

MINUTES OF MEETING OF BOARD OF DIRECTORS  
JANUARY 14, 2021

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, partially via teleconference pursuant to Section 551.125, Texas Gov't Code as modified by the temporary suspension of certain provisions thereof pursuant to guidelines issued by the Texas Attorney General and approved by the Governor for use during the COVID-19 statewide disaster. 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, thus constituting a quorum. Also attending all or parts of the meeting were Ms. Mary Ann Schatz and Mr. Frank Elliot of the Clear Lake City Water Authority ("CLCWA"), operators of the District's facilities; Ms. Debbie Arellano of bob Leared Interests ("BLI"), tax assessor and collector for the District; Ms. Kim Shelnuitt of Myrtle Cruz, Inc. ("MCI"), bookkeeper for the District; Mr. Neil Thomas and Ms. Nadin Fallah of Norton Rose Fulbright US LLP ("NRF"), attorneys for the District; and Mr. Brian Toldan of McCall Gibson Swedlund Barfoot PLLC ("McCall Gibson"), auditor for the District.

Pursuant to Section 551.054, Texas Gov't Code, as modified by the temporary suspension of certain provisions thereof, notice of the meeting was posted on the District's website within the time limits prescribed by law. A certificate of such posting is attached hereto as Exhibit "A." The following business was transacted:

1. **Public Comments.** There were no public comments.

Director Terraso left the meeting at this time.

2. **Approve minutes of the regular meeting of October 22, 2020.** Proposed minutes of the meeting of October 22, 2020, 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 of the meeting of October 22, 2020, as presented.

3. **Approve audit for fiscal year ended August 31, 2020.** Vice President Moore recognized Mr. Toldan who presented to and reviewed with the Board a draft audit for fiscal year ended August 31, 2020, a copy of which is attached hereto as Exhibit "B." Mr. Toldan stated that McCall Gibson is issuing an unqualified opinion on the District's financial statements. Discussion ensued.

Mr. Toldan noted that the District transferred an additional \$50,000 more than expected to its debt service fund. He then proceeded to review the District's bonds and debt service requirements, stating that the District is expected to be debt-free by the end of 2021.

Mr. Toldan inquired if Ms. Schatz could provide the District's connection count. Ms. Schatz confirmed that she would do so.

Director Nagamani requested a hard copy of the District's audit. Mr. Toldan stated that he would provide one.

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 audit for fiscal year ended August 31, 2020.

**4. Bookkeeper's Report and payment of bills.** Ms. Shelnutt 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 C*.

Ms. Shelnutt reported that the District's next debt service payment will be due on March 1, 2021. She stated that the payment will close out the District's debt service activity.

Ms. Shelnutt presented 13 checks for Board approval. She noted check nos. 2934 and 2935 in the aggregate amount of \$3,773, for the District's insurance premium.

Ms. Shelnutt then noted check nos. 2944 and 2945 made out to the Texas Commission on Environmental Quality ("TCEQ") and to the Association of Water Board Directors ("AWBD"), respectively. She stated that check no. 2944 is for payment of an annual TCEQ permit, and that check no. 2945 is for payment of the District's annual dues to the AWBD.

Ms. Shelnutt proceeded to review the District's budget activity and quarterly Investment Report.

Director Nagamani inquired if transfers would be made from the District's General Operating Fund. Ms. Shelnutt confirmed that they would. She stated when the District's debt service payment is processed, MCI will take the difference needed to close out the account.

Director Nagamani inquired about check no. 2948 made out to the TCEQ. Ms. Shelnutt stated that the check is for payment of the regulatory assessment fee. She stated that the total amount will be determined by a calculation of the District's revenue for the year, and confirmed that the check would be processed by the end of the month.

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 accept the Bookkeeper's Report, to authorize payments of check nos. 2936 through 2948 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, 2020, a copy of which is attached hereto as *Exhibit D*. Ms. Arellano reported that 60% of the District's 2020 taxes have been collected as of December 31, 2020.

Director Nagamani inquired about the current status of District tax collections compared to the taxes collected at the same time last year. Ms. Arellano reported that as of December 31, 2020, the District's collections were greater than they were at the same time last year.

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 accept the Tax Assessor and Collector's Report, and to authorize payment of check nos. 1194 through 1195 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

**6. Consider Property Tax Exemptions.** Vice President Moore recognized Mr. Thomas, who reviewed with the Board an Order Adopting Exemption from Taxation, a copy of which is attached hereto as *Exhibit D*. 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 an \$80,000 tax exemption for individuals who are disabled or are 65 years of age or older.

**7. Authorize contract with delinquent tax attorney to enforce collection of delinquent taxes.** Mr. Thomas 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. Thomas reported that this item is presented annually for Board consideration. The Board agreed not to terminate the delinquent tax attorney's evergreen contract.

**8. Adopt Resolution Authorizing Additional Penalty on Delinquent Taxes under Sections 33.07, 33.11, and 33.08, Tax Code.** Mr. Thomas 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. Thomas 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 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 Penalty on Delinquent Taxes.

**9. Clear Lake City Water Authority Operations Report.** Ms. Schatz presented to and reviewed with the Board the CLCWA Operations Report for August through October 2020, copies of which are attached hereto as *Exhibit F*.

Ms. Schatz reported a special charge found in each of the reports. She stated that CLCWA waived the fee that customers have to pay to process their billing online due to the COVID-19 pandemic.

Ms. Schatz reported that 49 fire hydrants in the District have been painted as part of the CLCWA maintenance program. She stated that another program was rolled out to ensure that all hydrants are functional.

Ms. Schatz stated that there were no issues to report regarding customer inquiries and complaints.

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.

**10. Maintenance of District Facilities.** Ms. Schatz reported to the Board that there were no maintenance issues to report relating to the District's Lift Station. She further stated that 90% of the new Omnisite system hardware was received by CLCWA. She noted that the hardware will be installed as approved over the next 4-6 weeks. 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 accept the Maintenance Report.

**11. Engineer's Report.** There was no report for this item.

**12. Report on Eminent Domain Filing.** Mr. Thomas 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. Thomas stated that NRF has made this filing on behalf of the District.

**13. Discuss next meeting date.** The Board made the decision to meet for its next regular meeting on March 11, 2021 at 11:30 a.m. in person at the Bay Oaks Country Club, and via videoconference.

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 11, 2021.

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President, Board of Directors

Attest:

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Secretary, Board of Directors

(DISTRICT SEAL)