

BAKER ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

September 18, 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 September 18, 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"); Zach Stegent of R.G. Miller Engineers, Inc. ("RG Miller"); Macky McIntyre and Patrick Kohleffel of Lake Pro, Inc. ("Lake Pro"); 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 August 21, 2023. After discussion of the minutes presented, Director Leftwich moved that such minutes be approved, as written. Director Zummo seconded said motion, which unanimously carried.

FINANCIAL ADVISOR'S RECOMMENDATION FOR DISTRICT'S 2023 TAX RATE

A discussion ensued concerning the requirements for notice of the District's intention to adopt a 2023 tax rate. Mr. Ringold advised that, pursuant to §49.236 of the Texas Water Code, as amended, the District is required to provide a notice containing certain tax-related information in connection with each meeting at which the adoption of a tax rate will be considered. Mr. Ringold further advised that the information to be included in the notice is set forth in the Water

Code and includes the proposed tax rate to be adopted. He advised that the District must provide the notice by either (1) publishing it at least once in a newspaper having general circulation in the District at least seven days before the date of the meeting at which the tax rate will be adopted, or (2) mailing it to each owner of taxable property in the District, at the address shown on the most recently certified tax roll of the District, at least 10 days before the date of the meeting.

Mr. Ringold then presented the Board with a cash flow prepared by Masterson Advisors ("Masterson") showing various options regarding the proposed 2023 maintenance tax rate, a copy of which is attached hereto as **Exhibit A**. After a lengthy discussion on the matter, Director Heck moved that (i) the Board publish notice of its intent to levy a maintenance tax rate of \$0.29, (ii) the District's tax assessor-collector be authorized to publish such notice of the District's intention to adopt a 2023 maintenance tax rate at its next meeting in the form and at the time required by law, and (iii) the notice be published by the tax assessor-collector in the *Houston Chronicle* newspaper in accordance with statutory requirements. Director Campo seconded said motion, which carried by a vote of four (4) in favor and one (1) opposed, with Directors Wolfe, Heck, Leftwich and Campo being in favor and Director Zummo being opposed.

AUDIT REPORT FOR FISCAL YEAR ENDED JANUARY 31, 2023

The Board deferred discussion regarding the status of preparation of the District's audit report until later in the meeting.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Burks presented the Tax Assessor-Collector's Report prepared by Wheeler for the month of August 31, 2023, including the checks presented for payment. A copy of the report is attached hereto as **Exhibit B**. 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 Heck 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 September 18, 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 C**. Mr. Ringold noted that no action is required from the Board at this time relative to the account(s) listed on the Report.

Ms. Burks exited the meeting at this time.

LAKE MAINTENANCE

Mr. Ringold informed the Board that, as a participant in the City of Houston's (the "City") groundwater reduction plan, the District was allotted 20,000,000 gallons under the City's water well permit for the 2023 permit year. He then advised the Board that he was in receipt of correspondence from the City stating that the City is projecting the District's allocation for the 2024 permit year to be 14,000,000 gallons. After discussion on the matter, the Board concurred that SPH be authorized to advise the City that the District would like to retain the 20,000,000 gallon allocation for the 2024 permit year.

A discussion next ensued regarding maintenance of the District's lakes. In connection therewith, Mr. Kohleffel updated the Board regarding the status of maintenance of the District's fountains. Director Wolfe then informed the Board that he recently authorized Lake Pro to repair the Lake No. 1 Upper Trough pump at a cost of \$7,000, and requested that the Board consider ratifying said approval. After discussion, Director Heck moved that said approval be ratified. Director Campo seconded the motion, which carried unanimously.

Mr. McIntyre next presented to and reviewed with the Board two (2) proposals for the replacement of Water Well No. 1, copies of which proposals are attached hereto as **Exhibit D**. Mr. McIntyre informed the Board that the proposal in the amount of \$105,980.00 is for a steel casing and the proposal in the amount of \$89,880.00 is for a PVC casing. After a lengthy discussion on the matter, the Board deferred taking any action and requested that Lake Pro solicit one (1) additional proposal for its consideration at the next meeting.

Messrs. McIntyre and Kohleffel 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"), has 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 is 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. Mr. Ringold then informed the Board that, as requested at the last meeting, SPH has compiled its time and expenses relating to the matter through August 31, 2023, prepared a demand letter to Inframark for reimbursement of such amount, and queried the Board if it would like for SPH to send said correspondence to Inframark. After discussion, the Board concurred that SPH be authorized to send the demand letter to Inframark.

BOOKKEEPER'S REPORT

The Board considered the Bookkeeper's Report dated August 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 E**, 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 Zummo that said report be approved and that the checks and invoices identified therein be approved for payment from the general operating fund. Director Heck seconded said motion, which carried unanimously.

A discussion next ensued regarding the possibility of transferring some of the District's operating funds out of the current money market account into one or more Certificates of Deposit ("CD") in an effort to diversify investment of the District's operating funds. After discussion on the matter, the Board deferred taking any action and requested that Inframark provide a CD rate sheet for its consideration at the next meeting.

OPERATOR'S REPORT

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

Ms. Landin informed the Board that a request was received from a District customer for a credit to their account in connection with higher than usual charges resulting from a pool refill pipe leak, which was promptly repaired upon discovery of same. She advised that the customer is requesting a credit for the excess water usage caused by the leak. After discussion on the matter, Director Zummo moved that H2O be authorized to apply a credit to the customer's account for the sanitary sewer charges in excess of the customer's average monthly usage and to bill all excess water usage at the lowest tiered rate. Director Heck seconded the motion, which carried unanimously.

AMENDMENT OF DISTRICT RATE ORDER

The Board next considered amending the District's Rate Order in connection with the City's groundwater reduction plan fee. Mr. Ringold reminded the Board that, pursuant to the City of Houston Water Supply and Groundwater Reduction Plan Wholesale Agreement, Green Trails Municipal Utility District ("Green Trails") and the District pay the City a groundwater reduction plan fee, which was recently increased from 30% to 58.5% of the City's surface water rate ("GRP Fee") for each 1,000 gallons of water pumped from the joint water plant. Mr. Ringold advised the Board that the District currently charges \$1.70 per 1,000 gallons of water to District residents in order to account for the cost of said pumpage fees. Director Wolfe next discussed the history and economics of the incremental rate changes implemented by the Board over time relative to same. After discussion, it was moved by Director Zummo, seconded by Director Heck, and carried unanimously that the District's Rate Order be amended to increase the pumpage fee from \$1.70 to \$2.20 for each 1,000 gallons of water billed to each District customer to account for the GRP fee increase, with said amended Rate Order to become effective October 1, 2023, 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

The Board next considered the Engineer's Report. In connection therewith, Mr. Stegent reminded the Board that the engineer for Green Trails has indicated 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. Stegent then reminded the Board that the District's pro-rata share would be approximately \$130,000.

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

Mr. Stegent 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 informed the Board that the generator is not expected to be delivered until the February of 2024.

Mr. Ringold next informed the Board that the engineer recently received a request from Harris County Flood Control District ("HCFCD") regarding cleanout and regrading of the outfall channel. Mr. Ringold reminded the Board that it had Stuckey's cleanout and regrade the first 1,500 feet of the outfall channel a few years ago and recommended authorizing the engineer to advise HCFCD accordingly. After discussion, the Board requested that RG Miller notify HCFCD that the District cleaned out and regraded the first 1,500 of said outfall channel a few years ago, and that the District does not believe a further cleanout or regrading is justified at this time.

DRAINAGE CHANNEL MAINTENANCE

The Board deferred discussion of maintenance of the drainage channel at this time.

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.

ATTORNEY'S REPORT

Director Wolfe advised 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 for the amount of the administrative fee attributable to groundwater reduction plan fees charged by the City of Houston. Mr. Ringold additionally informed the Board that discussion with Green Trails regarding the dispute are still on-going at this time. A discussion then ensued regarding same.

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 August 2023, a copy of which report is attached hereto as **Exhibit G**.

A discussion next ensued regarding the possible rescheduling of the District's regular Board meetings. After discussion, the Board requested that an item be added to the next agenda regarding same.

ADJOURNMENT

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




Asst. Secretary