

MINUTES OF MEETING OF BOARD OF DIRECTORS
JANUARY 16, 2025

THE STATE OF TEXAS
COUNTY OF HARRIS
HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 156

The Board of Directors (the "Board") of Harris County Water Control and Improvement District No. 156 (the "District") convened in session on January 16, 2025, at 9:30 a.m. at the Clear Lake City Water Authority, 900 Bay Area Blvd., Houston, Texas 77058. A roll call was taken of the persons present:

Mr. Peter Nagamani, President
Vacancy, Vice President
Mr. Brian Akins, Secretary
Mr. Susan Lindamood, Assistant Secretary
Mr. Arnold Mallett, Treasurer

All members of the Board were present, thus constituting a quorum. Also attending all or parts of the meeting were Ms. Debbie Arellano of Bob Leared Interests ("BLI"), tax assessor and collector for the District; Mr. Frank Elliot, Mr. Dean McGee, and Ms. Jennifer Morrow of the Clear Lake City Water Authority ("CLCWA"), operators of the District's facilities; Ms. Marissa Igness of Myrtle Cruz, Inc. ("MCI"), bookkeeper for the District; Mr. Adam Anderson of Lockwood, Andrews, & Newman, Inc. ("LAN"), engineer for the District; Mr. Dimitri Millas, Ms. Leslie Bacon, and Ms. Madeline Lopez of Norton Rose Fulbright US LLP ("NRF"), attorneys for the District; and Mr. Michael Terraso, member of the public.

President Nagamani called the meeting to order in accordance with notice posted pursuant to law, copies of certificates of posting of which are attached hereto as *Exhibit A*, and the following business was transacted:

1. **Roll Call.** The President proceeded with roll call of the Directors and Consultants.
2. **Public Comments.** There were no comments.
3. **Approve minutes of the meeting of November 21, 2024.** Proposed minutes of the meeting November 21, 2024, previously distributed to the Board, were presented for review and approval. Upon motion by Director Akins, seconded by Director Mallett, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes, as presented.
4. **Discuss and consider appointment and qualification of new director, and take any necessary action.** The Board discussed contacting potential candidates for vacant position.

Upon motion by Director Lindamood, seconded by Director Mallett, after full discussion and the question being put to the Board, the Board voted unanimously to accept Director Terraso's resignation from the Board.

5. Bookkeeper's Report and payment of bills. Ms. Igness presented to and reviewed with the Board the Bookkeeper's Report, the monthly Investment Report, and the Deposit/Collateral Report, a copy of which is attached hereto as *Exhibit B*.

Ms. Igness proceeded to review the District's operating activity. She presented 11 checks for Board approval.

Ms. Igness proceeded to review the District's operating budget and investment report. Ms. Igness reported the budget reflects 4 months of the fiscal year. She noted that the "Storm Water maint/Drainage" expense line item was added to the budget. Discussion ensued.

Upon motion by Director Mallett, seconded by Director Lindamood, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Bookkeeper's Report and amended budget for fiscal year ending August 31, 2025, and authorize payments of check nos. 1245 through 1255 from the General Operating Fund, each in the amounts, to the person(s)/entity, and for the purposes described in the Bookkeeper's Report.

6. Review Investment Policy and accept any related party disclosures from investment officer and bookkeeper. Mr. Millas presented a Resolution Reviewing Investment Policy and making any desirable changes thereto, a copy of which is attached hereto as *Exhibit C*. He stated that state law requires the District to review its investment policy and update the attached list of authorized brokers annually. He stated that NRF has no recommended changes to the District's current policy. Upon motion by Director Lindamood, seconded by Director Akins, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Resolution Concerning Review of the Investment Policy.

7. Tax Assessor Collector's Report. Ms. Arellano presented to and reviewed with the Board the Tax Assessor and Collector's Report dated December 31, 2024, a copy of which is attached hereto as *Exhibit D*. Ms. Arellano reported 57.3% of the 2024 taxes have been collected, and the taxes receivable, as of December 31, 2024, is \$213,361.89.

Ms. Arellano reviewed the Disbursements and presented one wire transfer and one check for Board approval.

Ms. Arellano continued to review the Historical Collections Data and Historical Tax Data.

Ms. Arellano reported one homestead payment plan.

Upon motion by Director Mallett, seconded by Director Lindamood, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Tax Assessor and Collector's Report, and to authorize payment of check no. 1104 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

8. Consider property tax exemptions and take any necessary action. Ms. Bacon presented to and reviewed with the Board an Order Adopting Exemption from Taxation, a copy of which is attached hereto as *Exhibit E*. Upon motion by Director Mallett, seconded by Director Lindamood, after full discussion and the question being put to the Board, the Board

voted unanimously to authorize a \$100,000 tax exemption for individuals who are 65 years of age or older or disabled.

9. Authorize contract with delinquent tax attorney to enforce the collection of delinquent taxes. Mr. Millas reported to the Board that the District's contract with the delinquent tax attorney is an evergreen contract. Upon motion by Director Lindamood, seconded by Director Akins, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the delinquent tax attorney to enforce the collection of delinquent taxes.

Ms. Arellano left the meeting at this time.

10. Adopt Resolution Authorizing Additional Penalty on Delinquent Taxes. Ms. Bacon presented to and reviewed with the Board the Resolution Authorizing Additional Penalty on Delinquent Taxes, a copy of which is attached hereto as *Exhibit F*. Ms. Bacon reported that the revenue collected by levying this penalty is used to pay the delinquent tax attorney for the services provided to the District. Discussion ensued. Upon motion by Director Mallett, seconded by Director Lindamood, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Resolution Authorizing Additional 20% Penalty on Delinquent Taxes.

11. Clear Lake City Water Authority Operations Report. Mr. McGee presented to and reviewed with the Board the CLCWA Operations Report for the months of November 2024 and December 2024, copies of which are attached hereto as *Exhibit G*.

Mr. McGee reviewed the Administrative/Special Charges and Utility Billing listed in the November 2024 operations recap statement. He discussed the water samplings for three locations.

Mr. McGee reviewed the Administrative/Special Charges listed in the December 2024 operations recap. Discussion ensued regarding decrease in water consumption compared to the previous year.

Upon motion by Director Mallett, seconded by Director Akins, after full discussion and the question being put to the Board, the Board voted unanimously to approve the CLCWA Operations Report.

12. Maintenance of District Facilities. Mr. Elliot discussed CLCWA's winterization procedure for the facilities.

Upon inquiry by Director Nagamani, Mr. Elliot stated that CLCWA personnel will be on site 24/7 for maintenance.

13. Engineer's Report. Mr. Anderson presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as *Exhibit H*.

Mr. Anderson reported on the Lift Station Backup Power Generator, stating the contract for this project has been prepared for execution. He noted the pre-construction meeting will be scheduled in late January or early February, then the Notice to Proceed will be issued. Mr. Anderson estimated the project to be complete by November or December 2025.

He also noted that LAN will schedule another meeting with the contractor once the generator is received.

Discussion ensued regarding scheduling tour of the District facilities for the Board. Mr. Anderson stated he will coordinate with the Board to schedule a tour in February or March 2025.

Upon motion by Director Mallett, seconded by Director Akins, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report.

14. Report on Eminent Domain filing. Ms. Bacon reviewed with the Board the Eminent Domain report filing. She reported that state law requires annual filing with the Texas Comptroller of Public Accounts by entities that have eminent domain authority. Ms. Bacon stated that Norton Rose Fulbright will file on behalf of the District.

15. Discuss Open Meetings Act and AWBD Director Handbook. Ms. Bacon discussed what constitutes a meeting and a walking quorum. She further discussed designating committees to discuss ongoing business without a quorum.

Ms. Bacon reviewed Closed Meetings and Executive Sessions for certain enumerated items. Discussion ensued.

It was the consensus of the Board to further review the AWBD Handbook and Open Meetings Act and revisit this item at the March meeting.

16. Discussion on the City of Houston Drainage Fee and take any necessary action. The Board discussed how to end the City of Houston Drainage Fee ("drainage fee") for the District and possibly refunding constituents. Director Lindamood reviewed her research pertaining to the basis of the drainage fee and the related water code that requires a service agreement with CLCWA. She also discussed preparing draft letter to the Texas Legislature regarding the drainage fee.

Extensive discussion ensued regarding next steps to address the drainage fee with the City of Houston.

Upon motion by Director Mallett, seconded by Director Akins, after full discussion and the question being put to the Board, the Board voted unanimously to: (1) appoint Directors Nagamani and Lindamood to a committee to continue working on the City of Houston Drainage Fee matter and consult with NRF; and (2) authorize Directors Nagamani and Lindamood to sign letter to the Texas Legislature regarding the drainage fee.

Director Lindamood discussed scheduling meeting with City of Houston council members to address the drainage fee. The Board agreed to have Director Lindamood represent the Board on this matter.

Discussion ensued regarding Harris County Flood Control District project to improve drainage in the Cleak Lake area.

17. Discuss next meeting date. The Board agreed to schedule the regular Board meeting on Thursday, March 20, 2025 at 9:30 a.m. at the Clear Lake City Water Authority.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD,
the meeting was adjourned.

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The above and foregoing minutes were passed and approved by the Board on March 20, 2025.

President, Board of Directors

Attest:

Secretary, Board of Directors

(DISTRICT SEAL)