

MASON CREEK UTILITY DISTRICT

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MINUTES Meeting of the Board of Directors

The Board of Directors of Mason Creek Utility District of Harris County, Texas, convened in a **scheduled regular meeting** at the Mason Creek Community Center, 20201 Kingsland Blvd., Katy, Texas 77450, on **February 16, 2022**, at 7:30 P.M., and the roll was called of the duly elected members of the Board of Directors, to wit:

Len Forsyth	President
James G. Hamblet III	Vice-President
Brian C. Connolly	Secretary/Treasurer
John H. Cameron	Assistant Secretary/Treasurer
James Kevin Nordhaus	Director

Also, present were James L. Dougherty, Jr., Attorney for the District; Lina Loaiza of Bob Leared Interests; Derek Davenport of McClennan and Associates; Brenton Stamper of Venturi Engineers LLC; and Susan Saccomen, and Jamie Parrott of the MCUD staff. The meeting was called to order, and in accordance with notice posted pursuant to law, the following business was transacted:

Notices & Minutes. Ms. Saccomen reported that the notices of the meeting had been posted as required by the Texas Open Meetings Act. Director Hamblet moved to approve the January 12, 2022, regular meeting minutes as presented, and Director Connolly seconded. All voted in favor.

Delinquencies, Etc. Delinquencies, Etc. Ms. Saccomen presented a list of delinquent accounts proposed for service discontinuation (for which notices, including an opportunity to be heard, had been sent). President Forsyth provided an opportunity for anyone to be heard regarding the delinquencies or discontinuations. After it appeared that no one wanted to be heard, Director Cameron moved that: (i) the amount shown on the list for each account be found to be correct and delinquent, and (ii) discontinuation of utility service be authorized for the accounts listed, unless a payment arrangement was agreed upon before discontinuation of service, in accordance with the District's standard operating procedures. The motion was seconded by Director Hamblet and carried by a unanimous vote.

Bookkeeping, Funds, Etc. Mr. Davenport presented the bookkeeper's report including the cash disbursement report from January 16th, 2022, through February 16th, 2022. Mr. Davenport also presented the Investment Report for January 2022. He noted that the previous bookkeeper presented the report quarterly, but McClennan and Associates would present it every month. Mr. Davenport then presented the Quarterly Investment Report for the period ending December 31, 2021. He said that the previous bookkeeper hadn't supplied the report to him until early February. Director Hamblet moved to accept the bookkeeper's report as presented, including the investment report for the period ending December 31, 2021, submitted by the Investment Officer, and to order that a written instrument be adopted, as shown on the report, stating that the Board had reviewed the District's investment policy and investment strategies and decided to make no changes to them. Director Cameron seconded, and all voted in favor of the motion.

Mr. Dougherty presented two master resolutions with signature cards for Allegiance Bank and Central Bank. After discussion, Director Hamblet moved to adopt the master resolutions and signature cards for Allegiance Bank and Central Bank as presented. Director Cameron seconded, and it carried by a unanimous vote.

Mr. Dougherty informed the Board that Central Bank has not returned signed copies of the Depository Order, Depository Agreement, and Depository Pledge Agreement. He added that there had been no indication that the documents had been signed. After discussion, the Board asked Mr. Davenport to reach out to Central Bank to try and retrieve the signed documents. Director Hamblet asked that the District transfer all monies over \$250,000 (the amount covered by FDIC), if Central Bank does not provide the required documents.

Bills, Etc. Director Connolly moved to accept the bills as presented (and authorize the checks prepared to pay them). Director Cameron seconded. The motion was carried by a unanimous vote.

Taxes. Ms. Loaiza gave the Tax Assessor Collector report indicating total TY 2021 taxes collected at the end of January were \$2,179,944.35, leaving TY 2021 taxes receivable on January 31, 2022, at \$263,763.18. Total reported receipts in January were \$849,072.94. Checks were presented in the amount of \$842,803.03. The reported percentage of collection of TY 2021 taxes was 91.02% per the report, however, Ms. Loaiza informed the Board that, prior to her arrival at the meeting, the collection of TY 2021 taxes had increased to 92.7%. After discussion, Director Cameron moved to approve the Tax Assessor Collector's report as presented (and authorize the checks presented). Director Hamblet seconded, and all voted in favor of the motion.

Bonds, Notes, Etc. and Reimbursement. There was nothing to report.

Water Supply & Regulations and Agreements. President Forsyth said he had informed Mr. Diehl that Mason Creek UD was not ready to commit to supplying water to Green Trails MUD as Mr. Diehl had requested, and that further data was needed. He added that the flow test was performed, but the test was not long enough to determine how much water Green Trails MUD would be demanding. Director Forsyth said he had asked Green Trails MUD for its annual pumpage, and it just under 300,000,000 gallons. He added that another test would be necessary to get a better idea of how much water it would need for the three-month period requested.

Engineering, Projects, Etc. Mr. Stamper informed the Board that construction was still ongoing for the Brondesbury Lift Station conversion project. He presented Pay Application No. 4 in the amount of \$186,000.00 and his recommendation for payment in the amount of \$167,400.00 (amount of pay application less 10% retainage). Mr. Stamper noted that he received an updated project schedule from Walsh Construction Company LLC with a contract completion date of March 24, 2022, but the company was requesting an extension due to supply chain issues. Mr. Stamper said he would bring a formal request for the extension the following month. After discussion, Director Connolly moved to authorize Pay Application No. 4 in the amount of \$167,400.00 as presented. Director Cameron seconded, and all voted in favor of the motion.

Mr. Stamper reported that he had submitted the Rennie Lift Station Conversion plans for review, to the City of Houston and Harris County. He noted that barring any complications with the plan review, work on the Rennie Lift Station Conversion should begin right after the completion of work on the Brondesbury Lift Station Conversion project

Mr. Stamper reported that the bid opening for the Forcemain Replacement Project was held on February 10th. He noted that three bids were received, and he presented the bid summary results. Mr. Stamper reported that Venturi Engineers recommended the Board award the contract to the lowest bidder, T Construction LLC, in the amount of \$168,395.00. After discussion, Director Hamblet moved to award the contract for the Forcemain Replacement Project to T Construction LLC for \$168,395.00. Director Cameron seconded, and all voted in favor of the motion.

Director Hamblet reported he had received a letter from Sweetwater Pool Inc. stating that it would cover all costs related to the stripping and recoating of the pool deck and provide an additional one-year warranty on the pool deck, for total warranty coverage of three years.

Mr. Stamper reported that the bid opening for the Dominion Water Plant GST Recoat Project was held on February 10th. He noted that seven bids were received and presented the bid summary results. He noted that Blastco Texas was the lowest bidder; however, approximately one hour after the bid opening, he said he had received a call from Blastco. He said the Blastco representative reported that there had been an error in its bid. Mr. Stamper said he had requested verification of the error, which he received. He said the second lowest bidder, MK Painting, Inc., was investigated, and it was found to have provided no current references (the most recent was from 2019). Mr. Stamper said he had requested more recent job references from 2020 and 2021. Mr. Dougherty said he had checked the company's state registrations and found that it was registered with the State Comptroller but not registered with the Secretary of State--which was generally required for out-of-state companies transacting business in Texas. After discussion, the Board asked that a committee study both MK Painting, Inc. and the third lowest bidder, Nova Paintings, LLC. Ms. Saccomen said she could run a Dun & Bradstreet report on both companies for the committee's review. Director Connolly agreed to head-up the committee and bring a recommendation to the special meeting to be scheduled for the following week. Mr. Stamper presented for signature a work order for the services and fees related to the third-party inspector who would oversee the project.

Mr. Stamper reported that the Ellingham Sanitary Sewer Rehabilitation Project plans had been submitted to the City of Houston and Harris County for approval.

Mr. Stamper reported further on the Green Trail MUD topic. He said he was concerned about the chlorine residuals and which party would be responsible. He recommended that the contract assign chlorination responsibilities. Director Forsyth asked Mr. Stamper to contact TCEQ, explain the possible water exchange between the interconnect, and find out if the TCEQ had any other requirements.

Mr. Stamper reported that there was a new tenant in the Jim R. Smith commercial site and that, per the rate order, plans would need to be submitted. In its utility capacity request, the owner had stated that there would be no improvement or modifications to the water, sewer, or drainage facilities, and therefore no plans were drafted. Mr. Stamper requested a variance to exclude the requirement for plans since there would be no changes to the facilities. He added that they would need to provide grease trap sizing certified by an engineer or master plumber, and if there was no grease trap, one would need to be installed. The Board concurred and granted the variance.

Director Connolly moved to approve the engineering report as presented. Director Cameron seconded, and all voted in favor of the motion.

Energy & Streetlights. Mr. Forsyth reported that Green Trails MUD had asked the District to include the ornamental lights on the District's list of streetlights when checking for outages. Mr. Forsyth noted that it would only be three to five additional lights. The Board concurred.

Regional Matters. Director Cameron said he had attended the AWBD winter conference. He noted that after compilation of the 2020 census, Texas had gained two additional congressional districts which gave Texas two more votes in the Electoral College. He said he had also received information regarding reports for lead in drinking water. He said he had spoken with Mr. Parrott who had reported that the District did not have problems with lead. He noted that schools and daycare facilities would be watched closely.

Drainage, Detention/Retention. There was nothing to report.

STP's. President Forsyth reported that the WMMUD plant was operating in compliance. He stated that they were still setting up the new generator. He also reported that the Cinco Regional STP had a trunkline failure, and it would be slip-lined over the next two years. He said the District's responsibility for the cost would be 20 percent, or \$360,000.

Recreational Facilities. Ms. Saccomen asked the Board about opening the MCCC for rentals. After discussion, Director Connolly moved to authorize reopening it for rentals. Director Cameron seconded, and all voted in favor of the motion.

Ms. Saccomen reported that the charge for replacement tennis keys was \$50 for the second key and \$75 for a third. She added that since the District had gone to electronic key cards, the replacement cost was much higher than the replacement cost for the District. She recommended reducing the key card replacement to \$25. After discussion, Director Hamblet moved to authorize reducing the card key replacement fee to \$25. Director Connolly seconded, and all voted in favor of the motion.

Mr. Parrott reported that the contractor would be out next week to begin the repair to the tennis courts.

System Operations, Rates, Etc. Mr. Parrott reported that the District had pumped for January was 21,836,000 gallons of water. Mr. Parrott updated the Board regarding the request from the Patio One store to build a new marque billboard that would encroach onto the District's easement along IH 10. He stated the sign's footprint would be the same as the existing sign. Mr. Dougherty recommended the Board require an Acquiescence of Encroachment that would clearly state that if the District needed access the owner would remove and or replace the sign at its cost (also other provisions to protect the District). The District could also request a payment to cover costs for creation of the document. Director Hamblet moved to authorize an Acquiescence of Encroachment for the Patio One sign, and to require payment of the costs. Director Cameron seconded, and all voted in favor of the motion.

Mr. Parrott presented an estimate of \$19,268 from McIllhenny Inc. for the replacement of windows at the District's plant sites. He added that the District would need to pay half down for materials. After discussion, Director Connolly moved to authorize the estimate from McIllhenny Inc. as presented. Director Cameron seconded, and all voted in favor of the motion.

Administrative Matters. Ms. Saccomen noted that payroll taxes related to Director's fees must be submitted with employee payroll because the District is only allowed one report per quarter. She said she would coordinate the bookkeeper and the Resourcing Edge firm to have the Director's pay information sent to Resourcing Edge for payroll tax submittal. President Forsyth informed the Board that Tommy Gomez had resigned, with his last day being February 25th. He said Mr. Parrott was looking for a replacement and Director Hamblet would reach out to Resourcing Edge for assistance with finding a replacement. Director Forsyth asked about the employee handbook. Director Hamblet noted that the employee handbook would be ready for approval at the March Board meeting, and the insurance policy would be part of that.

Directors Election. Mr. Dougherty said that bond counsel had prepared an Order of Directors Election regarding the May 7 election. He noted that the order must be adopted by February 18, 2022, which was also the deadline for filing applications for a place on the ballot. Ms. Saccomen informed the Board that she had received applications from the incumbents, Leonard Forsyth and James Kevin Nordhaus. Mr. Dougherty noted that the District could cancel the election if the incumbents are unopposed, but that would not be known until after 5:00 pm on February 22nd, which was the extended date to file a Declaration of Write-In Candidacy. After discussion Director Hamblet moved that (i) the District declare its intention to hold its May 2022 director election jointly with the countywide election to be conducted with the County; (ii) the Board approve and authorize execution of the County's agreement for the joint election; (iii) the Board formally call the May 2022 director's election by adopting the written order of election prepared by bond counsel; (iv) the Board authorize the President, the Secretary and Bond Counsel (each) to take such other actions as may be necessary or convenient for election preparation; (v) authorize the Secretary to determine if the election is contested and (if it is not) to make a certification to that effect and notify the County that the election is not to be held, in accordance with the Election Code and the Water Code. The motion was seconded by Director Cameron, and all voted in favor of the motion.

Next Meeting: The February regular meeting was scheduled for Wednesday, March 16, 2022, at 7:30 PM at the Mason Creek Community Center.

Adjournment. There being no further business to discuss, Director Hamblet moved to adjourn. Director Cameron seconded, and all voted in favor, thus passing the motion.

REVIEWED AND APPROVED BY THE BOARD on March 16, 2022

SIGNED: 