

MINUTES OF MEETING OF BOARD OF DIRECTORS
JANUARY 19, 2023

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 regular session on January 19, 2023, 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. Michael Terraso, President
Ms. Beth Moore, Vice President
Mr. Peter Nagamani, Treasurer
Mr. Matt Chamberlain, Secretary
Mr. Tom Humphrey, Assistant Secretary

All members of the Board were present, except Director Moore, 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 and Mr. Dean McGee of the Clear Lake City Water Authority ("CLCWA"), operators of the District's facilities; Ms. Brittini Silva of Myrtle Cruz, Inc. ("MCI"), bookkeeper for the District; Mr. Edward Streich 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. Stewart Black of Acclaim Energy.

The President 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. **Public Comments.** No comments.
2. **Approve minutes of the meeting of November 10, 2022.** Proposed minutes of the regular meeting of November 10, 2022, previously distributed to the Board, were presented for review and approval. Upon motion by Director Chamberlain, seconded by Director Humphrey, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes, as presented.
3. **Discuss Acclaim Reliability Program update and take any necessary action.** Mr. Black presented to and reviewed with the Board the Texas Reliability Coalition and explained its purpose to educate directors about the changes being considered and made by the Public Utility Commission of Texas (the "PUCT"). He noted this includes monthly newsletters and quarterly webinars. He noted this would be at no cost to the District. Mr. Black further discussed PUCT's proposal to provide reliability for the grid in Texas and incentivizing participants to produce secondary generation in the State. He noted that MUDs in Texas are consuming 25-30% of the grid's power.

Mr. Black stated the Texas Reliability Coalition is a free subscription to keep MUDs informed. Mr. Black discussed a pilot program with CenterPoint Energy to have a MUD place a generator, within the MUD territory, to provide reliability support. He further explained

that in the event the grid goes down locally, the generator will provide reliability to homeowners and businesses within MUD. Upon inquiry by Director Nagamani, Mr. Black explained that the generator will be owned and maintained by a third party. Mr. Black proposed to have the District on a distribution list that will provide monthly newsletters and quarterly webinars. Extensive discussion ensued. The Board agreed to follow up with Acclaim Energy for more information.

4. Bookkeeper's Report and payment of bills. Ms. Silva 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. Silva proceeded to review the District's operating activity. She presented 13 checks for Board approval. Ms. Silva reported that check no. 1101 was written to Director Humphrey for October and November per diems.

Ms. Silva proceeded to review the District's operating budget and investment report. Ms. Silva reported the budget reflects four months of the fiscal year.

Discussion ensued regarding maintenance of ditches.

Upon inquiry by Director Nagamani, Mr. McGee clarified the new rates will be taking effect on the December 2022 statements.

Upon inquiry by Director Nagamani, Ms. Silva explained the AVR U-Receivables are the CLCWA invoices that are broken down by MCI and this is a way for the Board to see payments coming in and going out.

Upon motion by Director Chamberlain, seconded by Director Humphrey, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Bookkeeper's Report and authorize payments of check nos. 1089 through 1101 from the General Operating Fund, each in the amounts, to the persons, and for the purposes described in the Bookkeeper's Report.

5. Tax Assessor Collector's Report. Ms. Arellano presented to and reviewed with the Board the Tax Assessor and Collector's Report dated December 31, 2022, a copy of which is attached hereto as *Exhibit C*. Ms. Arellano reported 66.6% of the 2022 taxes have been collected, and the taxes receivable, as of December 31, 2022, is \$164,984.53.

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

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

Upon motion by Director Chamberlain, seconded by Director Humphrey, 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 nos. 1040 through 1041 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

Director Terraso stated Director Moore resigned as Vice President of the Board. Director Terraso discussed his resignation as President and stepping into Vice President

position, if the Board approves. Discussion ensued regarding appointing new President of the Board.

6. Consider property tax exemptions and take any necessary action. Mr. Millas presented to and reviewed with the Board an Order Adopting Exemption from Taxation, a copy of which is attached hereto as *Exhibit D*. Discussion ensued regarding increasing tax exemption to \$100,000. Upon motion by Director Nagamani, seconded by Director Humphrey, after full discussion and the question being put to the Board, the Board voted 3-1 to authorize a \$100,000 tax exemption for individuals who are 65 years of age or older or disabled. Director Chamberlain opposed.

7. 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 that can be terminated by the Board upon 30 days' notice. Mr. Millas reported that this item is presented annually for Board consideration. Upon motion by Director Chamberlain, seconded by Director Nagamani, after full discussion and the question being put to the Board, the Board voted unanimously to authorize contract with delinquent tax attorney to enforce the collection of delinquent taxes.

8. Adopt Resolution Authorizing Additional Penalty on Delinquent Taxes. Mr. Millas presented to and reviewed with the Board the Resolution Authorizing Additional Penalty on Delinquent Taxes, a copy of which is attached hereto as *Exhibit E*. Mr. Millas reported that the revenue collected by levying this penalty is used to pay the delinquent tax attorney for the services provided to the District. Upon motion by Director Chamberlain, seconded by Director Nagamani, 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.

9. Clear Lake City Water Authority Operations Report. Mr. McGee presented to and reviewed with the Board the CLCWA Operations Report for the month of October 2022, a copy of which are attached hereto as *Exhibit F*.

Mr. McGee reviewed the fees listed in the October 2022 Operations Recap. He continued to review the Special Charges and Utility Billing for October 2022. Mr. McGee noted two bank statements maintained, one for the District account, and the other being a credit card account to receive credit card payments.

Mr. McGee reviewed the Bac-T, NAP Testing, and Quarterly Nitrate/Nitrite Testing and the frequency of occurrence. He reported bacteria testing is done once per month, nitrification is done weekly. Mr. McGee reviewed costs for each test.

Upon inquiry by Director Nagamani, Mr. McGee stated he will send an updated schedule showing the District's old rate and new rate and he clarified that it was a flat percentage increase.

Upon inquiry by Director Humphrey, Mr. McGee stated there is an overall chlorine testing and lead and copper testing done in the District, but he is not sure about sampling for COVID-19.

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

Director Nagamani requested consultants to submit reports to Ms. Lopez 48 hours prior to future Board meetings.

10. Discuss Amended Rate Order and Notice to Customers regarding billing and service during extreme weather emergency. Mr. Millas stated the Public Utility Commission passed a regulation stating customers cannot have services shut off during extreme weather emergencies, or be charged a late fee. He stated the operator is required to send a notice to residents by January 31st. Mr. Millas stated the rate order has been amended to include language consistent with the notice. Discussion ensued. Upon motion by Director Chamberlain, seconded by Director Nagamani, after full discussion and the question being put to the Board, the Board voted unanimously to authorize CLCWA to send notifications to customers and approve amendment to rate order.

11. Maintenance of District Facilities. Mr. Elliot stated there were no operational issues at the lift station. He noted they did not experience any disruption or interruption of services.

12. Engineer's Report. Mr. Streich reported in the Inlet Improvements along Blossom Bay Drive, stating that the inlet covers were replaced with the honeycomb style inlet grates. He reviewed the CDC Unlimited invoice for \$2,800 for the Board's approval of payment.

Mr. Streich discussed the New EPA Lead and Copper Rule Revisions. He continued to discussed lead and copper testing, where the District will need to provide 60 samples in the first six months of 2023, and another 60 samples in the latter half of 2023. Discussion ensued.

Mr. Streich reported in the Horsepen Bayou Channel Conveyance Improvements and reviewed the plan sheets. He reviewed the access road and the materials that will be used. Extensive discussion ensued.

Upon motion by Director Chamberlain, seconded by Director Nagamani, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report and approve payment to CDC Unlimited, in the amount of \$2,800.

13. Report on Eminent Domain filing. Mr. Millas reviewed with the Board the Eminent Domain report filing. He reported that state law requires annual filing with the Texas Comptroller of Public Accounts by entities that have eminent domain authority. Mr. Millas stated that Norton Rose Fulbright has made this filing on behalf of the District.

14. Discuss next meeting date. Discussion ensued regarding the March Board meeting. The Board agreed to meet on Thursday, March 16, 2023, at 9:30 a.m.

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 16, 2023.

President, Board of Directors

Attest:

Secretary, Board of Directors

(DISTRICT SEAL)