

MINUTES OF MEETING OF BOARD OF DIRECTORS
JANUARY 12, 2021

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 January 12, 2021, 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, except Director Jordan, thus constituting a quorum. Also attending were Mr. Teague Harris and Ms. Kelly Wilkinson of IDS Engineering Group (“IDS”), engineer for the District; Mr. Allen Jenkins of Inframark, operators for the District (“Inframark”); 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. Josh Hargrave of Harco Insurance Services; 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 December 8, 2020, previously distributed to the Board, were presented for approval. Upon motion by Director Berry, seconded by Director Czyz, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the regular meeting of December 8, 2020, as presented.

3. **Adopt Order Authorizing Exemptions from Taxation.** The Board discussed exemptions from taxation. Mr. Millas noted that the District currently authorizes an exemption in the amount of \$40,000 of appraised value to individuals who are disabled or 65 years of age and older. 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 authorize the current exemption of \$40,000 and to approve an Order Adopting Tax Exemption for Individuals who are Disabled or are 65 years of Age or Older.

4. **Adopt Resolution Authorizing Additional Penalty on Taxes.** Mr. Millas reviewed the Resolution Authorizing Additional Penalty on Delinquent Taxes ("Resolution"). He stated that the Resolution states that the District's delinquent tax attorney is entitled to compensation in their contract equal to 20% of the amount of delinquent tax, penalty, and interest collected. Upon motion by Director Berry, seconded by Director Czyz, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Resolution thereby authorizing 20% additional penalty on delinquent taxes remaining delinquent on April 1, 2020 for personal property, and remaining delinquent on July 1, 2020 for real property.

5. **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 December 31, 2020. She stated that the District had collected 69.20% of its 2020 taxes as of December 31, 2020. She noted that the District's total expenses were \$74,661.34 and that the cash balance as of December 31, 2020 was \$1,181,297.58. She presented five checks and two wire transfers totaling \$1,103,425.75 for the Board's 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 accept the Tax Collector's Report, and to authorize payment of check numbers 3513 through 3517 from the Tax Account in the amounts, to the persons and for the purposes listed in such Report.

6. **Bookkeeper's Report.** President Spitzmiller recognized Mr. Diaz, who presented to and reviewed with the Board the Bookkeeper's Report for the period from December 9, 2020 to January 12, 2021, certain statements for payment, and the investment report for the period ending December 31, 2020. He stated that the current balance in the general fund is \$4,659,242.70 and that the balance in the debt service fund is \$514,848.19.

Mr. Diaz presented check numbers 11710 through 11745 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 \$234,691.96 and the debt service disbursements for the month were \$11.06.

Mr. Diaz reviewed the schedule of investments. He stated that the total investments of all the District's funds are \$4,854,738.41.

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 Robb, 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 11710 through

11745, from the General Fund in the amounts, to the persons, and for the purposes listed in such Report as requested herein.

7. **Renew District Insurance (expires February 20, 2021).** President Spitzmiller recognized Mr. Hargrave, who reviewed the 2021 – 2022 insurance proposal from Harco Insurance Services. He stated that the annual cost increased from \$24,549 to \$24,866. He noted that the property limit per \$100 deductible increased from \$6,566,000 to \$6,762,500, and the equipment breakdown per \$5,000 deductible increased from \$6,566,000 to \$6,762,500. Discussion ensued. 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 accept the insurance proposal from HARCO Insurance Services through TML.

8. **Indemnification of Directors.** Mr. Millas stated that to the extent that the directors and officer's insurance policy does not cover losses of directors carrying out their lawful duties in good faith, then the District can indemnify the directors for losses to the extent of available surplus funds. He requested approval of a Resolution Authorizing Indemnification of Directors. 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 Resolution Authorizing Indemnification of Directors.

9. **Engineer's Report.** President Spitzmiller recognized Mr. Harris, who presented to and reviewed with the Board the Engineer's Report.

Mr. Harris stated that plans for the Ground Storage Tank No. 3 replacement at the Water Plant will be ready for Inframark and the Board to review by the end of January. He reported that IDS is looking at different ladder materials, the respective maintenance burden and what is permissible on the inside of a potable ground storage tank. He noted that IDS is also looking at the cost and benefit of using a zinc rich primer on the interior of the tank as an alternative to the passive cathodic protection system. He stated that IDS is working with a few coatings vendors to discuss the lifespan of this coating and to obtain some initial pricing. He proposed that the zinc rich primer be added as an alternate bid item so the Board can make the decision once IDS has received the competitive pricing on both cathodic protection alternatives. Discussion ensued. Mr. Harris stated that he can coordinate with Directors Robb and Berry on the alternative bids.

Mr. Harris stated that for the Sanitary Sewer Manhole Rehabilitation, the one-year inspection of the three rehabilitated manholes will be performed in November 2021.

Mr. Harris stated that for the America's Water Infrastructure Act of 2018 ("AWIA"), IDS will begin the Risk and Resilience Assessments in January and will complete prior to the June 30, 2021 deadline.

Mr. Harris stated that for the Water and Wastewater Capacity Requests and Site Plan Reviews, Pinehurst Trail Holdings' capacity reservation was renewed and signed at last month's Board meeting and will expire on December 8, 2021.

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 Engineer's Report.

10. **Operations Report.** President Spitzmiller recognized Mr. Jenkins, who presented to and reviewed with the Board the Operations Report for December 2020.

Mr. Jenkins stated that 105.2% of the water pumped was billed for the period from November 20, 2020, to December 17, 2020.

Mr. Jenkins reviewed the Major Maintenance Summary for December 2020. He reported that Inframark repaired five water leaks in the District. He reviewed lift saturation maintenance repairs and water line maintenance repairs. President Spitzmiller stated that at Water Plant No. 1, the right-hand side of the fence, which is about 225 feet needs to be replaced. He stated that Inframark has received one bid that includes 225 feet of fence with eight-foot cedar boards and three-inch steel posts. He noted that Inframark would receive more bids to discuss at an upcoming meeting.

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

11. **Developer's Report.** President Spitzmiller recognized Mr. Stunja, who stated that he did not have a report for this month.

12. **Report on Eminent Domain filing.** Mr. Millas stated that the District is required to file an annual report by February 1, 2020 with the Texas Comptroller of Public Accounts related to its eminent domain powers. He reported there are no changes from last year's report and that NRF has filed the report on the District's behalf. Upon motion by Director Robb, seconded by Director Jordan, after a full discussion and the question being put to the Board, the Board voted unanimously to accept the filing of the District's Eminent Domain report.

13. **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
February 9, 2021.

[Signature]
President, Board of Directors

ATTEST:

[Signature]
Secretary, Board of Directors

(DISTRICT SEAL)

