

BAKER ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

August 21, 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 August 21, 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"); Michele LaCour of Inframark ("Inframark"); Todd Elston and Zach Stegent of R.G. Miller Engineers, Inc. ("RG Miller"); Shane Stuckey of Stuckey's, LLC ("Stuckey's"); and Daniel Ringold 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. Ringold 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 June 20, 2023. After discussion of the minutes presented, Director Zummo moved that such minutes be approved, as written. Director Leftwich seconded said motion, which unanimously carried.

RECEIVE FINANCIAL ADVISOR'S TAX RATE RECOMMENDATION

Mr. Ringold advised the Board that the District's financial advisor, Masterson Advisors LLC, is still waiting to receive the certified tax roll from Harris County Appraisal District. After discussion on the matter, the Board deferred consideration of the financial advisor's 2023 tax rate recommendation until the next Board meeting to allow additional time for receipt of the certified tax roll from the Harris County Appraisal District.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Burks presented the Tax Assessor-Collector's Report prepared by Wheeler for the month of July 31, 2023, including the checks presented for payment. A copy of the report is attached hereto as **Exhibit A**. 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 Campo seconded the motion, which unanimously carried.

DELINQUENT TAX COLLECTION ATTORNEY'S REPORT

Mr. Ringold presented to and reviewed with the Board a Delinquent Tax Report, dated August 21, 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 B**. Mr. Ringold noted that no action is required from the Board at this time relative to the account(s) listed on the Report.

ENGINEER'S REPORT

The Board next considered the Engineer's Report. In connection therewith, Mr. Elston introduced Mr. Stegent and advised that he would be handling District matters and attending Board meetings on a going forward basis.

Mr. Elston next informed the Board that the engineer for Green Trails Municipal Utility District ("Green Trails") has notified him that Green Trails has decided to move forward with a re-work of the water well, and that the estimated cost of the project is \$389,000. Mr. Elston noted that the District's pro-rata share would be approximately \$130,000.

Mr. Elston also informed the Board that that Green Trails is planning to install a corrosion control system on the water well to address water quality concerns. He advised that the estimated cost for same is approximately \$80,000, and that the District's pro-rata share would be approximately \$27,000.

Ms. Burks exited the meeting during the Engineer's Report.

DISCUSSION REGARDING OWNERSHIP AND LOCATION OF JUNCTION BOX SERVING FOUNTAINS WITHIN THE DISTRICT

Director Wolfe informed the Board that the junction box that serves some of the fountains within the District is located in a resident's yard, and while Lake Pro was under the impression that there was a utility easement in place when the junction box was installed, he has not been able to locate said utility easement. A lengthy discussion ensued regarding same. No action was taken by the Board at this time.

LAKE MAINTENANCE

Director Wolfe next informed the Board that it was recently discovered that make-up well no. 1 is pumping sand, and Lake Pro has contacted a well service company to inspect the well. He noted that repair options will be discussed once the report from the inspection has been received.

A discussion then ensued regarding the bulkheads and the appropriate lake water levels to maintain appropriate pressure against said bulkheads.

Mr. Elston exited the meeting at this time.

DRAINAGE CHANNEL MAINTENANCE

Mr. Stuckey next presented to and reviewed with the Board a Drainage Channel Maintenance Report, a copy of which is attached hereto as **Exhibit C**. It was noted that no repairs were being recommended at this time. Mr. Stuckey informed the Board that 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. Stuckey exited the meeting at this time.

AUDIT REPORT FOR FISCAL YEAR ENDED JANUARY 31, 2023

The Board noted that the District's auditor, McCall Gibson Swedlund Barfoot PLLC ("MGSB"), had not yet received all of the financial records from the District's bookkeeper, Inframark, required in connection with preparation of the annual audit report. Without such records, the District's auditor was unable to complete the annual audit report for the Board's review at today's Board meeting. A lengthy discussion then ensued regarding same and Inframark's apparent inability to timely provide the necessary documentation to the District's auditor to prepare said audit report. Ms. Lacour then informed the Board that she would reach out to Mr. Brian Toldan of MGSB to determine what documentation is still needed and provide same accordingly. The Board requested that SPH compile its time and expenses relating to the matter and prepare a demand letter to Inframark for reimbursement of such amount.

CONTINUING DISCLOSURE REPORT

The Board deferred consideration of the status of the District's annual continuing disclosure report at this time.

BOOKKEEPER'S REPORT

The Board considered the Bookkeeper's Reports dated June 30, 2023 and July 31, 2023. Ms. LaCour reviewed with the Board a Balance Sheet, Statement of Revenues, Expenditures and

Changes in Fund Balances, General Ledger Detailed Report and Supporting Schedules, all as prepared by Inframark and copies of which are attached hereto as **Exhibit D**, including the checks presented for payment from the District's general operating fund. After a lengthy discussion regarding the Bookkeeper's Reports and financials and payment of invoices, it was moved by Director Heck that said reports be approved and that the checks and invoices identified therein be approved for payment from the general operating fund. Director Zummo seconded said motion, which carried unanimously.

CONSTRUCTION OF POSSIBLE IMPROVEMENTS WITHIN THE DISTRICT

Relative to the proposed construction of recreational improvements within the District, Director Wolfe informed the Board that the Windsor Park Lakes Homeowners Association ("HOA") has approved plans for the installation of a wrought iron fence east of the pool to create a dog park that would potentially encroach on the existing pipeline easement but noted that nothing has been constructed to date. The Board concurred to remove this item from the agenda on a going forward basis until the HOA is ready to proceed.

OPERATOR'S REPORT

The Board considered the operator's report. Ms. Landin presented a written Operations Report for the month of July 2023, prepared by H2O, a copy of which is attached hereto as **Exhibit E**.

Director Wolfe next informed the Board that the lake water surface levels have been down, that the functioning lake well was turned on August 6, 2023, and that approximately 5,000,000 gallons of water have been pumped into the lakes. He noted that the estimated cost for said water is approximately \$12,500 plus electricity costs. Director Wolfe then queried the Board as how to proceed with maintaining the water level in the lakes. The Board concurred to keep pumping water into the lakes as long as the water level remains 12 inches or more below normal.

Director Wolfe next queried Ms. Landin regarding H2Os procedures for flushing the District's water lines and the time frame for each valve opened during the flushing. Ms. Landin noted that each valve is opened for approximately 15 minutes. After discussion, the Board requested that H2O modify the time frame that each valve is left open to be based on the time necessary for water to be clear, and then to close the valve immediately to limit the amount of water being lost in flushing operations.

Director Wolfe next informed the Board that the gate at lift station no. 1 has been sagging and noted that he obtained a proposal in the amount of \$3,950.00 to repair same. He then informed the Board that he reached out to obtain a quote to remove and replace the hinges on the gate, and received a recommendation to put trailer tongue wheels on the gate to alleviate the sagging issue. He noted that the cost for the installation of said tongue wheels was \$575, that he paid for the repair himself, and he has submitted a reimbursement request to the bookkeeper for said costs.

LAKE MAINTENANCE (CONTINUED)

Director Wolfe informed the Board that the water in the lakes is currently brown, and asked the Board if it wanted to have Lake Pro add dye to the lakes. After discussion, the Board concurred to defer adding any dye to the lakes until the weather is cooler and the District is no longer regularly pumping make-up water into the lakes.

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

Director Wolfe updated the Board regarding the status of the lawsuit against the U.S. Army Corps of Engineers. He reminded the Board that the trial court's ruling had been appealed, that a decision from the appellate court was still pending, and that a decision is expected sometime in 2024.

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.

RESOLUTION AUTHORIZING INCREASE IN FEES OF OFFICE AND EXPENSES

The Board considered adoption of a Resolution Authorizing an Increase in the Fees of Office. Mr. Ringold advised the Board that House Bill 2815, passed by the 88th Texas Legislature, amends Section 49.060 of the Texas Water Code to allow for an increase in director fees of office up to the amount of the per diem set by the Texas Ethics Commission for member of the legislature. Following discussion, Director Zummo moved that the Resolution Authorizing Increase in Fees of Office, attached hereto as **Exhibit F**, be approved, and that the President and Secretary be authorized to execute same on behalf of the Board and District. Director Campo seconded the motion, which unanimously carried.

ORDER ADOPTING A CODE OF ETHICS, FEES AND EXPENSE POLICY, POLICY RELATING TO CONSULTING SERVICES, UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS, POLICY RELATING TO ADOPTION OF ANNUAL OPERATING BUDGET, AND CREATING AN AUDIT COMMITTEE ("CODE OF ETHICS")

Mr. Ringold presented to the Board a proposed Code of Ethics, a copy of which is attached hereto as **Exhibit G** and advised that that the language relative to the Fees and Expense Policy has been updated to provide that, with Board approval, directors may claim fees of office for virtual attendance or watching recorded sessions of conferences, but limited in number to the actual number of days of the conference during which live presentations were made. Following discussion, Director Wolfe moved that the Code of Ethics be approved, that the District's prior adopted code of ethics be revoked, and that the President and Secretary be authorized to execute the Code of Ethics on behalf of the Board and District. Director Zummo seconded the motion, which unanimously carried.

AMENDMENT TO THE SECOND AMENDED AND RESTATED DISTRICT INFORMATION FORM

Mr. Ringold next presented to and discussed with the Board an Amendment to the Second Amended and Restated District Information Form, relative to the District's form of Notice to Purchaser. After discussion regarding same, Director Wolfe moved that the Amendment to the Second Amended and Restated District Information Form be approved and that the Board members present be authorized to execute same on behalf of the Board and the District. Director Leftwich seconded said motion, which carried unanimously.

ATTORNEY'S REPORT

Mr. Ringold presented to and reviewed with the Board a Customer Service Report received from Green For Life Environmental, the District's waste collection and disposal provider for July 2023, a copy of which report is attached hereto as **Exhibit H**.

Mr. Ringold presented to the Board a brochure received from McCall Gibson Swedlund Barfoot PLLC regarding an Investment Training for Local Governmental Entities to be held October 21, 2023.

Mr. Ringold presented to the Board a Summary of the 88th Texas Legislative Session prepared by SPH.

Director Wolfe next advised the Board that the City of Houston significantly increased its Groundwater Reduction Plan ("GRP") Fee this year and discussed with the Board the possibility of the District increasing the GRP Fee charged to the District's customers by \$0.40 per 1,000 gallons pumped. After discussion, the Board deferred taking any action and requested that an item be added to the next agenda for the Board to discuss amending its Rate Order to increase the GRP Fee.

Mr. Ringold next reminded the Board that it previously approved a Fourth Amendment to Permanent Water Supply Contract ("Fourth Amendment") between the District and Green Trails to memorialize previous discussions regarding the surface water administration fee and the operating reserve. In connection therewith, Director Wolfe informed the Board of recent discussions he has had with Mr. Doug Diehl, the President of the Board of Directors of Green Trails, regarding a potential billing discrepancy for the GRP Fees on their invoices to the District, and discussed same in detail with the Board. Mr. Ringold then discussed the matter in further detail with the Board. After a lengthy discussion, the Board concurred to pay the full amount of the invoices, subject to conveying to Green Trails that the District is disputing the invoices amounts until a resolution is reached concerning the Fourth Amendment. Director Wolfe noted that he would inform Mr. Diehl of the Board's decision and, if necessary, have Mr. Ringold send email correspondence to Green Trails regarding same.

ADJOURNMENT

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



Secretary John Zummo

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A Tax Assessor-Collector's Report
- Exhibit B Delinquent Tax Report
- Exhibit C Drainage Channel Maintenance Report
- Exhibit D Bookkeeper's Report
- Exhibit E Operator's Report
- Exhibit F Resolution Authorizing Increase in Fees of Office and Expenses
- Exhibit G Code of Ethics
- Exhibit H GFL Customer Service Report