Services attached hereto as **Exhibit K**. Ms. Miller advised the Board that Berg Oliver has filed TEC Form 1295 with the TEC and has provided the District with a copy of said form. Following discussion, Director Sinner moved to (i) ratify, confirm and approve the execution of the Berg Oliver Proposal attached hereto as **Exhibit K**, and (ii) accept the TEC Form 1295 provided by Berg Oliver in connection with such Proposal, and authorize SPH to acknowledge receipt of the TEC Form 1295 provided with the TEC.

CHAMPIONS HYDRO-LAWN REPORT

Mr. Garcia presented a Detention and Drainage Facilities Report dated August 2024, a copy of which is attached hereto as **Exhibit L**. Mr. Garcia also presented the Annual Maintenance Budget for 2024-2025 for the Board's approval, including a TEC Form 1295 which Champions has filed with the TEC. Following review and discussion, Director Sinner moved to (i) approve the Annual Maintenance Budget for 2024-2025 in all respects, and authorize the President to execute same, and (ii) authorize SPH to acknowledge receipt of the TEC Form 1295 with the TEC. A copy of the Annual Maintenance Budget for 2024-2025 thus approved is included with **Exhibit L** hereto.

ATTORNEY'S REPORT

Ms. Miller advised that he had nothing of a legal nature to report that was not covered under another agenda item.

ADJOURNMENT

There being no further business to come before the Board, on motion made by Director Sinner, seconded by Director Nueneker, and unanimously carried, the meeting was adjourned.



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Secretary, Board of Directors

List of Attachments to
Montgomery County Water Control and Improvement District No. 205
Minutes of Meeting of August 21, 2024

- Exhibit A Bookkeeping Report dated August 21, 2024
- Exhibit B Budget for Fiscal Year Ending August 31, 2025
- Exhibit C Accepted Proposal from McGrath & Co., PLLC
- Exhibit D Tax Assessor/Collector's Report
- Exhibit E Pricing Book
- Exhibit F Bond Order – Series 2024 Bonds
- Exhibit G McGrath Engagement Letter
- Exhibit H Proforma Cash Flow Analysis - 2024 Tax Rate Recommendation
- Exhibit I Quiddity Engineering Report
- Exhibit J Pape-Dawson Engineers Report
- Exhibit K Proposal from Berg Oliver Associates for maintenance of Woodson's Gully
- Exhibit L Champions Hydro-Lawn Detention and Drainage Facilities Report and Annual Maintenance Budget for 2024-2025