

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 36,
OF HARRIS COUNTY, TEXAS

Minutes of Meeting of Board of Directors
April 14, 2022

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 36, of Harris County, Texas (the "District"), convened in regular session, open to the public, on April 14, 2022, at 12:00 noon, at 1300 Post Oak Boulevard, Suite 2500, Houston, Texas, and the roll was called of the duly constituted officers and members of the Board, to-wit:

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| Chris Mayeu | President |
| Gina Angulo | Vice President |
| George Peckham | Secretary/Treasurer |
| Rose Mary Bundscho | Assistant Secretary |

and all of said persons were present, thus constituting a quorum.

Also present were Keith Arrant of Municipal Operations & Consulting, Inc. ("Municipal Operations"); Kayla Crigger of Municipal Accounts & Consulting, L.P. ("MA&C"); Eric Johnson of IDS Engineering Group ("IDS"); Tim Spencer of Ad Valorem Appraisals, Inc. ("Ad Valorem"); and Daniel Ringold, Eric Lai and Peyton Ellis 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 it.

PUBLIC COMMENT

There were no comments received from the public.

STATUS OF RECEIPT OF REVENUES ASSOCIATED WITH GENERATOR PERFORMANCE DURING WINTER STORM URI

Discussion ensued regarding the status of the District's receipt of revenue for operation of the District's generator at its Water Plant during Winter Storm Uri. In connection therewith, Mr. Ringold advised the Board that he contacted Hayden Gaspard, representative of Acclaim Energy Advisors ("Acclaim"), to request an update on the status of the District's receipt of revenue. He further advised that, per Mr. Gaspard, Acclaim has not received a response from Cavallo Energy Texas LLC ("Cavallo") regarding status of receipt of the portion of the funds owed to the District by Cavallo, and that Acclaim is now in the process of seeking legal counsel to take action against Cavallo to recover the District's funds. Mr. Ringold further advised that the District is additionally owed funds by the Electric Reliability Council of Texas ("ERCOT"), the entity that operates the Texas electrical grid, and that Mr. Gaspard ensured that Acclaim is working to contact NP2, the entity that monitors the conditions of the Texas electrical grid to determine when the District's generator should run to generate revenue, to request a status update regarding

the District's receipt of funds from ERCOT. Mr. Ringold informed the Board that Acclaim has offered to attend the Board's next meeting to provide the Board with a detailed status update. Following lengthy discussion, the Board concurred to authorize SPH to prepare a response to Acclaim requesting that Acclaim prepare the materials that Acclaim plans to present to the Board for discussion at its next meeting, and provide same to the Board two (2) weeks in advance of said meeting to allow the Board to determine if it is necessary for a representative of Acclaim to attend next month's Board meeting.

Discussion ensued regarding the status of the District's agreements with Acclaim and PowerSecure, Inc. and the terms and conditions of said agreements. Mr. Ringold and Mr. Lai confirmed that SPH would research the District's files and provide the Board with additional information relative to said agreements at its next meeting.

Mr. Ringold provided the Board with written materials from a Powerpoint presentation prepared by Acclaim regarding the Acclaim Reliability Advantage Program ("Program"), as well as a proposed form of letter agreement relative to same, copies of which are attached hereto as **Exhibit A**. Mr. Ringold noted that Acclaim is seeking participation from a number of municipal utility districts with which Acclaim has an existing relationship in the Program at a cost of \$2,500 per district to interface with the Public Utility Commission to advocate on behalf of municipal utility districts relative to new rules and regulations proposed for adoption in connection with implementation of Senate Bill 3 from the 2021 Legislative Session, including encouraging the development of microgrids. To that end, Mr. Ringold advised that Acclaim is seeking to attend the Board's next meeting to discuss the Program in greater detail. Following discussion on the matter, the Board determined it was not interested in participating in the Program.

Director Angulo and Mr. Ringold exited the meeting at this time.

MINUTES OF MEETING

The Board considered approval of the minutes of its meeting held on March 10, 2022. After discussion, Director Bundscho moved that the minutes of the meeting held on March 10, 2022, be approved as presented. Director Peckham seconded said motion, which unanimously carried.

BOOKKEEPER'S REPORT

Ms. Crigger presented to and reviewed with the Board a Bookkeeper's Report dated April 14, 2022, including checks presented for payment. A copy of such Bookkeeper's Report is attached hereto as **Exhibit B**. Following discussion, it was moved by Director Bundscho that said report be approved, and that the disbursements identified therein be approved for payment. Director Peckham seconded the motion, which unanimously carried.

PUBLIC FUNDS DEPOSITOR COLLATERAL SECURITY AGREEMENT WITH SIMMONS BANK

Mr. Lai advised the Board that the District currently has two (2) Certificates of Deposit ("CDs") with the Spirit of Texas Bank in the amount of \$1,000,000, and that the Spirit of Texas Bank is in the process of pledging securities. He further advised that the Spirit of Texas Bank is merging with Simmons Bank and that MA&C has requested a Public Funds Depositor Collateral Security Agreement ("CSA") between the District and Simmons Bank to authorize Simmons Bank to pledge securities on behalf of the District. A copy of the proposed CSA is attached hereto as **Exhibit C**. Following discussion, Director Bundscho moved to approve the CSA between the District and Simmons Bank and authorize the Board President to execute same on behalf of the Board and the District. Director Peckham seconded the motion, which unanimously carried.

Ms. Crigger exited the meeting at this time.

TAX ASSESSOR-COLLECTOR'S REPORT

Mr. Spencer presented to and reviewed with the Board a written Tax Collector's Report regarding tax collections within the District for the month ended March 31, 2022, including a list of bills and charges to be paid out of the District's Tax Account, a copy of which is attached hereto as **Exhibit D**. Following discussion, Director Bundscho moved that the Tax Collector's Report and the disbursements reflected therein be approved. The motion was seconded by Director Peckham and unanimously carried.

DELINQUENT TAX COLLECTIONS REPORT

Mr. Lai advised that a Delinquent Tax report was not received this month from the District's delinquent tax attorney, Perdue, Brandon, Fielder, Collins, & Mott, L.L.P. ("Perdue").

RESOLUTION AUTHORIZING AN ADDITIONAL PENALTY ON DELINQUENT REAL PROPERTY TAXES

The Board considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes. Mr. Lai advised that the Board is authorized pursuant to Section 33.07 of the Texas Tax Code, as amended, 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 taxes that remain delinquent as of July 1 of the year in which they became delinquent. He noted that the additional penalty to be imposed by this Resolution will not apply to delinquent personal property taxes, which have incurred an additional penalty pursuant to that certain Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes, which was passed and approved by the District on January 13, 2022. After further discussion, it was moved by Director Bundscho, seconded by Director Peckham, and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes, a copy of which is attached hereto as **Exhibit E**, be adopted by the District, and that Perdue be authorized to proceed with the collection of the District's 2021 delinquent real property tax accounts on July

1, 2022, including the filing of lawsuits as necessary, subject to proper notice having been given as provided in said Resolution.

OPERATIONS REPORT

Mr. Arrant presented to and reviewed with the Board a written Operations Report for the month of February, 2022, a copy of which is attached hereto as **Exhibit F**.

The Board considered review of the District's Identity Theft Prevention Program (the "Program"). In connection therewith, Mr. Arrant presented to and reviewed with the Board an annual Red Flag Policy report, a copy of which is attached hereto as **Exhibit G**. He advised the Board regarding the District's experience with identity theft during the prior year, current identity theft methods, the types of accounts maintained by the District and the District's business arrangements with other entities, and recommended that no changes be made to the District's Program at this time. After discussion on the matter, the Board concurred that no changes be made to the District's Program.

CONSUMER CONFIDENCE REPORT

The Board considered authorizing MOC to prepare a draft Consumer Confidence Report (the "CCR") for review by the Board. Mr. Lai explained that, pursuant to Consumer Confidence Report requirements promulgated by the United States Environmental Protection Agency and the Texas Commission on Environmental Quality (the "TCEQ"), the District is required to provide a report containing various information regarding the District's water supply to all customers of the District by July 1, 2022. After discussion, it was moved by Director Bundscho, seconded by Director Peckham and unanimously carried that the Board authorize MOC to prepare a draft CCR and that SPH be authorized to review same for compliance with the applicable regulatory requirements.

ENGINEER'S REPORT

Mr. Johnson presented to and reviewed with the Board a written Engineer's Report dated April 14, 2022, concerning engineering projects within the District, a copy of which is attached hereto as **Exhibit H**.

Mr. Johnson requested that the Board ratify its prior action to (i) authorize IDS to prepare and submit an application to the Texas Commission on Environmental Quality (the "TCEQ") for the renewal of the District's wastewater discharge permit (the "Permit"), and (ii) approve the publication of the required notices relative to same. Following discussion, Director Bundscho moved that the Board's prior action to (i) authorize IDS to prepare and submit an application to the TCEQ for the renewal of the District's Permit, and (ii) approve the publication of the required notices relative to same, be ratified, confirmed and approved in all respects. Director Peckham seconded said motion, which unanimously carried.

In connection with the Phase II Wastewater Collection System Rehabilitation, Mr. Johnson presented to and reviewed with the Board Pay Application No. 1 in the amount of

\$29,422.58 and requested approval of payment of same to T. Gray Utility & Rehab. Co. ("T. Gray"). A copy of said pay estimate is included in **Exhibit H**. Following discussion, Director Bundscho moved to approve the payment of Pay Application No. 1 in the amount of \$29,422.58 to T. Gray. Director Peckham seconded the motion, which unanimously carried.

In connection with the proposed Water Distribution System Rehabilitation/Replacement (the "WDS Project"), Mr. Johnson advised the Board that IDS has completed the digital water model of the District's water distribution system (the "System") and performed an analysis of same. He then reviewed with the Board a map of the District's System and discussed IDS's proposed changes to same, noting that the proposed changes were determined upon IDS's analysis of the digital water model. Discussion ensued regarding the Board's options for proceeding with the WDS Project. In connection therewith, Mr. Johnson advised that IDS will prepare a plan to determine the number of phases needed to complete the WDS Project and an updated cost estimate relative to same.

Mr. Johnson presented to and reviewed with the Board email correspondence received from a representative of Prologis, an entity located within the boundaries of the District, a copy of which is attached hereto as **Exhibit I**. In connection therewith, Mr. Johnson explained that Mitek, a customer of Prologis, witnessed a truck discharging liquid into a District detention pond and was able to capture a photograph of the truck to identify the person responsible for discharging the liquid. A copy of the photograph is included with **Exhibit I**. Following discussion, the Board concurred to authorize IDS to report the incident and the responsible party to the appropriate authorities for further handling.

AMENDMENT TO DISTRICT RATE ORDER

The Board considered approval of an amendment to the District's Rate Order in connection with an increase in the City of Houston's (the "COH") groundwater reduction plan ("GRP") fees. In connection therewith, Mr. Lai presented to and reviewed with the Board correspondence received from the COH dated as of March 14, 2022, a copy of which is attached hereto as **Exhibit J**, and advised that the COH has updated its method for calculating the GRP fees owed to the COH by the District as a participant in the COH's GRP. He further advised that the updated COH GRP fee calculation will result in a substantial fee increase to the District, effective as of April 1, 2023, and presented to and reviewed with the Board a handout containing potential options for the implementation of the GRP fee increase and the imposition of a pass-through to District customers. A copy of said handout is attached hereto as **Exhibit K**. Mr. Arrant then presented to and reviewed with the Board correspondence received by MOC from the COH dated as of May 1, 2022, notifying the District that the COH is implementing a 5.6% increase in GRP fees, effective as of April 1, 2022. A copy of said correspondence is attached hereto as **Exhibit L**. Mr. Lai advised the Board that he would revise the handout of potential options for the implementation of the GRP fee increase and the imposition of a pass-through to District customers per the information received in the May 1, 2022, COH correspondence and present same to the Board for review and discussion at next month's meeting. Following discussion, the Board concurred to defer consideration of an amendment to the District's Rate Order until next month's meeting.

DEVELOPER REPORT

The Board deferred discussion of the Developer Report, as no developer was present at the meeting.

ATTORNEY'S REPORT

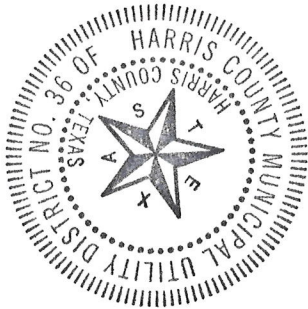
The Board next considered the attorney's report. In connection therewith, Mr. Lai advised that he had nothing further of a legal nature to discuss with the Board at this time.

FUTURE AGENDA ITEMS

The Board did not request any items be placed on future agendas other than regular and on-going items.

ADJOURNMENT

There being no further business to come before the Board, upon motion made by Director Bundscho, seconded by Director Peckham and unanimously carried, the meeting adjourned.




Secretary, Board of Directors

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 36,
OF HARRIS COUNTY, TEXAS

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A – Presentation regarding Acclaim Reliability Advantage Program
- Exhibit B – Bookkeeper's Report
- Exhibit C – Public Funds Depository Collateral Security Agreement with Simmons Bank
- Exhibit D – Tax Collector's Report
- Exhibit E – Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes
- Exhibit F – Operations Report
- Exhibit G – Red Flag Policy Report
- Exhibit H – Engineer's Report
- Exhibit I – Email correspondence received from Prologis
- Exhibit J – Correspondence regarding City of Houston GRP Fee Increase dated March 14, 2022
- Exhibit K – Handout detailing options for implementation of COH GRP fee increase
- Exhibit L – Correspondence regarding City of Houston GRP Fee Increase dated May 1, 2022