

BAKER ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

May 3, 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 May 3, 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, except Director Zummo, 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"); Juan Campo, a resident of the District; Brian Toldan of McCall Gibson Swedlund Barfoot PLLC ("McCall"); Michael Luft, Michelle LaCour and Tracie Andrade of Inframark; Steve Arrington and Patrick Kohleffel of Lake Pro, Inc. ("Lake Pro"); and Eric Lai 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. Lai 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.

LAKE MAINTENANCE

Mr. Kohleffel updated the Board regarding maintenance of the lakes. The Board asked various questions, to which Mr. Kohleffel responded. A discussion then ensued regarding the water fountains in the district and the possibility of needing to replace all of the fountains within the District over the next several years due to their age. Mr. Kohleffel next informed the Board that Water Well No. 2 was having issues and noted that the necessary repair was made and that the well is now working properly.

Messrs. Kohleffel and Arrington exited the meeting at this time.

PROPOSAL FOR BOOKKEEPING SERVICES

Ms. Andrade next presented to and reviewed with the Board a proposal from Inframark for bookkeeping services, a copy of which proposal is attached hereto as Exhibit A. Mr. Luft then did a presentation regarding the bookkeeping software used by Inframark and the capabilities that said software would provide to the Board. The Board then asked numerous questions, to which Mr. Luft responded. No action was taken by the Board at this time.

Mr. Luft, Ms. LaCour and Ms. Andrade exited the meeting at this time.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Burks presented the Tax Assessor-Collector's Report prepared by Wheeler for the month of April 2022, including the checks presented for payment. A copy of the report is attached hereto as **Exhibit B**. 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 Wolfe seconded the motion, which unanimously carried.

APPROVAL OF MINUTES

The Board reviewed the minutes of its meeting held on April 15, 2022. Director Wolfe noted some changes to said draft minutes. After discussion of the minutes presented, Director Wolfe moved that such minutes be approved, as amended. Director Heck seconded said motion, which unanimously carried.

REVIEW AND APPROVAL OF AUDIT REPORT FOR FISCAL YEAR ENDED JANUARY 31, 2022

Mr. Toldan reviewed with the Board a draft audit report for the District's fiscal year ended January 31, 2022, prepared by McCall, a copy of which is attached hereto as **Exhibit C**. Mr. Toldan discussed the Statement on Auditing Standards No. 115 ("SAS 115"), as it relates to the auditor's obligation to disclose control deficiencies or material weaknesses of the District in the audit. He presented a draft letter from McCall disclosing the District's deficiencies ("Management Letter"), including a response previously adopted by the Board ("Management's Response"), copies of which are included with **Exhibit C**. The Board then asked various questions and provided comments regarding the draft audit report. After discussion concerning the audit presented, Director Boyd moved that (i) the audit report for the fiscal year ended January 31, 2022, be approved, subject to incorporation of any comments from the District's consultants and the Board, (ii) such audit report be filed with the appropriate governmental authorities, including the Texas Commission on Environmental Quality, and (iii) the Management's Response previously adopted by the Board be included by McCall as part of the final Management Letter once updated as discussed. Director Heck seconded said motion, which unanimously carried.

Mr. Toldan exited the meeting at this time.

CONTINUING DISCLOSURE REPORT

Mr. Lai advised the Board that the annual continuing disclosure report related to the District's outstanding bonds will be completed and filed when the District's audit has been completed and released by McCall. Mr. Lai then requested that the Board consider authorizing McCall, Parkhurst & Horton L.L.P. ("MPH") to file the District's annual disclosure report upon completion and prior to the July 31, 2022 deadline. After discussion, Director Leftwich moved that MPH be authorized to file said report upon completion and prior to the July 31, 2022 deadline. Director Heck seconded the motion, which carried unanimously.

PROPOSED PICKLEBALL COURTS

Relative to the proposed construction of pickleball courts on the pipeline easement, Mr. Lai informed the Board that, as authorized at the last meeting SPH prepared and forwarded correspondence to Kinder Morgan regarding the alternate location for said pickleball courts and noted that no response had been received to date.

BOOKKEEPER'S REPORT

The Board considered the Bookkeeper's Report dated May 3, 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 D**, 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 Heck seconded said motion, which carried unanimously.

A discussion ensued regarding the status of the credit from GFL Environmental ("GFL") in connection with the trash pickup service that was not provided on January 1, 2022 (New Year's Day). Ms. Preston informed the Board that GFL has advised that said credit would be issued on next month's invoice.

Director Wolfe informed the Board that, since the last meeting, he authorized Lake Pro to make a necessary water fountain repair, but noted that the invoice for said repair had not yet been received and requested that the Board consider authorizing MAC to pay said invoice upon receipt. After discussion, Director Leftwich moved that MAC be authorized to pay said invoice upon receipt. Director Heck seconded the motion, which carried unanimously.

DELINQUENT TAX COLLECTION ATTORNEY'S REPORT

Mr. Lai presented to and reviewed with the Board a Delinquent Tax Report, dated May 3, 2022, prepared by Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue"), the District's delinquent tax collection attorneys, a copy of which is attached hereto as **Exhibit E**. Mr. Lai noted that no action is required from the Board at this time relative to the account(s) listed on the Report.

UNCLAIMED PROPERTY REPORT

The Board next considered the approval of an Unclaimed Property Report as of March 1, 2022. Ms. Preston informed the Board that there is unclaimed property in the amount of \$96.50 to be reported and turned over to the State Comptroller's office at this time. After discussion on the matter, Director Leftwich moved that the Unclaimed Property Report as of March 1, 2022, be approved, and that the Board authorize MA&C to file same with the State Comptroller prior to July 1, 2022. Director Heck seconded the motion, which carried unanimously.

OPERATOR'S REPORT

The Board considered the operator's report. Mr. Rankin presented a written Operations Report for the months of April 2022, prepared by H2O, copies of which are attached hereto as **Exhibit F**. Mr. Rankin informed the Board that a water line leak was recently repaired on Windsor Lakes Dr. and noted that the sidewalk area has been re-poured. Director Wolfe noted that the caution tape in the area needs to be removed.

Director Wolfe next informed Mr. Rankin that he had received a complaint about the electrical conduit at Lift Station No. 1. Mr. Rankin noted that he would look into the matter further.

CONSUMER CONFIDENCE REPORT

The Board considered the approval of a Consumer Confidence Report and authorizing the distribution of same to customers of the District. In that regard, Mr. Rankin presented and reviewed a draft Consumer Confidence Report prepared by H2O, a copy of which is included with **Exhibit F**, and noted that same has been provided to SPH for review. After discussion on the matter, Director Heck moved that such Report be approved by the Board, subject to SPH's final review and approval, and that H2O be authorized to distribute same to the District's consumers prior to July 1, 2022. Director Wolfe seconded said motion, which carried unanimously.

AMENDMENT OF DISTRICT RATE ORDER

The Board next considered amending the District's Rate Order to clarify that residents are responsible for the cost of replacing water meters that are greater than 1" if they choose to install oversized meters. After discussion, it was moved by Director Heck, seconded by Director Leftwich, and passed unanimously that the District's Rate Order be amended to clarify that residents are responsible for the cost of replacing water meters that are greater than 1" if they choose to install oversized meters, with said amended Rate Order to become effective as of May 3, 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 reminded the Board that Harris County Municipal Utility District No. 345 is moving forward with purchasing and installing a generator at the Joint Wastewater Treatment Plant and noted that the project is expected to go out for bids toward the end of this year.

Mr. Elston reminded the Board that the operator for Green Trails Municipal Utility District recently noticed a wobble of the well no. 2 pump and that the pump is being inspected at this time. It was additionally noted that the repair cost could be approximately \$200,000.

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

Mr. Lai updated the Board regarding the status of the lawsuit against the U.S. Army Corps of Engineers. In connection therewith, he reminded the Board that a damages trial date has been set for May 31, 2022.

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. Lai presented to and reviewed with the Board a Customer Service Report received from GFL for April 2022, a copy of which report is attached hereto as **Exhibit G**.

Mr. Lai provided the Board with written materials from a Powerpoint presentation from Acclaim Energy Advisors ("Acclaim") regarding the Acclaim Reliability Advantage program ("Program"), as well as a proposed form of letter agreement relative to same, a copy of which presentation is attached hereto as **Exhibit H**. Mr. Lai noted that Acclaim is seeking participation from a number of municipal utility districts with which they have an existing relationship in the Program at a cost of \$2,500 per district to interface with the Public Utility Commission to advocate on behalf of municipal utility districts relative to new rules and regulations proposed for adoption in connection with implementation of Senate Bill 3 from the 2021 Legislative Session, including encouraging the development of microgrids. To that end, Mr. Lai advised that Acclaim is seeking to attend the Board's next meeting to discuss the Program in greater detail. Following discussion on the matter, the Board determined it was not interested in participating in the Program.

ADJOURNMENT

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

Secretary

DRAFT

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A Proposal for Bookkeeping Services
- Exhibit B Tax Assessor-Collector's Report
- Exhibit C Draft Audit Report
- Exhibit D Bookkeeper's Report
- Exhibit E Delinquent Tax Report
- Exhibit F Operator's Report
- Exhibit G GFL Customer Service Report
- Exhibit H Powerpoint Presentation from Acclaim Energy Advisors

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