

MASON CREEK UTILITY DISTRICT

L.R. Forsyth
J.H. Cameron
B.C. Connolly
J.K. Nordhaus
F.J. Castellano

Katy, Texas 77450
Phone 281-578-7272
Fax 281-578-1419

MINUTES Meeting of the Board of Directors

The Board of Directors (“Board”) of Mason Creek Utility District of Harris County, Texas (“District”) convened in a **rescheduled regular meeting** at the Mason Creek Community Center, 20201 Kingsland Blvd., Katy, Texas, on **December 13, 2023**, at **5:30 P.M.** The members of the Board were:

Len Forsyth	President
Brian C. Connolly	Vice President
James K. Nordhaus	Secretary/Treasurer
Fredrick J. Castellano	Assistant Treasurer
John H. Cameron	Director

and all the members were present, thus constituting a quorum.

Also, present were James L. Dougherty, Jr., Attorney for the District (entered the meeting at 5:50 pm); Lina Loaiza of BLICO, Inc., the District’s tax assessor-collector; Derek Davenport of McClellan and Associates; Jose de Leon and Brenton Stamper of Venturi Engineers LLC; and Susan Saccomen of the District’s 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 notice of the meeting had been posted as required by the Texas Open Meetings Act. Director Cameron moved to approve the regular meeting minutes for November 15, 2023, as presented, and Director Castellano seconded. The motion passed.

Delinquencies, Etc. Ms. Saccomen indicated that because of the holidays, the notices of proposed discontinuation of service (and tonight's hearing) were not delivered in December.

Bookkeeping, Funds, Etc. Mr. Davenport presented the bookkeeper’s report including the cash disbursement report for November 16th, 2023, through December 13th, 2023. Mr. Davenport also presented the investment report for the period ending November 30th, 2023.

President Forsyth opened a discussion regarding a \$225,000 CD at BancorpSouth and a \$1,257,000 CD at Stellar Bank, as both were maturing in December. Director Nordhaus noted he had investigated the options and recommended renewing the CD at Stellar Bank for 6 months at a rate of 5.0 %. He noted that the rate was less than what TexPool pays, but he felt it was a good idea to keep funds in more than one institution. Director Nordhaus also recommended that the CD currently at BancorpSouth also be moved to Stellar Bank. After discussion, Director Cameron moved to approve moving both CDs to Stellar Bank, with Director Nordhaus working at getting to at least 5% for both CDs. Director Connolly seconded, and the motion was unanimously carried.

Director Cameron moved to accept the investment report, as presented, 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 Castellano seconded. The motion passed unanimously.

After discussion, Director Connolly moved to accept the bookkeeper’s report as presented. Director Cameron seconded, and all voted in favor of the motion.

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

Taxes. Ms. Loaiza gave the Tax Assessor Collector report indicating total TY 2023 taxes collected at the end of November were \$205,195.09, leaving TY 2023 taxes receivable on November 30, 2023, at \$2,552,869.85. Total reported receipts of TY 2023 taxes in November were \$153,900.76. Checks were presented in the amount of \$148,446.07. The report indicated that the percentage of TY 2023 taxes collected was 13.3%. Director Cameron moved to approve the Tax Assessor Collector’s report as presented (and authorize the checks presented). Director Nordhaus seconded, and all voted in favor of the motion.

Bonds, Notes, Etc. and Reimbursement. There was no report or action.

Water Supply & Regulations and Agreements. There was no report or action.

Engineering, Projects, Etc. Mr. Stamper informed the Board that he was waiting for the punch list items and check valves to be addressed for the Brondesbury Lift Station Conversion Project. He noted that the contractor had been visiting the site. He added that Mr. Dougherty was still in the process of finalizing the agreement between the District and the bonding company. (At that time, Mr. Dougherty entered the meeting.) Mr. Dougherty said that he was just speaking to the bonding company's attorney, who had said that there was a dispute between their consultant and the District's engineer regarding the flow meter that was listed in the contract. Mr. Stamper said that he would get that issue resolved.

Mr. Dougherty updated the Board regarding discussions about the proposed completion agreement, including Contract Time, liquidated damages, and insurance for M7 LAND DEVELOPMENT LLC, the new project completion contractor. Mr. Dougherty noted that M7's insurance fell short of the contract's requirements. He said the bonding company's attorney had pointed-out that M7 would only be on site for a few days and had requested that the additional insurance requirements be waived. Mr. Dougherty said the completion agreement, if signed, would require the bonding company to indemnify the District. After discussion, Director Cameron moved to authorize the completion agreement with changes to: (i) extend the Contract Time to December 31, 2023; (ii) waive all claims for liquidated damages; (iii) an amendment to specify the appropriate flow meter; (iv) and relaxation of the project's insurance requirements; and to authorize the District vice president to sign the amended completion agreement with the changes listed above (and possible further extension of the Contract Time). Director Castellano seconded, and all voted in favor of the motion.

Mr. Stamper said that he was still waiting for the contractor to receive the construction materials for the Rennie Lift Station Conversion Project. He added that Pioneer Construction Services LLC had indicated that it was able to pay the supplier for the pumping parts, if they were delivered to the District in advance. Mr. Dougherty said that the process to authorize advance delivery of the pumping parts (and payment) would include: (i) paperwork would need to be signed and consent of the surety; (ii) the District would have to be satisfied that all the parts are delivered and are stored on District property; (iii) the contractor would then pay the supplier; (iv) the District would receive paperwork, including "bills paid" affidavits" (signed by contractor and supplier), and (v) the District would then deliver a cashier's check in the amount of \$270,900.00 to the contractor. After discussion, Director Connolly moved to authorize the purchase of a cashier's check payable to Pioneer Construction Services LLC (which would require signing a District check payable to the bank) in the amount of \$270,900.00. Director Cameron seconded, and the motion was unanimously passed.

Mr. Stamper noted that the Section 1 Cleaning and Televising Project was completed, and the report was delivered. He noted that there was an additional 633 linear feet televised. Mr. Stamper presented and recommended Change Order No. 1 in the amount of \$1,740.75 for the extra cleaning and televising. Mr. Stamper also presented and recommended Payment Application No. 1 in the amount of \$36,509.00. After discussion, Director Cameron moved to authorize Change Order No. 1 and Payment Application No. 1 as presented. Director Connolly seconded, and all voted in favor of the motion.

Mr. Stamper reported that he had received and addressed comments from OCE, HCED and HCFCD for the Section Six sanitary sewer rehabilitation project. He noted that approvals were expected in the next few weeks. He noted that the only hold up could be the crossing into a Kinder Morgan easement that would be necessary. He added that Harris County had requested a letter of approval from Kinder Morgan.

Mr. Stamper reported that he and the District Operator met to discuss TCEQ requirements related to the lead and copper rule and the District's plans for meter inspections.

Mr. Stamper stated that, during an inspection, some vents were found to be in disrepair at the Galleon Oaks GST. He added that preliminary design was underway. He also informed the Board that he had requested an updated plat from the engineer for the Mason Garden project and was awaiting their response.

Director Cameron moved to accept the engineering report. Director Connolly seconded, and the motion passed unanimously.

Energy & Streetlights. Director Cameron reported that ERCOT expected a 16.8% chance of a grid emergency should a bad storm hit Texas. He added that ERCOT had attempted to get coal plants back online in anticipation of an emergency but was unable to do so due to a lack of time. He also stated that Texas was leading in wind generation, and 40 percent of energy for Texas was from carbon-free sources (counting nuclear sources). He also reported that, due to inherent transmission problems, there was no foreseeable reduction in electricity prices.

Regional Matters. Mr. Dougherty reported that he had received correspondence from the COH (City of Houston) regarding the Ground Water Reduction contract. He added there was a clause in the contract that called for an advisory committee. He added that two members of the committee should be representatives from participating customer water districts, and nominations were requested by January 31, 2024. Mr. Dougherty recommend the Board authorize president and attorney and office staff to consult with the Fry Road Consortium member districts (sometimes called the "Fry 5") and reconvene the group to designate someone to represent the consortium for the advisory committee. After discussion, Director Cameron moved to authorize the Board President, office staff and attorney organize a meeting of the Fry Rd. Consortium. Director Castellano seconded, and the motion was passed.

Drainage, Detention/Retention. There was no report or action.

STP's. President Forsyth reported that all STPs were working appropriately. He informed the Board that the Cinco MUD No. 1 would be selling \$7.2 million in bonds for its water reuse program.

Recreational Facilities, Etc. Ms. Saccomen noted that Mr. Parrott was not in attendance due to illness, and she provided a brief report. Ms. Saccomen stated that work to enclose the pool bathrooms was underway and should be completed before the end of the year. She said that construction of the new tennis court cover had started. She also said that the tennis court/pickleball court resurfacing was complete, but the new nets were on backorder. Ms. Saccomen stated that quotes for security cameras had been requested, and Mr. Parrott was waiting for responses.

System Operations, Rates, Etc. Ms. Saccomen reported that the total water loss for November was 3.68%. She noted that the smart valves were delivered to the Brondesbury Lift Station, and contractor work at the site was sporadic.

Ms. Saccomen reported that the roofing structure for the Brondesbury Lift Station was failing and needed to be replaced, and that Mr. Parrott would provide an estimate at the January meeting.

Ms. Saccomen added that the beds for the two new trucks were scheduled to be delivered the following week, and Mr. Parrott would take the trucks over for installation of the beds.

Administrative Matters. Mr. Dougherty informed the Board that there was a May 2024 election for three Board members, and Brian Connolly, James Nordhaus, and Frederick Castellano were up for re-election. He stated that the election action calendar started in December with the posting of a notice about the deadline to apply for a place on the ballot. He added that it was necessary to have the notice translated into multiple languages, but the notice would be posted to the website no later than Monday, December 18, 2023. He also added that the Secretary could appoint an agent to perform election duties, if approved by the Board. He recommended that the Board publish a notice about not using accessible voting equipment due to extensive costs. He added that, if that notice were published, and no objections were received, then the election could be held with paper ballots. He also asked the Board to authorize the president, attorney, and office manager to perform other advance preparations for the election, including investigating the possibility of a joint election with Harris County or KISD. After discussion, Director Cameron moved to; (i) approve that appointment of Ms. Saccomen as agent for the Secretary; (ii) authorize publication of an advertisement stating no accessible election equipment would not be used; and (iii) authorize the Board president, attorney, and office manager to perform advanced duties related to the election, including investigating a possible joint election with the county or school district. Director Connolly seconded, and the motion was unanimously passed.

Ms. Saccomen presented the proposed 2024 District Holiday Schedule. She added that the number of holidays would be unchanged from the prior year. After discussion, Director Cameron moved to approve the 2024 District holiday schedule as presented. The motion was seconded by Director Nordhaus and adopted by a unanimous vote.

Director Connolly reported that he had met with the District's health insurance agent, and renewal of the current insurance policy would only increase the cost by 1.6%, with very few changes to employee coverages. He recommended the Board approve renewal of the policy. After discussion, Director Cameron moved to authorize the renewal of the current health insurance as presented. Director Nordhaus seconded, and the motion passed.

President Forsyth made the following announcement (while the Board was in open session): "The Board of Directors of Mason Creek Utility District is starting a closed or executive session on December 13, 2023, at 6:31 PM under Section 551.074 of the Texas Government Code. The subject matter (agenda) of this deliberation is as follows: to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of public employees." The Board then conducted a closed or executive session. A short time later the Board ended the closed or executive session, and the President made the following announcement (in open session): "The Board of Directors has completed its closed or executive session on December 13, 2023, at 6:47 o'clock P.M." Director Connolly moved to authorize the annual payment for the District's SEP/IRA program in the amount of 10% of individual annual salaries for full-time employees of the District and a one-time payment of \$350 for the part-time employees. The motion was seconded by Director Nordhaus and passed unanimously.

Next Meeting: Director Castellano moved to approve the rescheduled regular meeting set for Wednesday, January 17, 2023, at 6:30 PM at the District's office. Director Connolly seconded, and the motion passed unanimously.

Adjournment. There being no further business to discuss, Director Cameron moved to recess the meeting to the annual holiday party that was starting at the meeting place (Mason Creek Community Center). Director Connolly seconded, and all voted in favor, thus passing the motion. At the party, the meeting resumed informally with some public comments and incidental discussion of matters on the agenda, but there was no action taken by the Board, and the party ended shortly before 10:00 PM.

REVIEWED AND APPROVED BY THE BOARD on

January 17, 2024

SIGNED:

