

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

Minutes of Meeting of Board of Directors
July 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 July 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:

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

and all of said persons were present, with the exception of Director Angulo, thus constituting a quorum.

Also present were Keith Arrant of Municipal Operations & Consulting, Inc. ("Municipal Operations"); Rahi Patel of Municipal Accounts & Consulting, L.P. ("MA&C"); Eric Johnson of IDS Engineering Group ("IDS"); Tim Spencer and Chris Davey of Ad Valorem Appraisals, Inc. ("Ad Valorem"); and 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.

MINUTES OF MEETING

The Board considered approval of the minutes of its meeting held on May 12, 2022. After discussion, Director Peckham moved that the minutes of the meeting held on May 12, 2022, be approved as presented. Director Bundscho seconded said motion, which unanimously carried.

BOOKKEEPER'S REPORT

Mr. Patel presented to and reviewed with the Board a Bookkeeper's Report dated July 14, 2022, including checks presented for payment. A copy of such Bookkeeper's Report is attached hereto as **Exhibit A**. Following discussion, it was moved by Director Peckham that said report be approved, and that the disbursements identified therein be approved for payment, with the exception of check no. 6426, which was voided. Director Bundscho seconded the motion, which unanimously carried.

UNCLAIMED PROPERTY REPORT

The Board considered the review and ratification of approval of an Unclaimed Property Report as of March 1, 2022, and the filing of same with the Comptroller of Public Accounts of the State of Texas (the "State Comptroller") prior to July 1, 2022. In connection therewith, Mr. Patel presented to and reviewed the Unclaimed Property Report with the Board, a copy of which is attached hereto as **Exhibit B**, and advised that the District has \$5,462.86 in unclaimed funds to escheat to the State Comptroller. He further advised that MA&C filed the Unclaimed Property Report with the State Comptroller prior to the July 1, 2022, filing deadline, as required, and requested that the Board ratify MA&C's handling of same. Following discussion, it was moved by Director Peckham, seconded by Director Bundscho, and unanimously carried, that the following actions taken for and on behalf of the District in connection with the District's Unclaimed Property Report be ratified, confirmed and approved in all respects: (i) the Unclaimed Property Report as of March 1, 2022, be approved, and (ii) the filing of said Report by MA&C with the State Comptroller prior to July 1, 2022, be authorized.

TAX ASSESSOR-COLLECTOR'S REPORT

Mr. Spencer presented to and reviewed with the Board written Tax Collector's Reports regarding tax collections within the District for the months ended May 31, 2022, and June 30, 2022, including lists of bills and charges to be paid out of the District's Tax Account, copies of which are attached hereto as **Exhibit C**. Following discussion, Director Peckham moved that the Tax Collector's Reports and the disbursements reflected therein be approved. The motion was seconded by Director Bundscho and unanimously carried.

DELINQUENT TAX COLLECTIONS REPORT

In connection with the District's delinquent tax collections, Mr. Lai presented to and reviewed with the Board a written Delinquent Tax Report provided by Perdue, Brandon, Fielder, Collins, & Mott, L.L.P., dated June 9, 2022, a copy of which is attached hereto as **Exhibit D**. He noted that there were no items on the report requiring action by the Board at this time.

OPERATIONS REPORT

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

Mr. Arrant recalled discussion previously had by the Board in which concerns were expressed in regards to poor supply chain conditions and the District's capability to obtain certain equipment/materials for the District's Water Plant, Sewer Treatment Plant and Lift Station (the "Facilities"), in the event of an emergency. In connection therewith, Mr. Arrant presented to and reviewed with the Board a handout detailing the costs associated with the purchase of additional pieces of equipment/materials to supplement the District's current inventory, a copy of which is attached hereto as **Exhibit F**. Following review and discussion, Director Mayeu moved to authorize MOC, on behalf of the Board and the District, to purchase the following items to

supply the District's inventory: (i) three (3) Phase Monitors, (ii) an adequate number, as determined by MOC, of various spare fuses for each of the Facilities, and (iii) one (1) Clarifier Motor to be stored at the District's Water Plant. Director Peckham seconded the motion, which unanimously carried.

Mr. Arrant then advised the Board that the perimeter fence located at the District's Sewer Treatment Plant is in poor condition, and presented the Board with a proposal for the replacement of said fence at a cost of approximately \$17,940.00. Following discussion, the Board concurred to defer consideration of the proposal presented at this time, and requested that Mr. Arrant obtain additional proposals for (i) replacement of the entire perimeter fence, including the posts, and (ii) replacement of the chain-link portion of the perimeter fence, leaving the current posts in place, for the Board's consideration at next month's meeting.

ENGINEER'S REPORT

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

In connection with the Phase II Wastewater Collection System Rehabilitation, Mr. Johnson presented to and reviewed with the Board Pay Application Nos. 2 and 3 in the amounts of \$117,329.58, and \$37,762.38, respectively, and requested approval of payment of same to T. Gray Utility & Rehab. Co. ("T. Gray"). Copies of Pay Application Nos. 2 and 3 are included in **Exhibit G**. Following discussion, Director Mayeu moved to approve the payment of Pay Application Nos. 2 and 3 in the amounts of \$117,329.58, and \$37,762.38, respectively, to T. Gray. Director Peckham seconded the motion, which unanimously carried.

Mr. Johnson reported that IDS completed preparation of the application for renewal of the District's Wastewater Treatment Plant TPDES Discharge Permit (the "Discharge Permit"), and requested that the Board authorize IDS to submit said application to the Texas Commission on Environmental Quality (the "TCEQ") on behalf of the Board and the District. Following discussion, Director Mayeu moved to authorize IDS to submit the application for renewal of the District's Discharge Permit to the TCEQ. Director Peckham seconded the motion, which unanimously carried.

Mr. Johnson advised the Board that the existing floatables collection screen (the "Screen") located at the District's Sycamore Bend Detention Basin will eventually require replacement due to the age and condition of the Screen. He advised that the Board may want to consider replacing the Screen in the near future. No action was taken by the Board at this time.

Discussion next ensued regarding the proposed Water Distribution System Rehabilitation/Replacement (the "WDS Project"). In connection therewith, Mr. Johnson presented to and reviewed with the Board an Opinion of Probable Cost Summary (the "Cost Summary") prepared by IDS, a copy of which is attached hereto as **Exhibit H**. Mr. Johnson advised the Board that construction of the WDS Project is currently estimated to cost a total of approximately \$11,112,850.00. He advised that, should the Board decide to proceed, he

recommends constructing the WDS Project in two or three phases to minimize disruption to the District's customers. Following discussion, Director Mayeu moved to proceed with the design and construction of the WDS Project. Director Peckham seconded the motion, which unanimously carried.

Mr. Lai presented to and reviewed with the Board correspondence received from the City of Houston (the "City") notifying the District that, in order to meet the Harris-Galveston Subsidence District's (the "Subsidence District's") requirement to reduce and maintain groundwater withdrawals to no more than forty percent (40%) of a permittee's total annual water demand by the year 2025, the District, as a participant in the City's Groundwater Reduction Plan ("GRP"), will need to substitute sixty percent (60%) of its total water demand with surface water by the year 2027. A copy of said correspondence is attached hereto as **Exhibit I**. Following discussion, Director Peckham moved to authorize the District's consultants to (i) research and discuss options for compliance with the GRP requirements implemented by the City and the Subsidence District, and (ii) determine the associated costs to be incurred by the District in connection with same. Director Bundscho seconded the motion, which unanimously carried.

Mr. Lai next advised the Board that Section 13.1396 of the Texas Water Code, as amended, requires the Board to update its information identifying the location and description of facilities that have qualified for critical load status and its information regarding emergency contacts (a) annually to each electric utility that provides transmission and distribution service to the District and each retail electric provider that sells power to the District, and (b) immediately upon any change in the information to the above entities, as well as to the Office of Emergency Management of Harris County, the Public Utility Commission of Texas, and the Division of Emergency Management of the Office of the Governor. Following discussion, Director Peckham moved to authorize the District's consultants to provide the appropriate entities with the annual update to the District's information, as required. Director Bundscho seconded the motion, which unanimously carried.

AUTHORIZE COMPLETION, EXECUTION AND FILING WITH THE SECRETARY OF STATE VOTING SYSTEM ANNUAL FILING FORM

Mr. Lai requested that the Board authorize SPH to complete and submit a Voting System Annual Filing Form ("Voting Form") to the Secretary of State's Office on behalf of the District. He advised that, pursuant to the Texas Election Code, each political subdivision in the State of Texas is required to complete and file said Voting Form with the Secretary of State's Office on an annual basis, even if the District did not conduct an election during that particular year. Following discussion, Director Peckham moved that SPH be authorized to complete the Voting Form and file same with the Secretary of State's Office, as required by law. Director Bundscho seconded said motion, which unanimously carried.

RECORDS DESTRUCTION REQUEST

The Board next considered a request from the District's Records Management Officer to destroy SPH's handwritten notes and audio recordings of Board meetings from February 11, 2021, to February 10, 2022, a copy of which is attached hereto as **Exhibit J**. Following

discussion, Director Bundscho moved that the destruction of said notes and audio recordings be authorized, as requested, and in accordance with the provisions of the District's Records Management Program. Director Peckham seconded said motion, which unanimously carried.

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 reminded the Board of the notification received from the COH dated as of March 14, 2022, regarding the COH's updated method for calculating the GRP fees owed to the COH by the District as a participant in the COH's GRP, and the 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. Following discussion, Director Peckham moved that (i) the District's Rate Order be amended to increase the GRP fee billed to each District customer from \$1.00 to \$1.18 for each 1,000 gallons of water used, and (ii) the amended Rate Order, a copy of which is attached hereto as **Exhibit K**, be dated effective as of July 14, 2022, and any and all Rate Orders heretofore adopted by the Board be revoked as of such date. Director Bundscho seconded the motion, which unanimously carried.

DEVELOPER REPORT

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

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. Lai presented to and reviewed with the Board correspondence prepared by SPH dated May 25, 2022, a copy of which is attached hereto as **Exhibit L**, and advised that SPH transmitted said correspondence to Acclaim Energy Advisors ("Acclaim"), as previously authorized by the Board, demanding that Acclaim remit payment for the revenue generated in response to the power exported by the District's generator during Winter Storm Uri. He noted that he has not yet received a reply from Acclaim in response to said correspondence. Mr. Lai then presented to and reviewed with the Board an On-site Generator Performance Report dated June 9, 2022, as prepared by Acclaim, a copy of which is attached hereto as **Exhibit M**. Mr. Lai reported that, for the month of May 2022, the District's generator exported power for a total of nearly 11 hours, and that the District can expect to receive the revenue derived from the power exported during that time. Following discussion, no action was taken by the Board in connection with this matter.

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.

CLOSED SESSION

The Board determined it was not necessary to enter into Closed Session.


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 – Bookkeeper's Report
- Exhibit B – Unclaimed Property Report
- Exhibit C – Tax Collector's Report
- Exhibit D – Delinquent Tax Report
- Exhibit E – Operations Report
- Exhibit F – Handout regarding Equipment/Material Pricing to Inventory
- Exhibit G – Engineer's Report
- Exhibit H – Opinion of Probable Cost Summary
- Exhibit I – City of Houston correspondence regarding Groundwater Reduction Plan
- Exhibit J – Records Destruction Request
- Exhibit K – Rate Order
- Exhibit L – Demand Correspondence to Acclaim Energy Advisors
- Exhibit M – On-Site Generator Performance Report

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