

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

January 22, 2024

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 22, 2024, 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"); Michele LaCour of Inframark ("Inframark"); Todd Elston of R. G. Miller Engineers, Inc. ("R.G. Miller"); and Eric Lai and Cobi Washington 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 20, 2023. After discussion of the minutes presented, Director Heck moved that such minutes be approved, as written. Director Wolfe seconded said motion, which unanimously carried.

CONSIDER ENGAGEMENT OF AUDITOR TO PREPARE THE DISTRICT'S AUDIT REPORT FOR FISCAL YEAR ENDING JANUARY 31, 2024

Mr. Lai noted that the District entered into a two year engagement with its auditor, McCall Gibson Swedlund Barefoot PLLC ("McCall"), and that no action is needed at this time.

AUTHORIZE PREPARATION AND SUBMISSION OF DISTRICT INFORMATION TO TEXAS COMPTROLLER OF PUBLIC ACCOUNTS FOR INCLUSION IN THE SPECIAL PURPOSE DISTRICT PUBLIC INFORMATION DATABASE

Mr. Lai advised the Board that, pursuant to provisions of Chapter 403, Texas Government Code, and Chapter 203, Texas Local Government Code, certain water districts are required to submit information to the Texas Comptroller of Public Accounts (the "Comptroller") for inclusion in the Special Purpose District Public Information Database. Following discussion, it was moved by Director Heck, seconded by Director Campo, and unanimously carried, that the District's auditor, McCall, be authorized to prepare the required information and submit same to the Comptroller for inclusion in the Special Purpose District Public Information Database.

BOOKKEEPER'S REPORT

The Board considered the Bookkeeper's Report dated January 21, 2024. 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 A**, including the checks presented for payment from the District's general operating fund. After a discussion regarding the Bookkeeper's Reports, financials, and payment of invoices, it was 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. Director Wolfe seconded said motion, which carried unanimously. The Board further accepted Inframark's notice of termination and noted that Inframark's provision of bookkeeping services to the District would terminate on April 12, 2024.

ADOPTION OF OPERATING BUDGET FOR FISCAL YEAR ENDING JANUARY 31, 2025

Ms. LaCour next presented to and reviewed with the Board a proposed operating budget for the District's fiscal year ending January 31, 2025, 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 Heck moved that the operating budget be adopted by the Board and District, as revised. Director Wolfe seconded said motion, which unanimously carried.

Ms. Burks exits the meeting at this time.

RESOLUTION ADOPTING LIST OF QUALIFIED BROKERS AUTHORIZED TO ENGAGE IN INVESTMENT TRANSACTIONS WITH THE DISTRICT

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 to and reviewed with the Board the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, and a list of financial institutions, brokers and dealers attached thereto, together with a comparison of the list submitted and 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 potential 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 Leftwich 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 Heck seconded said motion, which unanimously carried.

CONSIDER SOLICITATION OF BOOKKEEPING SERVICES

A discussion ensued regarding solicitation of proposals for bookkeeping services for the District. Following discussion, it was moved by Director Leftwich, seconded by Director Heck and unanimously carried, that SPH be authorized to solicit proposals from bookkeeping firms, as discussed.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Burks presented the Tax Assessor-Collector's Report prepared by Wheeler for the month of December 31, 2023, including the checks presented for payment. A copy of the report is attached hereto as **Exhibit C**. After discussion on the matter, Director Wolfe 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 Zummo seconded the motion, which unanimously carried.

CONSIDER GRANTING EXEMPTIONS FROM TAXATION FOR 2024, AND THE ADOPTION OF A RESOLUTION IN CONNECTION THEREWITH

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 D**, be approved and adopted by the Board and District. Director Zummo seconded said motion, which carried unanimously.

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.

OPERATOR'S REPORT

The Board considered the operator's report. Ms. Landin presented a written Operations Report for the month of January 2024, prepared by H2O, a copy of which is attached hereto as **Exhibit E**.

Director Wolfe queried Ms. Landin regarding adjusting the Sanitary Sewer Service fee in connection with drainage of the pool located at the Windsor Park Lakes Clubhouse. Ms. Landin advised that the board may amend the District's Rate Order and would investigate the appropriateness of such an adjustment.

The Board next considered suspending all door hangers and no penalties for the month of January for delinquent bills. After discussion, Director Heck moved that H2O be authorized to suspend door hangers and penalties for the month of January 2024. Director Campo seconded said motion which unanimously carried.

AUTHORIZE OPERATOR TO PROVIDE REQUIRED INFORMATION TO DISTRICTS RECEIVING WATER FROM THE DISTRICT RELATIVE TO CONSUMER CONFIDENCE REPORTS

The Board next considered authorizing H2O to provide required information to districts receiving water from the District relative to Consumer Confidence Reports. Mr. Lai explained that, pursuant to Consumer Confidence Report requirements promulgated by the United States Environmental Protection Agency, the District is required to provide by April 1, 2024, a report containing various information regarding the District's water supply to any other water supplier which has received water from the District during 2023. After discussion on the matter, it was moved by Director Heck, seconded by Director Campo and unanimously carried, that H2O be authorized to provide the required information as set forth hereinabove.

ENGINEER'S REPORT

The Board next considered the Engineer's report. Mr. Elston noted that there was nothing new to report other than what was previously discussed.

DRAINAGE CHANNEL MAINTENANCE

Director Wolfe noted that there are no updates relative to maintenance of the drainage channel.

LAKE MAINTENANCE

Director Wolfe presented a brief update to the Board regarding the maintenance of the lakes and fountains within the district. No action was taken by the Board at this time.

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

Mr. Lai reminded the Board that the trial Court's ruling has been appealed and that a decision from the appellate court was still pending.

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.

DISCUSSION OF RENEWAL OF DISTRICT INSURANCE COVERAGE AND AUTHORIZE SOLICITATION FOR PROPOSALS FOR SAME

The Board next discussed the renewal of the District's insurance policies and authorizing the solicitation of proposals for same. Mr. Lai stated that the District's existing insurance policies were obtained through Arthur J. Gallagher & Co. ("AJG") and will expire on March 31, 2024. After discussion regarding the matter, Director Leftwich moved to authorize SPH to solicit a proposal for the renewal of the District's insurance policies from Arthur J. Gallagher & Co. and McDonald & Wessendorff Insurance Co. Director Campo seconded said motion, which unanimously carried.

SUPPLEMENTAL AGENDA

The Board next considered calling the Election in accordance with the requirements of the Texas Water Code. In connection therewith, Mr. Lai presented the Order Calling Directors Election (the "Order") attached hereto as **Exhibit F** calling the Election to be held on May 4, 2024. It was noted that the terms of office of Directors Heck, Zummo, and Leftwich expire in May of this year. In reviewing the Order with the Board, Mr. Lai advised that the Texas Water Code and the Texas Election Code authorize the Board to designate an agent to perform certain duties in connection with the Election, and that the Order named Cobi Washington as such agent (the "Election Agent"). Mr. Lai further advised the Board that notice of the Election must be given in accordance with the requirements of the Texas Election Code. Mr. Lai advised the Board that notice of the Election could be given by one or more of the following methods: (i) publishing the notice in a newspaper published in the territory of the District or of general circulation in the District at least ten (10) days before the election, but not more than thirty (30) days before the election; (ii) posting the notice at a public place in each election precinct that overlaps the District

at least twenty-one (21) days before the election; or (iii) mailing the notice to each registered voter in the District at least ten (10) days before the election. Following discussion of the options, the Board concurred that notice of the Election be given by posting same at a public place in each election precinct that overlaps the District. After discussion on the matter, Director Heck moved that said Order be passed and adopted, that the President and Secretary be authorized to execute the Order, and that the Election Agent be authorized and directed to make necessary arrangements for the Election in accordance with the Order. Director Leftwich seconded said motion, which unanimously carried. Mr. Lai advised the Board that if each candidate whose name is to appear on the ballot is unopposed as of 5:00 p.m. on February 20, 2024, the Board may thereafter cancel the Election in accordance with the Texas Election Code.

The Board considered the establishment of fees to be paid to officials for the Election. Mr. Lai advised the Board that in accordance with the Texas Election Code, the rate of pay for judges and clerks shall be determined by the Board, but shall not be less than the federal minimum wage rate. After discussion on the matter, Director Heck moved that the judges and clerks for the Election, including early voting clerks, be paid \$20.00 per hour. Director Campo seconded said motion, which unanimously carried. .

ATTORNEY'S REPORT

Mr. Lai next presented to and reviewed with the Board correspondence from City of Houston regarding the Area 3 Groundwater Reduction Program Committee. He advised that the District can choose to nominate two Board members to participate in an election for members of the City of Houston Groundwater Reduction Program Review Committee ("GRP Committee"). He noted the deadline for nominations to be considered is January 31, 2024. After discussion, Director Heck moved to nominate Director Zummo as the Board's nominating member of the GRP Committee and to authorize Director Zummo to participate in the GRP Committee election, as discussed. Director Leftwich seconded said motion, which unanimously carried.

Mr. Lai advised that the Board is authorized to impose, under certain conditions on July 1, an additional penalty not to exceed twenty percent (20%) of the total taxes, penalty and interest due the District on real property taxes that remain delinquent as of July 1 of the year in which they become delinquent. After discussion, it was moved by Director Heck, seconded by Director Leftwich, and unanimously carried that the Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes, attached hereto as **Exhibit G**, be adopted by the Board. .

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.

Secretary

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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 lists of qualified brokers

Exhibit C – Tax Assessor-Collector's Report

Exhibit D – Resolution Granting Exemptions from Taxation for Tax Year 2024

Exhibit E – Operator's Report

Exhibit F – Order Calling Director's Election

Exhibit G – Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes

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