

POINT AQUARIUS MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

June 21, 2022

The Board of Directors (“Board”) of Point Aquarius Municipal Utility District (“District”) met via videoconference (Microsoft Teams) and at 13185 Point Aquarius Boulevard, Willis, Texas 77318, on June 21, 2022, in accordance with the duly posted notice of said meeting, with a quorum of directors present, as follows:

Roland Morgan, President
Frank Lorch, Vice President
Glenn Andy Welsch, Treasurer
Steve Callaway, Director

and the following were absent:

Frank R. Wengler, Secretary.

Also present were Mr. Theo Whiteside, Mr. Russell Cosbey, Ms. Claudia Redden, Ms. Cynthia Straughan, Mr. Everett McClinton, and Ms. Lori G. Aylett.

The President called the meeting to order and declared it open for such business as might properly come before it.

1. The chair opened the meeting for public comment. Cynthia Straughan addressed the Board regarding the issues relating to the abandoned storm sewer under her home on Pelican Bay. She noted that the problem with the storm sewer line had been recognized in 2011. At that time, the Board agreed that the best approach would be to abandon the sewer in place. In 2013, the engineer designed a specification for abandoning in place, and the specification called for the line to be cut and plugged with concrete. The work was done in 2014. The contractor has produced a receipt for the concrete, but there was not enough concrete to fill the pipe. Recently, Ms. Straughan engaged a bulkhead contractor to do repairs on her property. When that contractor removed the bulkhead, there was water behind the bulkhead that should not have been there. In Ms. Straughan’s opinion, the project had not been performed according to the District engineer’s specifications. Ms. Straughan stated that she was concerned that there was no sense of urgency from the Board’s perspective in making repairs pursuant to a contract that should have been completed years ago. She stated that there is no current understanding of the void under her home. Russ Cosbey briefly discussed the issue. He stated that the Board had previously authorized the operator to pothole the line, and he agreed that there was no grout in the pipe in several areas. The operator also engaged a contractor to do a camera survey, but the engineer has not yet had an opportunity to review the video. The Board noted that it would not be appropriate to take an action until the facts were known. The Board instructed the engineer to review the video camera work that was done at the operator’s direction and be prepared to make a recommendation to the Board regarding action to be taken.

2. The Board considered the minutes of the meeting held May 17, 2022. After discussion, upon motion duly made, seconded, and unanimously carried, the Board approved the minutes as presented.

3. Mr. Russell Cosbey presented the engineer's report, a copy of which is attached. The engineer reported that bids for Waterline Replacement Phase Nos. 5-7 (Pollux, Pegasus and Crater) will be advertised on August 26 and September 2, with bid opening on September 16. The engineer presented a scope and fee estimate for drainage improvements on Pollux, Constellation, Libra and Orion. The Board took no action on the scope of work. Pay Estimate No. 2 for coating of the tank interior was presented in the amount of \$13,225.50. Technical review of the wastewater treatment plant permit application was completed by Texas Commission on Environmental Quality on June 14, 2022. Upon unanimous vote, the Board approved the engineer's report and pay estimate as presented.

4. Ms. Aylett then requested authorization for her firm to compile and submit to the electricity provider the information required to comply with the emergency operations critical load status for District facilities. This will register with the electricity provider and other emergency operations agencies the District's critical water and wastewater infrastructure, and those facilities will be given priority for restoring service after a hurricane or other disaster. In addition, the attorney will submit contact information to emergency operations agencies for the County and the State, as required by law. The Board authorized the attorney to submit the critical load report and emergency operation information on the District's behalf. In addition, the Board asked the engineer to review and update, if necessary, the Emergency Preparedness Plan for the District.

5. The attorney gave a brief status report on the Summerchase reimbursement contract. The engineer confirmed that there are 26 completed houses, and the assessed value added will likely qualify the developer for reimbursement. However the financial advisor recommended waiting until certified values are received in late July.

6. Mr. Mike Theo Whiteside presented an operator's report, a copy of which is attached. The District had 4.51% water loss, and the sewage treatment plant operated at 29% of permitted capacity. The operator reported pumpage from the Jasper well of 170,000 gallons and from the Catahoula well of 11,629,000 gallons. The District had 1,069 active accounts and billed 1,084 accounts. The operator also reported there had been seven new taps and seven meter change-outs during the prior month.

Upon unanimous vote, the Board approved the operator's report as presented.

7. The operator presented a draft of the Consumer Confidence Report for the Board's consideration. The report indicated that the District's water is within all EPA and state regulations and is safe to drink. The District will provide a copy of the CCR on their website, and copies will be sent with the District's water bill. Upon unanimous vote, the Board approved the Consumer Confidence Report as presented and authorized its publication and distribution as required by law.

8. Lori Aylett presented an attorney's report. The attorneys are working on records control and digitizing District records that are in the meeting building. She presented the delinquent tax report from Perdue, Brandon, Fielder, Collins, and Mott, L.L.P.

9. The Board reviewed the ethics letter and update by investment officer, Glenn Welsch. The attorney noted that annually the investment officer is asked to disclose

whether he has any personal business relationships (as that term is defined by statute) with anyone offering to engage in an investment transaction with the District. Mr. Welsch submitted the required disclosure which indicated that he had no such relationships to disclose. The attorney noted that this document would be filed with the Texas Ethics Commission and in the District's records as required by law. Upon unanimous vote, the Board approved the investment officer disclosure as presented and authorized its necessary filing.

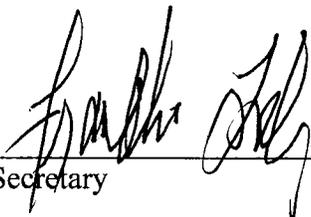
10. The attorney distributed a conflict of interest questionnaire to the Board. The Board members completed the questionnaires, noting no conflicts, and provided copies for the District's records.

11. Ms. Claudia Redden presented a bookkeeper's report, a copy of which is attached. The District has a general fund balance of \$3,029,287.72, a tax fund balance of \$119,781.27 and total debt service funds of \$35,270.96. Upon unanimous vote, the Board approved the bookkeeper's report as presented and authorized payment of bills listed thereon.

12. Director Welsch presented a treasurer's report. He had reviewed the District's budget with the operator and the bookkeeper. He reviewed the draft budget line by line with the Board, comparing changes from last year's adopted budget to this year's proposed budget. He explained why various proposed changes were made. Discussion then turned to the capital improvements plan. He noted that the capital improvements plan does contain a 10% contingency. However, it appears that the District either needs to eliminate \$3,000,000 from the capital improvements plan or be prepared to issue bonds or raise taxes to make up the deficit. In particular, the Pollux/Libra/Constellation/Orion drainage improvement project cost estimate is now over \$500,000. The Board was concerned about the various capital improvements, the drainage project, and the annual budget. The Board requested that the attorney place items regarding the drainage improvement project and the capital improvements plan on the next agenda. The Board also noted that the Pelican Bay abandoned storm sewer issue should also be placed on the agenda.

13. The Board discussed the 2022 tax rate calculation data. The Board authorized the financial advisor to complete information requested by the Montgomery County tax assessor regarding calculation of the effective tax rate. For purposes of that discussion, the Board made a preliminary designation that the District was a Developed District. The tax assessor-collector also asked for the Board's schedule for conducting hearings related to the tax rate. Setting the tax rate is a two-step process. While the Board can propose a tax rate at its regular August meeting, the District's regular September meeting will be after the deadline set by the tax assessor for receipt of the enacted tax rate. The Board agreed to conduct a special meeting on September 13 for the purpose of setting the tax rate. Discussions regarding the proposed rate will be conducted at the Board's regular August meeting.

There being no further business to come before the Board the meeting was adjourned.


Secretary