

MINUTES OF MEETING OF BOARD OF DIRECTORS
SEPTEMBER 8, 2020

THE STATE OF TEXAS
COUNTY OF HARRIS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 151

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The Board of Directors (the “*Board*”) of Harris County Municipal Utility District No. 151 (the “*District*”) convened in regular session on September 8, 2020, at 10:00 a.m. via teleconference pursuant to Section 551.125, Texas Gov’t Code as modified by the temporary suspension of certain provisions thereof pursuant to guidelines issued by the Texas Attorney General and approved by the Governor for use during the COVID-19 statewide disaster. A roll call was taken of the persons present:

Kent F. Spitzmiller, President
Jerry Berry, Vice President
Herman Jordan, Vice President
Steve Robb, Secretary
Dan Czyz, Assistant Secretary

Persons Attending. All members of the Board were present. Also attending were Mr. Brian Toldan of McCall Gibson Swedlund Barfoot PLLC (“McCall”), auditors for the District; Ms. Anthea Moran of Masterson Advisors LLC, financial advisor for the District; Mr. Brian Gerould of IDS Engineering Group (“IDS”), engineer for the District; Mr. Allen Jenkins of Inframark, operators for the District; Mr. Jorge Diaz of McLennan and Associates (“McLennan”), bookkeeper for the District; Ms. Yvonne Luevano of Wheeler & Associates (“Wheeler”), tax assessor and collector for the District; Mr. Dimitri Millas and Ms. Jane Maher, of Norton Rose Fulbright US LLP (“NRF”), attorneys for the District; and Mr. Joe Stunja of Pinehurst Trail Holdings, LLC, developer for the District.

Pursuant to Section 551.054, Texas Gov’t Code, as modified by the temporary suspension of certain provisions thereof, notice of the meeting was posted on the District’s website within the time limits prescribed by law. The agenda packet was posted on the website as items became available.

Call to Order. President Spitzmiller called the meeting to order. He noted that the meeting was being held by teleconference in accordance with federal, state and county directives to slow the spread of COVID-19 by avoiding meetings that bring people together. He said the notice of the meeting included a toll-free dial-in number for members of the public to call so they can hear the meeting and address the Board. He noted that the meeting was being recorded and a recording would be available upon public request. President Spitzmiller then set out guidelines for the conduct of the meeting. He asked each speaker to identify themselves before speaking. He then proceeded with the meeting business:

1. **Public Comments.** There were no comments.

2. **Minutes.** Proposed minutes of the regular meeting of August 11, 2020, previously distributed to the Board, were presented for approval. Upon motion by Director Berry, seconded by Director Robb, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the regular meeting of August 11, 2020, as presented.

3. **Approve audit for fiscal year ended May 31, 2020.** President Spitzmiller recognized Mr. Toldan, who reviewed with the Board a draft audit management letter, a draft audit summary letter, a representation letter and a draft audit for fiscal year ending May 31, 2020.

Mr. Toldan reviewed the revenues, expenditures and changes in fund balances for the year ended May 31, 2020. He stated that the District's general fund balance as of May 31, 2020 is \$4,966,212 and that the debt service fund balance as of May 31, 2020 is \$1,641,031. He reviewed the general fund expenditures and stated that the total expenditures are \$1,925,882.

Mr. Toldan reviewed the five year comparative schedules of revenue and expenditures of the general fund and the debt service fund. He noted that from 2019 to 2020 the District added \$415,792 to the general fund and reduced the debt service fund by \$53,918.

Mr. Toldan stated that McCall will file the District's audit with the Texas Commission on Environmental Quality. He noted that there are no areas of concern and that if the Board has any questions.

Upon motion by Director Robb, seconded by Director Berry, after full discussion and the question being put to the Board, the Board voted unanimously to approve the audit for the fiscal year ending May 31, 2020 subject to any final revisions, to authorize the filing of the District's audit for fiscal year ending May 31, 2020, and to authorize the execution of the representation letter.

4. **Tax Collector's Report.** President Spitzmiller recognized Ms. Luevano, who presented to and reviewed with the Board the Tax Collector's Report and the Delinquent Collections Listing as of August 31, 2020. She stated that the District had collected 99.53% of its 2019 taxes as of August 31, 2020. She noted that the District's total expenses were \$10,066.89 and that the cash balance as of August 31, 2020 was \$45,662.77. She presented five checks totaling \$8,436.67 for the Board's approval.

Upon motion by Director Czyz, seconded by Director Berry, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Tax Collector's Report, and to authorize payment of check numbers 2521 through 2525 from the Tax Account in the amounts, to the persons and for the purposes listed in such Report.

5. **Adopt Order Designating Officer to Calculate and Publish Tax Rate.** President Spitzmiller recognized Ms. Moran, who presented to and reviewed with the Board a 2020 Tax Rate Analysis. Ms. Moran reviewed the District's historical and current assessed values. She stated that the projected assessed valuation for 2020 is \$539,005,841. Ms. Moran discussed Senate Bill No. 2 and its effect on the District's taxes pertaining to criteria for rollback elections. She recommended that the Board consider a six cent reduction on the debt service rate from \$0.25 to \$0.19. She stated that the Board could consider a total tax rate of \$0.35 and noted that every penny for the maintenance and operation tax is equivalent to approximately \$50,000 in revenue.

Mr. Gerould discussed upcoming District repairs and how they will affect the tax rate. He stated that half the cost for the replacement of Ground Storage Tank No. 3 at the Water Plant is on this year's budget and the other half of the expense will be on the 2021 budget. Discussion ensued regarding recommended tax rate.

The Board reviewed an Order Designating Officer to Calculate and Publish Tax Rates and Taking Other Actions in Connection with the Levy of a Tax for 2020 (the "Order"). Mr. Millas stated

that the Order designates the District as a developing water district and designates Wheeler as the District's representative to calculate and publish the tax rate.

Upon motion by Director Jordan, seconded by Director Berry, after full discussion and the question being put to the Board, the Board voted unanimously to retain the tax rate of \$0.34 per \$100 assessed valuation (\$0.19 for debt service and \$0.15 for maintenance and operation), and to adopt the Order authorizing Wheeler & Associates to publish the proposed rate.

Ms. Luevano confirmed that the Board will publish the tax rate notice in The Tribune and that the District will hold a hearing to levy its 2020 tax on October 13, 2020 at 10:00 a.m. via teleconference.

6. **Bookkeeper's Report.** President Spitzmiller recognized Mr. Diaz, who presented and reviewed the Bookkeeper's Report for the period from August 12, 2020 to September 8, 2020, certain statements for payment, and the investment report for the period ending August 31, 2020. He stated that the current balance in the general fund is \$4,687,193.95 and that the balance in the debt service fund is \$478,795.25.

Mr. Diaz presented check numbers 11560 through 11597 for utilities and other costs for the District for approval and payment upon receipt of invoices expected prior to the District's next meeting. He noted that the general fund disbursements for the month were \$195,229.20 and the debt service disbursements for the month were \$10,011.05.

Mr. Diaz reviewed the schedule of investments. He stated that the total investments of all the District's funds are \$4,943,563.02. He noted that there is one Certificate of Deposit ("CD") maturing at Central Bank prior to the next meeting. He stated that he will coordinate with Director Jordan regarding the investment.

Mr. Diaz reviewed the District's annual energy billings.

Mr. Diaz reviewed the Profit & Loss Budget Performance for the general fund. He also reviewed the operating budget.

Upon motion by Director Jordan, seconded by Director Berry, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Bookkeeper's Report, to approve the Investment Report, and to authorize payment of check numbers 11560 through 11597, from the General Fund in the amounts, to the persons, and for the purposes listed in such Report as requested herein.

7. **Engineer's Report.** President Spitzmiller recognized Mr. Gerould. Mr. Gerould stated that the pricing for the welded tank to replace Ground Storage Tank No. 3 at the Water Plant should be available by the next meeting. He also stated that IDS is working on scheduling the dates for the sanitary sewer manhole rehabilitation.

8. **Discuss water meter easement.** President Spitzmiller recognized Mr. Gerould, who reviewed a water meter easement with the Board. He stated that the water meter easement is for a property on the Bradford tract. He noted that with Board approval, IDS will send the easement to the developer, Valentine DEI, LLC, for execution. He stated that once the easement is executed it will be recorded with Harris County Real Property records. Upon motion by Director Berry, seconded by Director Robb, after full discussion and the question being put to the Board, the Board voted unanimously to approve the water meter easement.

9. **Operations Report.** President Spitzmiller recognized Mr. Jenkins, who presented to and reviewed with the Board the Operations Report for August 2020. He noted that 96.8% of the water pumped was billed for the period from July 21, 2020, to August 21, 2020.

Mr. Jenkins reviewed the Major Maintenance Summary for August 2020. He reported that Inframark repaired two water leaks in the District and replaced the copper tubing on the drip oiler at the Water Plant. He stated that for the sanitary sewer collection, Inframark purchased and applied the degreaser and installed a new fence at Lift Station No. 4.

Mr. Jenkins reviewed the billing summary, water production and quality report, water accountability report and customer call log.

Mr. Jenkins stated that he has been coordinating with President Spitzmiller regarding the delinquent process during COVID-19. President Spitzmiller recommended that the Board review the delinquent process on a month by month basis.

Upon motion by Director Berry, seconded by Director Robb, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operations Report.

10. **Developer's Report.** Mr. Stunja stated that there is no update regarding the CVS Pharmacy on West Lake Houston Parkway.

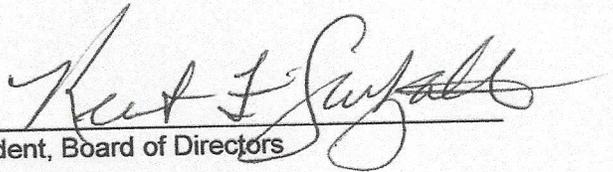
11. **Discuss Texas Municipal League Intergovernmental Risk Pool Board of Trustees Election.** The Board reviewed the official ballot for the Texas Municipal League Intergovernmental Risk Pool Board of Trustees Election. Mr. Millas stated that the Board can participate in the election by submitting one vote as a Board. Upon motion by Director Berry, seconded by Director Robb, after full discussion and the question being put to the Board, the Board voted unanimously to authorize President Spitzmiller to vote on behalf of the Board and to submit the ballot.

12. **Status report on District website and such other matters as may properly come before it.** There was no report.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

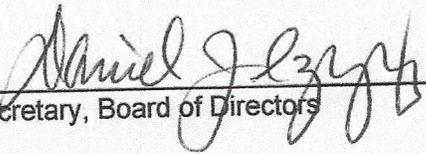
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The foregoing minutes were passed and approved by the Board of Directors on
October 13 _____, 2020.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

