

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

Minutes of Meeting of Board of Directors
April 8, 2021

The Board of Directors ("Board") of Harris County Municipal Utility District No. 36, of Harris County, Texas ("District"), met in regular session on April 8, 2021, in accordance with the duly posted notice of meeting. The meeting was held via telephone conference call pursuant to Texas Government Code, Section 551.125, as amended, and as modified by the temporary suspension of various provisions thereof effective March 16, 2020, by the Governor of Texas in accordance with the Texas Disaster Act of 1975, all as related to the Governor's proclamation on March 13, 2020, certifying that the COVID-19 pandemic poses an imminent threat of disaster and declaring a state of disaster for all counties in Texas. The roll was called of the duly constituted officers and members of the Board, as follows:

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 attending the meeting via telephone conference call were Keith Arrant of Municipal Operations & Consulting, Inc. ("Municipal Operations"); Arturo Cornejo of Municipal Accounts & Consulting, L.P. ("MA&C"); Eric Johnson of IDS Engineering Group ("IDS"); Tim Spencer of Ad Valorem Appraisals, Inc. ("Ad Valorem"); Sherri Greenwood of BKD, LP ("BKD"); and Daniel Ringold and Peyton Ellis of Schwartz, Page & Harding, L.L.P. ("SPH").

EXPLANATION OF TELEPHONE CONFERENCE MEETING PROCEDURES

Mr. Ringold explained to all in attendance the requirements of the Texas Open Meetings Act, as modified by the Governor's Disaster Proclamation, relative to the conduct of meetings by telephone. In connection therewith, he informed the participants that the meeting would be recorded, and requested that each participant clearly state his or her name before speaking, including when making or seconding a motion. Mr. Ringold further explained that a roll call vote will be taken for all motions and requested that Board members vote with a verbal indication of being in favor of, opposed to, or abstaining from voting on the motion when his or her name is called. Similarly, Mr. Ringold stated that a full roll call of all participants would be conducted at the start of the meeting for attendance purposes. Mr. Ringold proceeded to perform a roll call to establish attendance of Board members, consultants, development representatives, and members of the public, if any.

Following such roll call, the President called the meeting to order and declared it open for such business as might regularly come before the Board.

PUBLIC COMMENTS

There being no members of the public present on the call, the Board continued to the next item of business.

MINUTES OF MEETING

The Board considered approval of the minutes of its meeting held on March 11, 2021. After discussion, Director Angulo moved that the minutes of the meeting held on March 11, 2021, be approved as presented. Director Peckham seconded said motion, which unanimously carried.

BOOKKEEPER'S REPORT

Mr. Cornejo presented to and reviewed with the Board a Bookkeeper's Report dated April 8, 2021, including a listing of the checks presented for payment. A copy of such Bookkeeper's Report is attached hereto as **Exhibit A**. Following discussion, it was moved by Director Angulo that said report be approved, and that the disbursements identified therein be approved for payment. Director Peckham seconded the motion, which unanimously carried.

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, 2021, 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 B**. Following discussion, Director Angulo 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. Ringold 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. Ringold 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 14, 2021. After further discussion, it was moved by Director Angulo, 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 C**, be adopted by the District, and that Perdue be authorized to proceed with the collection of the District's 2020 delinquent real property tax accounts on July 1, 2021, 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 written Operations Reports for the month of February 2021, copies of which are attached hereto as **Exhibit D**.

Mr. Arrant discussed with the Board the purchase of a 1,000-gallon auxiliary diesel fuel tank to be installed at the District's water plant to support the District's generator during events such as Winter Storm Uri (the "Storm"). In connection therewith, Mr. Arrant reminded the Board that the District's generator ran for an extended period of time during the Storm, including providing power back to the grid during the Storm. Mr. Arrant advised that the District's generator is currently powered by a 1,000 gallon diesel fuel tank that is capable of running for approximately twenty-four (24) hours, and he recommends the purchase and installation of an additional 1,000-gallon auxiliary tank to support the District's generator for run times longer than twenty-four (24) hours. Following discussion, Director Angulo moved to approve the purchase and installation of a 1,000-gallon auxiliary diesel fuel tank at a cost of approximately \$12,000, subject to receipt of a proposal that details the costs associated with the purchase and installation. Director Peckham seconded the motion, which unanimously carried.

Mr. Arrant presented to and reviewed with the Board the 2020 Water Loss Audit as prepared by MOC. In connection therewith, Mr. Ringold reminded the Board that Section 16.0121 of the Texas Water Code requires that retail public utilities, including municipal utility districts, providing potable water perform and file with the Texas Water Development Board ("TWDB") a water audit every five years, computing the utility's recent annual system water loss. Following discussion, Director Angulo moved that the 2020 Water Loss Audit be approved as presented, and that MOC be authorized to file same with the TWDB prior to the appropriate filing deadline. Director Peckham seconded the motion, which unanimously carried.

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 E**. 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.

DISCUSSION REGARDING GENERATOR PERFORMANCE DURING THE STORM

Director Mayeu advised the Board of a conversation he had with John Elder of Acclaim Energy Advisors ("Acclaim") regarding the performance of the District's generator during the Storm. In connection therewith, Director Mayeu advised that Mr. Elder is waiting to receive information from the Electric Reliability Council of Texas ("ERCOT") regarding pricing of electricity provided back to the grid during Winter Storm Uri, and will attend the Board's next

meeting to present and discuss a report detailing generator performance and revenues received by the District for sale of electricity to the grid during the Storm.

ENGINEER'S REPORT

Mr. Johnson presented to and reviewed with the Board a written Engineer's Report dated April 8, 2021, concerning engineering projects within the District, a copy of which is attached hereto as **Exhibit F**.

In connection with the Wastewater Collection System Rehabilitation (the "Project"), Mr. Johnson advised the Board that the construction contract has been fully executed and that IDS is working to schedule a preconstruction conference with the contractor, Texas Pride Utilities, LLC, and the District's operator.

Discussion ensued regarding the schedule for the second phase of the Wastewater Collection System Rehabilitation project. In connection therewith, the Board queried Mr. Johnson on whether the time frame for future phases of the Project could be expedited to complete the overall Project more quickly. Following discussion, Mr. Johnson advised that he would gather information on the possibility of constructing the remaining portions of the Project under one construction contract for discussion at the Board's next meeting.

Mr. Johnson advised the Board that he received a phone call requesting water and wastewater service from the District to serve a development located outside of the boundaries of the District. Mr. Johnson advised that he informed the engineer of the development that the nearest District lines are located nearly 2000 feet away from the tract and the cost of extending lines to provide service are likely cost prohibitive.

ENGAGEMENT OF AUDITOR TO PREPARE REIMBURSEMENT AUDIT

The Board considered the engagement of an auditor to prepare an audit of the payments due to Liberty Property Trust ("LPT") in partial reimbursement for costs associated with the construction of public water, sanitary sewer and drainage facilities to serve the 110 acre LPT site. In connection therewith, Ms. Greenwood presented to and reviewed with the Board an engagement letter prepared by BKD, a copy of which is attached hereto as **Exhibit G**. Ms. Greenwood advised that BKD has filed Texas Ethics Commission ("TEC") Form 1295 with the TEC and has provided the District with a copy of said form. Following discussion on the matter, Director Angulo moved that (i) BKD be engaged to conduct an audit of the costs to be reimbursed to LPT, in accordance with the terms of the proposal presented, (ii) the District accept BKD's TEC Form 1295 relative to the preparation of such audit, and (iii) SPH be authorized to acknowledge the District's receipt of same with the TEC.

APPROVAL OF AUDIT AND AUTHORIZE DISBURSEMENT OF FUNDS

The Board considered the approval of an audit report as prepared by BKD in connection with the reimbursable amounts now due to LPT for costs associated with the construction of public water, sanitary sewer and drainage facilities to serve the 110 acre LPT site. In connection therewith, Ms. Greenwood presented to and reviewed with the Board a developer reimbursement audit report, a copy of which is attached hereto as **Exhibit H**, relative to reimbursement

payments out of 2019 and 2020 maintenance tax payments received from LPT. Following review and discussion of the audit report, it was moved by Director Angulo, seconded by Director Peckham and unanimously carried that (i) the audit report be approved as presented, and (ii) the funds be disbursed to LPT in accordance with such audit, upon receipt of an executed Receipt and Indemnity from LPT.

PROCUREMENT AND INSTALLATION OF FENCE AND GATE AT THE DISTRICT'S WASTEWATER TREATMENT PLANT

In connection with the installation of a fence and decorative gate at the District's Wastewater Treatment Plant in honor of the former President of the Board of Directors, Director Mayeu advised the Board that the fence and gate will be unveiled to the family of the former President of the Board of Directors on April 16, 2021, at 11:30 a.m.

RESOLUTION IN SUPPORT OF HOUSE BILL NO. 1410 AND SENATE BILL NO. 1959

Mr. Ringold next discussed with the Board House Bill No. 1410 and Senate Bill No. 1959. In connection therewith, he presented to and reviewed with the Board a proposed Resolution in Support of House Bill No. 1410 and Senate Bill No. 1959 (the "Resolution"), a copy of which is attached hereto as **Exhibit I**. Following discussion, the Board concurred not to approve the Resolution.

DEVELOPER REPORT

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

ATTORNEY'S REPORT

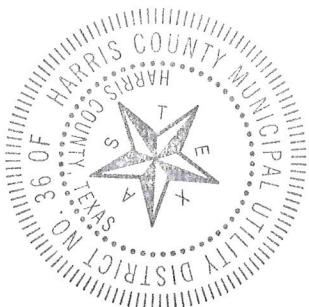
Mr. Ringold advised that he had nothing further of a legal nature to discuss with the Board at this time.

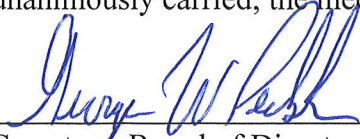
FUTURE AGENDA ITEMS

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 Angulo, 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 - Bookkeeper's Report
- Exhibit B - Tax Assessor-Collector's Report
- Exhibit C - Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes
- Exhibit D - Operations Report
- Exhibit E - Identity Theft Prevention Program – Red Flag Policy Report
- Exhibit F - Engineer's Report
- Exhibit G - BKD, LLP Engagement Letter
- Exhibit H - Developer Reimbursement Audit
- Exhibit I - Resolution in Support of House Bill No. 1410 and Senate Bill No. 1959

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