

## **BAKER ROAD MUNICIPAL UTILITY DISTRICT**

### **Minutes of Meeting of Board of Directors**

January 3, 2023

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 3, 2023, 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  
George Heck, Vice President  
Johnny Zummo, Secretary  
Ronald Leftwich, Assistant Secretary  
Juan Campo, Assistant Secretary

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

Also present were: Brenda Landin of H2O Innovation Operation and Maintenance, LLC ("H2O"); Miranda Burks of Wheeler & Associates, Inc. ("Wheeler"); Todd Elston of R.G. Miller Engineers, Inc. ("RG Miller"); Michele LaCour of Inframark ("Inframark"); 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.

#### **APPROVAL OF MINUTES**

The Board reviewed the minutes of its meeting held on November 1, 2022. After discussion of the minutes presented, Director Heck moved that such minutes be approved, as written. Director Leftwich seconded said motion, which unanimously carried.

#### **ENGAGEMENT OF AUDITOR**

The Board deferred 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, 2023 until the next meeting.

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

The Board deferred authorizing MGSB to submit certain required information to the Texas Comptroller of Public Accounts (the "Comptroller") for inclusion in the Special Purpose District Public Information Database until the next meeting.

### **BOOKKEEPER'S REPORT**

The Board considered the Bookkeeper's Report dated January 3, 2023. Ms. LaCour reviewed with the Board a Balance Sheet, Statement of Revenues, Expenditures and Changes in Fund Balances, Cash Balance Report, Pre-Check Register and Invoice Summary, all as prepared by Inframark and copies of which are attached hereto as **Exhibit A**, including the checks presented for payment from the District's general operating fund. It was then moved by Director Heck that said report be approved and that the checks identified therein be approved for payment from the general operating fund. Director Wolfe seconded said motion, which carried unanimously.

Ms. LaCour next requested that the Board consider authorizing Inframark to distribute the fees of office for each of the Directors who were present at the November 2022 meeting. After discussion, Director Heck moved that Inframark be authorized to distribute the fees of office for each of the Directors who were present at the November 2022 meeting. Director Zummo seconded the motion, which carried unanimously.

### **ADOPTION OF OPERATING BUDGET**

Ms. LaCour next presented and reviewed with the Board a proposed operating budget for the District's fiscal year ending January 31, 2024, a copy of which is included with the Bookkeeper's Report, as prepared by Inframark. Several revisions to said budget were noted. After discussion on the matter, Director Zummo moved that the operating budget be adopted by the Board and District, as revised. Director Leftwich 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. Lai 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 B**. Mr. Lai 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 Heck 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 Wolfe seconded said motion, which unanimously carried.

### **TAX ASSESSOR-COLLECTOR'S REPORT**

Ms. Burks presented the Tax Assessor-Collector's Report prepared by Wheeler for the month of December 2022, including the checks presented for payment. A copy of the report is attached hereto as **Exhibit C**. After discussion on the matter, Director Zummo 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 Campo 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. Lai 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 2023, 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 2023, 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 action at this time and requested that Wheeler send to the Board 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 D**. Mr. Lai 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 Campo, and unanimously carried that the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes be adopted by the Board.

## **PROPOSED PICKLEBALL COURTS**

Relative to the proposed construction of pickleball courts on the pipeline easement, Director Wolfe informed the Board that the Windsor Park Lakes Homeowners Association has not yet moved forward with the installation of the pickleball courts.

## **OPERATOR'S REPORT**

The Board considered the operator's report. Ms. Landin presented a written Operations Report for the month of November 2022, prepared by H2O, a copy of which is attached hereto as **Exhibit E**.

Director Wolfe informed the Board that last week he noticed ponding in Trietsch Park due to a leak in the irrigation system maintained and operated by Harris County. He then informed the Board that he shut off the water at the District's backflow preventer. Director Wolfe additionally informed the Board that, due to said leak, Harris County has significantly exceeded the allotted amount of water usage pursuant to the agreement. A discussion then ensued as to how to address the issue with Harris County. After further discussion, Director Zummo moved that Director Wolfe be authorized to contact the appropriate representative of Harris County and apprise them of the situation accordingly.

Ms. Landin next informed the Board that the lift pump at lift station no. 2 recently went down and is in need of repair or replacement. She then informed the Board that the estimated cost to repair the pump is approximately \$8,300 and the estimated cost to replace the pump is approximately \$11,000 to \$16,000. After discussion on the matter, Director Leftwich moved that H2O be authorized to move forward with the repair of the lift pump. Director Campo seconded the motion, which carried unanimously.

## **IMPLEMENTATION OF PUBLIC UTILITY COMMISSION OF TEXAS RULES RELATING TO SENATE BILL 3**

Mr. Lai presented to and reviewed with the Board a Memorandum prepared by SPH detailing the Public Utility Commission of Texas' (the "PUC") publication of 16 TAC, Sections 24.173 and 24.364 relating to the implementation of Senate Bill 3 ("S.B. 3"). A copy of the Memorandum is attached hereto as **Exhibit F**. The Board was informed that a notice containing certain required information must be provided to each of the District's retail water or sewer customers prior to January 31, 2023. After discussion, Director Wolfe moved to approve the required notice language prepared by SPH and to authorize MOC to include the approved notice as an insert into the District's next utility bill. Director Campo seconded the motion, which carried unanimously.

## **AMENDMENT TO RATE ORDER**

The Board next considered amending the District's Rate Order relative to implementation of S.B. 3. After discussion on the matter, Director Wolfe moved that the District's Rate Order be

amended to allow sixty (60) days to refund deposits to customers in conjunction with changes in the law resulting from the PUC's implementation of S.B. 3, with said amended Rate Order being effective as of January 1, 2023, and that any and all rate orders heretofore adopted by the Board be revoked. Director Campo seconded the motion, which carried unanimously.

### **CONSUMER CONFIDENCE REPORT**

Mr. Lai advised the Board that the requirement to provide information to Districts receiving water through an interconnect in connection with Consumer Confidence Reporting requirements is not applicable to the District, as the District does not provide water to any such districts.

### **RATIFICATION OF PRIOR ACTION**

The Board next considered ratification of its prior action relative to the approval and execution of an amended Rate Order. After discussion, Director Wolfe moved that the Board's prior action be ratified in all respects. Director Campo seconded the motion, which carried unanimously.

### **RENEWAL OF DISTRICT INSURANCE COVERAGES**

The Board next considered authorizing solicitation of proposals for renewal of the District's insurance coverages. Mr. Lai advised the Board that the District's current coverage is through McDonald & Wessendorff Insurance ("M&W"), and will expire on March 31, 2023. After discussion, Director Zummo moved that SPH be authorized to solicit an insurance renewal proposal from M&W and from Arthur J. Gallagher for its consideration at the next meeting. Director Leftwich seconded the motion, which carried unanimously.

### **ENGINEER'S REPORT**

Mr. Elston informed the Board that Green Trails Municipal Utility District has completed the recoating of the ground storage tank and noted that the water plant is back to normal operation.

Mr. Elston next 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 that the project recently went out for bids. He then reminded the Board that the bids came in approximately \$100,000 less than expected and that the generator is not expected to be delivered until the end of 2023.

### **DRAINAGE CHANNEL MAINTENANCE**

A discussion ensued regarding maintenance of the drainage channel. 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 Golden Shiners, which were added to the lakes recently.

## 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 and reminded the Board that damages for real property, personal property, displacement costs, and interest had been awarded to the plaintiff.

## 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.

## EMINENT DOMAIN REPORT

The Board deferred authorizing SPH to file the annual eminent domain report with the Comptroller on behalf of the District after noting that said authorization was approved at the last meeting.

## ATTORNEY'S REPORT

Mr. Lai next presented to the Board a disclosure provided by Masterson Advisors LLC, relative to MSRB Rule G-10, a copy of which is attached hereto as Exhibit G.

## ADJOURNMENT

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

*Sean Campbell*  
Asst. Secretary

## LIST OF ATTACHMENTS TO MINUTES

- Exhibit A Bookkeeper's Report
- Exhibit B Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions, with list of qualified brokers
- Exhibit C Tax Assessor-Collector's Report
- Exhibit D Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes
- Exhibit E Operator's Report
- Exhibit F Memorandum regarding Senate Bill 3
- Exhibit G Disclosure regarding MSRB Rule G-10