

BAKER ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

January 4, 2022

The Board of Directors ("Board") of Baker Road Municipal Utility District ("District") met in regular session at the Board's regular meeting place on January 4, 2022, in accordance with the duly posted notice of meeting, and the roll was called of the duly constituted officers and members of said Board of Directors, as follows:

Frederick Wolfe, President
Johnny Zummo, Secretary
Ronald Leftwich, Assistant Secretary
George Heck, Director

and all of said persons were present, thus constituting a quorum.

Also present were: Richard Rankin of H2O Innovation Operation and Maintenance, LLC ("H2O"); Jessica Preston of Municipal Accounts & Consulting, LP ("MAC"); Miranda Burks of Wheeler & Associates, Inc. ("Wheeler"); Todd Elston of R.G. Miller Engineers, Inc. ("RG Miller"); and Daniel Ringold and Maranda Lawson 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 the Board.

PUBLIC COMMENTS

Mr. Ringold noted that the first item of business was to open the meeting for public comments. There being no comments received from the public, the Board continued to the next item of business.

APPROVAL OF MINUTES

The Board reviewed the minutes of its meeting held on November 2, 2021. After discussion of the minutes presented, Director Leftwich moved that such minutes be approved, as written. Director Zummo seconded said motion, which unanimously carried.

APPOINTMENT OF A DIRECTOR TO FILL VACANCY ON THE BOARD OF DIRECTORS

The Board deferred the appointment of a Director to fill the vacancy created by the passing of Director Ron Boyd and the acceptance of a Bond, Oath of Office and Statement of Appointed Officer at this time.

OPEN GOVERNMENT TRAINING REQUIREMENTS

The Board deferred discussion of training requirements for public officials at this time.

DISCUSSION OF CONFLICTS DISCLOSURE REPORTING REQUIREMENTS

The Board deferred discussion of a memorandum and questionnaire regarding conflicts disclosure reporting requirements at this time.

REORGANIZATION OF OFFICERS

The Board deferred reorganization of officers at this time.

DISTRICT REGISTRATION FORM

The Board deferred authorizing the preparation and filing of an updated District Registration Form at this time.

ENGAGEMENT OF AUDITOR

The Board considered the engagement of McCall Gibson Swedlund Barfoot PLLC ("MGSB") to audit the District's financial statements and prepare the District's audit report for the fiscal year ending January 31, 2022. Mr. Ringold reminded the Board that it previously engaged MGSB to prepare the District's audit report for the fiscal year ending January 31, 2022 at an estimated cost of \$12,000 and \$13,000, and that no further action by the board is necessary at this time.

SUBMISSION OF INFORMATION TO TEXAS COMPTROLLER FOR INCLUSION IN THE SPECIAL PURPOSE DISTRICT PUBLIC INFORMATION DATABASE

Mr. Ringold 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. Mr. Ringold then recommended that the District consider authorizing MGSB to prepare and submit the required information on behalf of the District at an estimated cost not to exceed \$600, which was included as part of the engagement letter for the preparation of the District's audit report that was previously approved. Following discussion, Director Leftwich moved, Director Zummo seconded, and it was unanimously carried that MGSB be authorized to prepare the required information and submit same to the Comptroller for inclusion in the Special Purpose District Public Information Database.

PROPOSED PICKLEBALL COURTS

Relative to the proposed construction of pickleball courts on the pipeline easement to the north of the lift station site, Director Wolfe reminded Board that, as previously instructed by a Kinder Morgan representative, he completed and submitted to Kinder Morgan an encroachment request form, along with correspondence and a drawing setting forth the proposed improvements,

and that a response regarding the proposed pickleball courts was received from Kinder Morgan denying the encroachment request for the proposed pickleball courts. The Board then discussed the results of the Windsor Park Lakes Homeowners Association's ("HOA") survey of the residents regarding (i) the proposed installation of the pickleball courts on the pipeline easement and (ii) expanding the basketball court by approximately 50%. Director Wolfe noted that the majority of the residents who responded to the survey were in support of the pickleball courts and the expansion of the basketball court. Mr. Ringold then presented to the Board correspondence received from District residents Phil and Joan Morabito advising of their concerns regarding the proposed installation of the pickleball courts on the pipeline easement, which is located adjacent to their property, a copy of which correspondence is attached hereto as **Exhibit A**. After a lengthy discussion on the matter, the Board determined to ask the HOA to investigate potential alternate locations for the courts and deferred taking any action at this time.

BOOKKEEPER'S REPORT

The Board considered the Bookkeeper's Report dated January 4, 2022. Ms. Preston reviewed with the Board a cash flow report, account balances report, summary of pledged securities, and actual vs. budget comparison, all as prepared by MAC and copies of which are attached hereto as **Exhibit B**, including the checks presented for payment from the District's general operating fund. It was then moved by Director Leftwich that said report be approved and that the checks identified therein be approved for payment from the general operating fund. Director Zummo seconded said motion, which carried unanimously.

Ms. Preston presented and reviewed with the Board a Quarterly Investment Inventory Report prepared by MAC for the reporting period ending July 31, 2021, a copy of which is included as part of **Exhibit B**. After discussion concerning the report presented, it was moved by Director Leftwich that said report be approved and that the District's Investment Officer be authorized to execute said Quarterly Investment Inventory Report on behalf of the Board and District. Director Zummo seconded said motion, which carried unanimously.

Director Wolfe next informed the Board that on his way to today's meeting, he received a call from Mr. Doug Diehl, the President of the Board of Green Trails Municipal Utility District ("Green Trails") advising that the installation of the refurbished diesel generator to serve the District's Joint Water Plant Facilities is near completion and that Green Trails is planning to conduct a test run of the generator within the next 7 to 10 days.

Director Wolfe reminded the Board that the District recently amended its contract with GFL Environmental ("GFL") (f/k/a WCA Waste Corporation) to include trash pick-up on certain holidays, with the exception of Thanksgiving Day and Christmas Day. In connection therewith, Director Wolfe noted that GFL did not provide trash pick-up service within the District on January 1, 2022 (New Years Day). A discussion then ensued regarding GFL crediting the District for any holiday where trash pick-up is not provided pursuant to the contract. After further discussion, the Board requested that SPH ask the appropriate GFL representative to attend the next meeting to discuss the matter in further detail.

ADOPTION OF OPERATING BUDGET

Ms. Preston next presented and reviewed with the Board a proposed operating budget for the District's fiscal year ending January 31, 2023, a copy of which is included with the Bookkeeper's Report, as prepared by MAC. After discussion on the matter, Director Leftwich moved that the operating budget be adopted by the Board and District, as presented. Director Zummo seconded said motion, which unanimously carried.

RESOLUTION ADOPTING LIST OF QUALIFIED BROKERS

The Board considered adopting a list of qualified brokers authorized to engage in investment transactions with the District. Mr. Ringold advised that, pursuant to the Public Funds Investment Act, the Board is required to review such list at least annually. He presented and reviewed with the Board a Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District along with a list of financial institutions, brokers and dealers attached thereto, together with a comparison to the list previously adopted by the Board, copies of which are attached hereto as **Exhibit C**. Mr. Ringold further noted that the broker list presented is a list of institutions with which the District may engage in investment transactions compiled with the input of the District's Investment Officer, but it is ultimately the Board's decision as to where the District's funds are actually placed. After discussion, Director Leftwich moved that: (i) 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 (ii) that the President and Secretary be authorized to execute same. Director Zummo seconded said motion, which unanimously carried.

RENEWAL OF DISTRICT INSURANCE COVERAGES

The Board next considered authorizing solicitation of proposals for renewal of the District's insurance coverages. Mr. Ringold advised the Board that the District's current coverage is through McDonald & Wessendorff Insurance ("M&W"), and will expire on March 31, 2022. After discussion, Director Zummo moved that SPH be authorized to solicit an insurance renewal proposal from M&W for its consideration at the next meeting. Director Heck seconded the motion, which carried unanimously.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Burks presented the Tax Assessor-Collector's Report prepared by Wheeler for the month of October 2021, including the checks presented for payment. A copy of the report is attached hereto as **Exhibit D**. After discussion on the matter, Director Heck moved that the Tax Assessor-Collector's Report be approved, and that payment of the checks listed in the report be authorized from the District's tax account. Director Zummo seconded the motion, which unanimously carried.

DELINQUENT TAX COLLECTION ATTORNEY'S REPORT

The Board deferred consideration of a Delinquent Tax Collection Attorney's Report at this time after noting that no report was received this month.

EXEMPTIONS FROM TAXATION

Mr. Ringold 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 2022, 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 2022, 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, the Board deferred taking any at this time and requested that SPH and Wheeler obtain additional information related thereto for its consideration at the next meeting.

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, a copy of which is attached hereto as **Exhibit E**. Mr. Ringold advised that the Board is authorized pursuant to Section 33.11 of the Texas Tax Code, as amended, to impose, under certain conditions, sixty (60) days after the date the taxes become delinquent, an additional penalty not to exceed twenty percent (20%) of the total taxes, with such penalty and interest due to the District on personal property taxes that remain delinquent as of said 60th day, being more fully described in said Resolution. After discussion, it was moved by Director Zummo, seconded by Director Leftwich, and unanimously carried that the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes be adopted by the Board.

Ms. Burks exited the meeting at this time.

OPERATOR'S REPORT

The Board considered the operator's report. Mr. Rankin presented a written Operations Report for the months of November 2021 and December 2021, prepared by H2O, copies of which are attached hereto as **Exhibit F**.

Mr. Rankin next presented to and reviewed with the Board e-mail correspondence received from District resident Hieu Duong, a copy of which is included in **Exhibit F**, requesting an adjustment to a previous water bill. Mr. Rankin informed the Board that the resident inherited

a water line leak from the previous homeowner and noted that the leak has been fixed, but that the current homeowner waited approximately two (2) months after having been notified of the leak to make the necessary repair. Mr. Rankin then noted that the customer is requesting a credit to said water bill for the excess water usage caused by the leak. After discussion on the matter, Director Heck moved that H2O be authorized to credit the customer's account for any sanitary sewer charges over the minimum monthly amount pursuant to the District's Rate Order, but only if H2O determines that said leak was outside the home such that the water would not have entered the sanitary sewer system. Director Zummo seconded the motion, which carried unanimously.

AMENDMENT TO RATE ORDER

The Board next considered amending the District's Rate Order. Mr. Ringold informed the Board that, effective February 1, 2022, there will be a CPI rate adjustment for garbage collection, disposal and recycling services by GFL, increasing such rate from \$17.38 to \$17.73 per month for each District customer. After discussion, it was moved by Director Leftwich, seconded by Director Zummo and passed unanimously, that the District's Rate Order be amended to: (i) increase the District's monthly residential sanitary sewer fee from \$20.50 to \$20.85 to account for the CPI rate increase for garbage collection, disposal and recycling services, with said amended Rate Order to be effective February 1, 2022, that any and all rate orders heretofore adopted by the Board be revoked, and that the amended Rate Order be passed and adopted as of that date.

ENGINEER'S REPORT

Mr. Elston informed the Board that he was recently advised that Harris County Municipal Utility District No. 345 ("No. 345") has completed the rehabilitation of the on-site lift station at the Joint Wastewater Treatment Plant.

Mr. Elston next informed the Board that No. 345 is moving forward with purchasing and installing at the Joint Wastewater Treatment Plant either a natural gas generator at an estimated cost of \$510,000 or a diesel generator at an estimated cost of \$335,000. Mr. Elston also reminded the Board that the District's pro-rata share for same would be twenty-three percent (23%) of the total cost. No action was taken by the Board.

LAKE MAINTENANCE

A discussion next ensued regarding maintenance of the District's lakes. In connection therewith, Director Zummo advised the Board that, as previously authorized, Lake Pro purchased an additional 150 pounds of Golden Shiners, which were added to the lakes in November.

Director Wolfe next informed the Board that two (2) of the fountains are not working and that Lake Pro, Inc. is coming out to the District on Thursday to look at said fountains. Mr. Ringold then requested that the Board consider authorizing Directors Wolfe and Zummo to review and approve any recommended repairs or replacements received from Lake Pro, Inc.

relative to the non-functioning fountains, on the behalf of the Board and District so long as the costs fall within annual budgeted amounts.

STATUS OF LAWSUIT AGAINST U.S. ARMY CORPS OF ENGINEER

Mr. Ringold advised that there was not update this month regarding the status of the lawsuit against the U.S. Army Corps of Engineers.

MAINTENANCE OF DRAINAGE CHANNEL

A discussion ensued regarding maintenance of the drainage channel. No action was taken by the Board.

ISSUANCE OF UTILITY COMMITMENTS

The Board next deferred action regarding the issuance of utility commitments, as no requests for same had been received by the District.

ATTORNEY'S REPORT

Mr. Ringold next presented to the Board a Texas Municipal Utility District Newsletter received from Acclaim Energy, a copy of which newsletter is attached hereto as **Exhibit G**.

SUPPLEMENTAL AGENDA

The Board considered the calling of a Directors Election in accordance with the requirements of the Texas Water Code. There was presented the Order Calling Directors Election (the "Order") attached hereto as **Exhibit H** calling such election to be held on May 7, 2022. It was noted that the term of office of two (2) directors expire in May of this year. In reviewing the Order with the Board, Mr. Ringold advised that the Order provides for the conduct of the Directors Election by Harris County, Texas (the "County"), jointly with elections of other political subdivision, using County election officials, voting equipment, and polling locations at a shared expense. Although the County will conduct the Directors Election, he advised that the Texas Water Code and the Texas Election Code authorize the Board to designate an agent to perform certain duties in connection with the Directors Election, and that the Order named Maranda Lawson as such agent (the "Election Agent"). Mr. Ringold further advised the Board that notice of the Directors Election must be given in accordance with the requirements of the Texas Election Code. Mr. Ringold advised the Board that notice of the Directors Election could be given by one or more of the following methods: (i) publishing the notice in a newspaper published in the territory of the District or of general circulation in the District at least ten (10) days before the election, but not more than thirty (30) days before the election; (ii) posting the notice at a public place in each County election precinct that overlaps the District at least twenty-one (21) days before the election; or (iii) mailing the notice to each registered voter in the District at least ten (10) days before the election. Following discussion of the options, the Board concurred that notice of the Directors Election be given by posting same at a public place in each County election precinct that overlaps the District. After discussion on the matter, Director Heck

moved that said Order be passed and adopted, that the President and Secretary be authorized to execute the Order, and that the Election Agent be authorized and directed to make necessary arrangements for the Directors Election in accordance with the Order. Director Zummo seconded said motion, which unanimously carried. Mr. Ringold advised the Board that if each candidate whose name is to appear on the ballot is unopposed as of 5:00 p.m. on February 22, 2022, the Board may thereafter cancel the Directors Election in accordance with the Texas Election Code.

FUTURE AGENDA ITEMS

Director Heck requested that an item be placed on the next agenda to discuss solar panels.

ADJOURNMENT

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

Secretary

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A – Correspondence regarding pickleball courts
- Exhibit B – Bookkeeper's Report
- Exhibit C – Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions, with list of qualified brokers
- Exhibit D – Tax Assessor-Collector's Report
- Exhibit E – Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes
- Exhibit F – Operator's Report
- Exhibit G – Texas Municipal Utility District Newsletter
- Exhibit H – Order Calling Directors Election