

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

Minutes of Meeting of Board of Directors

April 13, 2023

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 13, 2023, 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      |
| Rose Mary Bundscho | Assistant Secretary |

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

Also present were Keith Arrant and Ryan Vaughan of Municipal Operations & Consulting, Inc. ("Municipal Operations"); Eric Johnson of IDS Engineering Group ("IDS"); Rahi Patel of Municipal Accounts & Consulting, L.P. ("MA&C"); Chris Davy of Ad Valorem Appraisals, Inc. ("Ad Valorem"); Bear Oakley of Acclaim Energy Advisors ("Acclaim"); 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 March 9, 2023. After discussion, Director Angulo moved that the minutes of the meeting held on March 9, 2023, be approved as presented. Director Bundscho seconded said motion, which unanimously carried.

**CONSIDER APPOINTMENT OF NEW DIRECTOR TO FILL VACANCY ON BOARD OF DIRECTORS**

The Board considered the appointment of a new Director to fill the vacancy on the Board of Directors. In connection therewith, the Board discussed the qualifications necessary for a new Director to be eligible for service on the Board of Directors, and concurred to continue looking for potential candidates. Following discussion, the Board deferred taking action to appoint a new Director to fill the vacancy on the Board at this time, and concurred to re-consider the matter at a future meeting.

## **BOOKKEEPER'S REPORT**

Mr. Patel presented to and reviewed with the Board a Bookkeeper's Report dated April 13, 2023, including checks presented for payment, a copy of which is attached hereto as **Exhibit A**. Following discussion, it was moved by Director Angulo, seconded by Director Bundscho, and unanimously carried, that the Bookkeeper's Report be approved and the disbursements identified therein be approved for payment.

With regards to the District's Investment Profile, Mr. Patel advised the Board that Central Bank is offering a Certificate of Deposit ("CD") yielding a guaranteed interest rate of 4.36% for six (6) months, and inquired as to whether the Board desired to accept Central Bank's offer and authorize the purchase of said CD. Following discussion, the Board concurred to decline Central Bank's offer and instructed MA&C not to purchase any additional CDs on behalf of the District at this time. The Board noted that it would reconsider the purchase of CDs at next month's meeting.

## **TAX ASSESSOR-COLLECTOR'S REPORT**

Mr. Davy 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, 2023, including a list of bills and charges to be paid out of the District's Tax Account for the month ended March 31, 2023, 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 Bundscho 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 12, 2023. After further discussion, it was moved by Director Angulo, seconded by Director Bundscho, 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 2022 delinquent real property tax accounts on July

1, 2023, 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 2023, a copy of which is attached hereto as **Exhibit D**. In connection therewith, Mr. Arrant requested that the Board authorize Municipal Operations to write off one (1) account totaling \$153.57 as uncollectible. Following discussion, Director Angulo moved to authorize Municipal Operations to write off the account totaling \$153.57, as described in the uncollectible account list attached to the Operations Report. Director Bundscho seconded said 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.

### **CONSUMER CONFIDENCE REPORT**

The Board considered authorizing Municipal Operations 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, 2023. After discussion, it was moved by Director Angulo, seconded by Director Bundscho and unanimously carried that the Board authorize Municipal Operations 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 13, 2023, concerning engineering projects within the District, a copy of which is attached hereto as **Exhibit F**. No action was required by the Board in connection with the Engineer's Report.

### **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 "City") groundwater reduction plan ("GRP") fees. Mr. Lai reminded the Board that the City previously updated its method for

calculating the GRP fees owed to the City by the District as a participant in the City's GRP, effective as of September 1, 2021, resulting in a substantial fee increase to the District, effective as of April 1, 2023. In that regard, Mr. Lai advised the Board that the City recently provided notice of its annual rate increase, effective as of April 1, 2023, comprising a 9.2% inflationary increase to provide for the cost of operating, maintaining, and repairing the City's combined water and wastewater utility system and an additional fee increase to account for various capital projects related to the City's distribution of surface water pursuant to its GRP. Mr. Arrant then presented to and reviewed with the Board a handout prepared by Municipal Operations containing potential options for the implementation of the City's rate increase and the imposition of a pass-through to District customers. A copy of said handout is attached hereto as **Exhibit G**. Following review and discussion, it was moved by Director Angulo, seconded by Director Bundscho, and unanimously carried that: (i) the District's Rate Order be amended to impose a 50% pass-through of the GRP fee increase to the District's customers, increasing the GRP fee billed to each District customer from \$1.18 to \$1.85 for each 1,000 gallons of water used, and (ii) the amended Rate Order, a copy of which is attached hereto as **Exhibit H**, be dated effective as of April 13, 2023, and any and all Rate Orders heretofore adopted by the Board be revoked as of such date.

### **DEVELOPER REPORT**

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

### **REPORT ON THE DISTRICT'S GENERATOR, INCLUDING STATUS OF RECEIPT OF REVENUES ASSOCIATED WITH PERFORMANCE DURING WINTER STORM URI**

Director Mayeu advised the Board that John Elder of Acclaim Energy Advisors ("Acclaim") is working to determine a resolution for the District's receipt of revenue for operation of the District's generator at its Water Plant.

Mr. Oakley introduced himself to the Board and discussed a proposed Management Agreement between the District and Acclaim, which provides for the adjustment of fees imposed by Acclaim for provisions of energy consulting services. Following discussion, Director Angulo moved that (i) the Board approve the proposed Management Agreement with Acclaim, subject to review and final approval of same by SPH, and authorize the President to execute same on behalf of the Board and the District, and (ii) authorize SPH to acknowledge receipt of the required Texas Ethics Commission Form 1295, as submitted by Acclaim in connection with said Management Agreement. Director Bundscho seconded the motion, which carried unanimously.

### **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.

**POTENTIAL ENERGY MANAGEMENT SERVICES**

Director Mayeu advised the Board that he had nothing new to report to the Board in connection with potential energy management services and requested that the discussion item relative to such matter be removed from all future meeting agendas.

**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 Angulo, seconded by Director Bundscho 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
- Exhibit F – Engineer's Report
- Exhibit G – Options for Implementation of City of Houston GRP Fee Increase
- Exhibit H – Rate Order

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