

BAKER ROAD MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors

February 7, 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 February 7, 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, except Directors Zummo and Leftwich, 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"); Brian Toldan of McCall Gibson Swedlund Barfoot PLLC ("McCall"); Shane Stuckey of Stuckey's, LLC ("Stuckey's"); Rose Herbst of ICS Infrastructure Construction Services ("ICS"); 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 January 3, 2023. After discussion of the minutes presented, Director Heck moved that such minutes be approved, as written. Director Campo seconded said motion, which unanimously carried.

ENGAGEMENT OF AUDITOR

The Board considered the engagement of an auditor to audit the District's financial statements and prepare the District's audit report for the fiscal years ending January 31, 2023 and January 31, 2024. Mr. Toldan advised that McCall's proposed fee for the preparation of said

audit reports is between \$12,500 and \$14,000. After discussion, Director Heck moved that (i) McCall be engaged to prepare the District's audit reports for the fiscal years ending January 31, 2023, and January 31, 2024; (ii) the President be authorized to execute the engagement letter on behalf of the Board and the District; and (iii) SPH be authorized to acknowledge the Texas Ethics Commission Form 1295 ("TEC Form 1295") received from McCall in connection with same. Director Wolfe seconded said motion, which unanimously carried.

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

Mr. Lai next reminded 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. Lai then recommended that the District consider engaging McCall to handle the preparation and submission of the required information on behalf of the District. Mr. Toldan then informed the Board that McCall's fee for same is estimated to be at a cost not to exceed \$600, and is included as part of the engagement letter for the preparation of the District's audit report that was approved earlier in the meeting. Following discussion, Director Wolfe moved, Director Heck seconded, and it was unanimously carried that McCall be authorized to prepare the required information and submit same to the Comptroller for inclusion in the Special Purpose District Information Database.

BOOKKEEPER'S REPORT

The Board considered the Bookkeeper's Report dated February 7, 2023. Ms. LaCour reviewed with the Board a Balance Sheet, Statement of Revenues, Expenditures and Changes in Fund Balances, Cash Balance Report, Payment 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 and invoices identified therein be approved for payment from the general operating fund, except for check nos. 5548 and 5549 issued to Directors Leftwich and Zummo, respectively, which were voided. Director Wolfe seconded said motion, which carried unanimously.

Ms. LaCour next discussed with the Board two (2) of the District's Certificates of Deposit in the total amount of \$240,000 that have reached their maturity date and are up for renewal and discussed with the Board various investment and associated interest rate options. After discussion, the Board concurred to move said funds to Texas CLASS.

RESOLUTION AUTHORIZING DIRECT DEPOSIT OF FEES OF OFFICE FOR BOARD OF DIRECTORS

The Board deferred adoption of a Resolution Authorizing Direct Deposit of Fees of Office for Board of Directors at this time.

DRAINAGE CHANNEL MAINTENANCE

Mr. Stuckey next presented to and reviewed with the Board a Drainage Channel Maintenance Report dated February 7, 2023, a copy of which is attached hereto as **Exhibit B**. Mr. Stuckey informed the Board that a large group of feral hogs have been seen on the drainage channel and discussed with the Board the damage that they can cause to the property in due time. He then discussed the possibility of setting up traps to catch the hogs. After discussion, the Board concurred not to set up traps and requested that Stuckey's monitor the situation for the time being.

Mr. Toldan and Ms. Herbst exited the meeting during the above discussion.

UNCLAIMED PROPERTY REPORT

The Board considered authorizing the preparation of an Unclaimed Property Report as of March 1, 2023, which is to be filed with the State Comptroller prior to July 1, 2023. After discussion on the matter, Director Heck moved that the District's consultants be authorized to prepare an Unclaimed Property Report, if necessary, and that the District's Bookkeeper file same with the State Comptroller prior to July 1, 2023. Director Campo seconded said motion, which unanimously carried.

Mr. Stuckey 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 January 2023, including the checks presented for payment. A copy of the report is attached hereto as **Exhibit C**. 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.

DELINQUENT TAX COLLECTION ATTORNEY'S REPORT

Mr. Lai presented to and reviewed with the Board a Delinquent Tax Report, dated February 7, 2023, 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 D**. Mr. Lai noted that no action is required from the Board at this time relative to the account(s) listed on the Report.

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, Director Wolfe moved that the District: (a) grant a general residential homestead exemption, as authorized by Article 8, Section 1-b(e), Texas Constitution, as amended, of five percent (5%) of the market value of residence homesteads, provided, however, that no such exemption shall be less than Five Thousand Dollars (\$5,000) of the appraised value of the residence homestead; and (b) grant an exemption from ad valorem taxation by the District of (i) Ten Thousand Dollars (\$10,000) of the appraised value of residence homesteads of individuals who are under a disability for purposes of payment of disability insurance benefits under Federal Old-Age, Survivors, and Disability Insurance and (ii) Twenty Thousand Dollars (\$20,000) of the appraised value of residence homesteads of individuals who are sixty-five (65) years of age or older, and (c) that the Resolution relative to same, attached hereto as **Exhibit E**, be approved and adopted by the Board and District. Director Heck seconded said motion, which carried unanimously.

PROPOSED PICKLEBALL COURTS

Relative to the proposed construction of pickleball courts within the District, Director Wolfe informed the Board that he had nothing new to report at this time.

Ms. Burks exited the meeting at this time.

OPERATOR'S REPORT

The Board considered the operator's report. Ms. Landin presented a written Operations Report for the month of January 2023, prepared by H2O, a copy of which is attached hereto as **Exhibit F**. The report included the recommendation that four (4) accounts in the total amount of \$2,213.66 be deemed uncollectible. After discussion, Director Wolfe moved that the recommendation of H2O to deem such accounts uncollectible be approved. Director Heck seconded the motion, which carried unanimously.

Ms. Landin next informed the Board that, as authorized at the last meeting, H2O was able to make contact with a representative of Harris County regarding the ponding issue in Trietsch Park due to a leak in the irrigation system maintained and operated by Harris County and the excessive water usage due to said leak. She then informed the Board that Harris County has informed H2O that they are currently in the process of repairing the irrigation system leak. A discussion then ensued regarding same.

Director Wolfe next informed the Board that in 2018, the District sent correspondence to Harris County requesting maintenance of the roadside drainage ditches along Baker Road. He noted that Harris County only maintains the ditches up to Kinder Morgan's pipeline and that he is

in the process of trying to get in contact with the appropriate representative in Harris County's Road and Bridge Maintenance Group regarding same.

Ms. Landin next informed the Board that she recently performed an internal audit of the District's records at H2O and noted that during said audit, it was discovered that the sanitary sewer increase that was approved by the Board to take effect, February 1, 2022, was inadvertently omitted in H2O's system. Ms. Landin then informed the Board that H2O has calculated the lost revenue to be \$1,220.45 and presented a check from H2O in that amount to reimburse the district for the lost revenue.

ANNUAL SUBMISSION TO ELECTRIC UTILITY PROVIDERS

The Board next considered authorizing submission to each electric utility that provides transmission and distribution service to the District and each retail provider for determination of District facilities that qualify for critical load status. After discussion, Director Heck moved that H2O be authorized to submit said information on the District's behalf. Director Campo 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 in 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.

A discussion next ensued regarding a Reserve Study previously prepared and provided by RG Miller. The Board asked various questions to which Mr. Elston responded.

ANNUAL REVIEW OF WAGE RATE SCALE

The Board deferred the review and approval of a Resolution Adopting Prevailing Wage Rate Scale for Construction Projects until the next meeting.

RESOLUTION CONCERNING DEVELOPED DISTRICT STATUS FOR 2023 TAX YEAR

Mr. Lai reminded the Board that the tax rate adoption procedures applicable to a particular district will depend, in part, upon whether it is determined to be a "Developed District" pursuant to Texas Water Code Section 49.23602. Mr. Lai then reviewed with the Board a worksheet completed by R.G. Miller to assist the Board in making this determination, along with a Resolution Concerning Developed District Status for the 2023 Tax Year. A copy of the Resolution is attached hereto as **Exhibit G**. Following discussion, upon motion made by

Director Heck, seconded by Director Wolfe, and unanimously carried, the attached Resolution was adopted by the Board.

INSURANCE RENEWAL

The Board considered the renewal of the District's insurance coverages which expire March 31, 2023. In that regard, the Board discussed the proposals received from the District's current insurance provider, McDonald & Wessendorff Insurance ("M&W"), and from Arthur J. Gallagher ("Gallagher"). After discussion on the matter, Director Heck moved that the proposal of Gallagher be accepted, and that the President be authorized to execute the accepted proposal on behalf of the Board and the District. Director Campo seconded said motion, which unanimously carried. Copies of the insurance proposals are attached hereto as **Exhibit H**

LAKE MAINTENANCE

A discussion next ensued regarding maintenance of the District's lakes. In connection therewith, Director Wolfe informed the Board that one of the lake fountains recently stopped working and was in need of replacement. He then informed the Board that he authorized Lake Pro, Inc. to purchase and install a new fountain at a cost of \$14,600.00. Mr. Lai then requested that the Board consider ratifying said action. After discussion, Director Heck moved that said action be ratified in all respects. Director Wolfe seconded the motion, which carried unanimously.

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 but that damages amounts were still to be determined.

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 summary of catering costs that the District incurred over the preceding twelve months. A discussion then ensued regarding same. After further discussion, the Board concurred to continue having catering for its meetings, but requested that the orders be limited to ten (10) persons.

ADJOURNMENT

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

Secretary 



LIST OF ATTACHMENTS TO MINUTES

- Exhibit A Bookkeeper's Report
- Exhibit B Drainage Channel Maintenance Report
- Exhibit C Tax Assessor-Collector's Report
- Exhibit D Delinquent Tax Report
- Exhibit E Resolution Concerning Exemptions from Taxation
- Exhibit F Operator's Report
- Exhibit G Resolution Concerning Developed District Status
- Exhibit H Insurance Proposals