

MINUTES OF MEETING OF BOARD OF DIRECTORS
JULY 21, 2022

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 July 21, 2022, at 9:30 a.m. at the offices of Norton Rose Fulbright, 1301 McKinney, Houston, Texas. 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 for Director Chamberlain, 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; Ms. Jennifer Morrow and Mr. Dean McGee of the Clear Lake City Water Authority ("CLCWA"), operators of the District's facilities; Ms. Brittni Silva of Myrtle Cruz, Inc. ("MCI"), bookkeeper for the District; Mr. Edward Streich of Lockwood, Andrews, & Newman, Inc. ("LAN"), engineer for the District; Ms. Leslie Bacon, Mr. Nicholas Roberts, and Ms. Madeline Lopez of Norton Rose Fulbright US LLP ("NRF"), attorneys for the District.

President Terraso 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. Moment of Silence remembering Mary Ann Schatz. At this time the President asked the Board to take a moment of silence to honor Ms. Mary Ann Schatz.

2. Public Comments. Ms. Bacon introduced Mr. Nicholas Roberts, Summer Associate at NRF, who interested in learning about MUDs.

3. Approve minutes of the regular meeting of May 19, 2022. Proposed minutes of the meeting of May 19, 2022, previously distributed to the Board, were presented for review and approval. Director Nagamani noted the agenda item no. 3, Qualification of Directors, was not included in the minutes and should be added. Ms. Silva noted Ms. Igas attended the previous meeting. Ms. Upon motion by Director Nagamani, seconded by Director Moore, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes, as amended.

4. Engage Auditor for fiscal year ending August 31, 2022. Ms. Bacon stated the District has an evergreen contract with the auditor and NRF will confirm the audit report will be prepared.

Upon inquiry by Director Terraso, Ms. Bacon the District is subject to the same terms every year and there are no change in procedures. Discussion ensued regarding opinion.

Upon motion by Director Nagamani, seconded by Director Humphrey, after full discussion and the question being put to the Board, the Board voted unanimously to engage the auditor for fiscal year ending August 31, 2022.

5. 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 12 checks for Board approval. She noted checks were reissued for Director Terraso and Director Nagamani.

Ms. Silva proceeded to review the District's operating budget and investment report. Ms. Silva reported the budget reflects 10 months of the fiscal year. She noted the adopted amended budget is included. Ms. Silva recommended changing the auditing fees, engineering, and legal fees; she proposed increasing auditing to \$13,500, engineering to \$4,500, and legal to \$45,000. Discussion ensued regarding legal fees. The Board agreed to increase auditing fees to \$13,500, engineering to \$4,500, and legal fees to \$3,500.

Upon motion by Director Humphrey, seconded by Director Moore, 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. 1049 through 1060 from the General Operating Fund, each in the amounts, to the persons, and for the purposes described in the Bookkeeper's Report. Upon motion by Director Nagamani, seconded by Director Moore, after full discussion and the question being put to the Board, the Board voted unanimously to approve the budget for fiscal year ending August 31, 2022.

6. Approve Budget for fiscal year ending August 31, 2022. This item was addressed with the Bookkeeper's Report.

7. Tax Assessor Collector's Report. Ms. Arellano presented to and reviewed with the Board the Tax Assessor and Collector's Report dated June 30, 2022, a copy of which is attached hereto as *Exhibit D*. Ms. Arellano reported that 99.4% of the District's 2021 taxes have been collected as of June 30, 2022.

Upon inquiry by Director Terraso, Ms. Arellano clarified there are six outstanding accounts and payments can be made quarterly.

Upon inquiry by Director Nagamani, Ms. Arellano clarified the SB2 Webpage expense. Discussion ensued regarding consolidating information to District website instead of the tax assessor's website.

Director Nagamani inquired about tax penalties. Ms. Scott stated it is a revenue from the tax payers and not an expense.

Upon motion by Director Moore, 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. 1021 through 1023 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

8. Clear Lake City Water Authority Operations Report. Mr. McGee presented to and reviewed with the Board the CLCWA Operations Reports for the months of April through June 2022, copies of which are attached hereto as *Exhibit E*.

Mr. McGee reviewed the fees listed in the April 2022 Operations Recap.

Mr. McGee reviewed the additional deposits for homeowner new connections from the May 2022 Operations Recap. He reported three water samples were taken in May 2022 and all three samples were clear. Mr. McGee reviewed the utility billing and sewer charges. He noted the sewer charge was not carried over in the sub-total sewer line item, and Ms. Silva will make the adjustment on next month's statement. Discussion ensued.

Mr. McGee review the June Operating Recap. He noted the CCR printing and mailing charge, to issue the CCR, and reviewed the supporting documentation.

Upon inquiry by Director Nagamani, Ms. Morrow discussed Stage 1 of the Drought Contingency Plan and clarified that Stage 1 is voluntary. She reported the residents of the District are doing well with usage, and she does not anticipate any issues.

Upon motion by Director Moore, 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.

9. Maintenance of District Facilities. There was no report presented this month.

10. Consider subsidizing City of Houston drainage fees and take any necessary action. Ms. Bacon stated this item should be removed from the agenda. She noted the District has restrictions of the ability to subsidize drainage fee for residents. Ms. Bacon stated the fees will not be removed and the District does not have legal authority to subsidize payments to the residents. Discussion ensued regarding option of paying this off directly to the City of Houston. Director Terraso discussed setting up meeting with the city engineer and redoing estimate of water going into the system.

11. Engineer's Report. There was no report presented this month.

12. Discuss widening three storm water inlets to avoid flooding and take any necessary action. Director Terraso discussed Mr. Streich's recommendation of additional three drain locations. Ms. Morrow stated the drains are part of the City of Houston. Discussion ensued. Mr. Streich stated, with Board approval, LAN can work on proposal for additional inlets in the recommended three locations. Further discussion ensued.

Upon motion by Director Nagamani, seconded by Director Moore, after full discussion and the question being put to the Board, the Board voted unanimously to authorize engineer to solicit bids for the three additional inlets project.

Upon inquiry by Director Nagamani, Mr. Streich explained LAN would put together a plan sheet and submit to the City of Houston for review and comments, then LAN will get quotes for the project. Mr. Streich stated the estimate cost for the project could be under \$25,000, but it depends on the cost of inlets.

13. Discuss lead and copper regulation changes and take any necessary action. Mr. Streich stated that there not much to update from the previous Board meeting. LAN is still looking at anything built after 1987 will not require inventory to be done, and they are waiting for this to come out from the EPA. He stated EPA will be sending out a revision in the fall. Discussion ensued.

14. Discuss next meeting date. Discussion ensued regarding the September Board meeting. Upon motion by Director Nagamani, seconded by Director Moore, after full discussion and the question being put to the Board, the Board voted unanimously to meet for its next regular meeting on September 15, 2022 at 9:30 a.m. at the CLCWA building.

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 September 15, 2022.

President, Board of Directors

Attest:

Secretary, Board of Directors

(DISTRICT SEAL)