

REMINGTON MUNICIPAL UTILITY DISTRICT NO. 1,
OF HARRIS COUNTY, TEXAS

Minutes of Board of Directors Meeting
August 28, 2019

The Board of Directors ("Board") of Remington Municipal Utility District No. 1, of Harris County, Texas ("District"), met in regular session at the Board's regular meeting place on August 28, 2019, in accordance with the duly posted notice of meeting, and the roll was called of the duly constituted officers and members of said Board, as follows:

Timothy Kearns, President
Gabriel Garcia, Vice President
Timothy B. Hardin, Assistant Secretary
Richard Cannon, Assistant Secretary

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

Also present were Dennis Sander and Jeff Peña of Sander Engineering Corporation ("Sander Engineering"); Wendy Maddox of B&A Municipal Tax Services, LLC ("B&A"); Mirna Bonilla-Odums of Inframark, LLC ("Inframark"); Charlie LaConti of Municipal Accounts & Consulting, L.P. ("MA&C"); Johnny Williams and Will Harris of Champions Hydro-Lawn, Inc. ("Champions"); Treacy Ware of Off Cinco Web Design ("Off Cinco"); Craig Rathmann of Rathmann & Associates, L.P. ("Rathmann & Associates"), who entered later in the meeting as noted herein; Doug Miksch, a District resident and potential director; and Matthew Reed and Rachel Knight 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 the Board.

APPROVAL OF MINUTES

As the first order of business, the Board reviewed the minutes of its meeting held on June 26, 2019. After review and discussion, Director Garcia moved that the minutes of the June 26, 2019, Board meeting be approved, as written. Director Kearns seconded said motion, which carried unanimously.

PUBLIC COMMENTS

Mr. Reed next reported to the Board of an e-mail he received from resident Ms. Tu-Anh Connelly dated August 22, 2019, reporting that an unusual amount of cockroaches have been seen coming out of the storm sewers located at Crimson Canyon and requested assistance from the District to resolve said matter. Mr. Reed noted that he replied by e-mail stating that the District cannot assist in the matter because there are strict state and federal laws and regulations against introducing pesticides or bait into the storm sewers due to the natural rain water and

runoff ending up in the streams. Following discussion, it was noted no action was required of the Board at this time.

Mr. Miksch next introduced himself to the Board, expressing interest in being appointed as a new Director to fill the vacancy on the Board.

APPOINTMENT OF NEW DIRECTOR

The Board considered the appointment of a new Director to serve on the Board of Directors for the remainder of Director Shepherd's term. After discussion on the matter, Director Garcia moved that Mr. Douglas Miksch be appointed as a member of the Board of Directors of the District for a term ending in May, 2022. Director Kearns seconded the motion, which unanimously carried.

Mr. Miksch presented his Bond, Qualification Statement, Oath of Office, and Election Not to Disclose Certain Information. Mr. Reed then advised Director Miksch that he may elect to instruct the District to withhold public access to information in the custody of the District relating to his home address, home telephone number, social security number and information indicative of whether he has family members pursuant to Section 552.024 of the Texas Government Code. After discussion, Director Miksch elected not to disclose such information. After discussion on the matter, it was moved by Director Garcia, seconded by Director Cannon and unanimously carried that the Board approve said Bond, accept said Qualification Statement, Oath of Office and Election Not to Disclose Certain Information and declare Mr. Miksch to be a duly appointed and qualified Director of the District.

The next item to be considered was the reorganization of the Board and election of officers. After discussion on the matter, it was moved by Director Garcia, seconded by Director Cannon and unanimously carried that (i) Director Miksch be appointed to the office of Secretary of the Board, and (ii) that all other officers of the Board remain in their current positions.

The Board next considered approving a District Registration Form required by the Texas Commission on Environmental Quality (the "TCEQ"). Mr. Reed explained that municipal utility districts are required to file names, mailing addresses, officer positions and terms of new directors with the TECQ within thirty (30) days after an election or appointment. He advised that with the Board's approval, SPH will complete the District Registration Form to include Director Miksch's term of office and file same with the TCEQ. After further discussion of the matter, Director Garcia moved that the Board authorize SPH to complete the District Registration Form as discussed and file same with the TCEQ. Director Kearns seconded said motion, which unanimously carried.

Mr. Reed advised Director Miksch of the training requirements for public officials. He advised that public officials, including directors of a municipal utility district, must complete separate training courses regarding the Texas Open Meetings Act and the Texas Public Information Act. Mr. Reed presented to Director Miksch a Memorandum prepared by SPH which summarizes the training requirements, a copy of which Memorandum is attached hereto as

Exhibit A, and a CD of the courses. He advised Director Miksch that the deadline to complete his training is 90 days from today and that he should provide the certificates evidencing same to SPH for the District's records.

Mr. Reed next discussed with the Board the conflicts disclosure statement reporting requirements for officers of certain local governmental entities, including water district directors, pursuant to Chapter 176 of the Local Government Code. Mr. Reed presented Director Miksch with a Memorandum prepared by SPH which summarizes the conflicts disclosure requirements, a copy of which Memorandum is attached hereto as Exhibit B.

SECURITY PATROL MATTERS

Mr. Reed presented to and reviewed with the Board the monthly security patrol reports from the Harris County Sheriff's Office ("HCSO") for the months of June and July, copies of which are attached hereto as Exhibit C. Following discussion, it was noted that no action was required of the Board at this time.

LEGAL REQUIREMENTS FOR DISTRICT'S WEBSITE

Mr. Reed presented to and reviewed with the Board a Memorandum regarding Legal Requirements for the District's Proposed Website and Other Considerations, a copy of which is attached here to as Exhibit D. Mr. Reed advised that the Memorandum contains updated website requirements following the 86th Regular Session of the Texas Legislature.

PRESENTATION REGARDING CREATION OF DISTRICT WEBSITE

The Board next recognized Ms. Ware, who presented to and reviewed with the Board an online preview of the District's proposed website, a copy of which is attached hereto as Exhibit E. She then discussed various options for the layout and maintenance preferences related to said website for the Board's consideration. A discussion ensued regarding same.

Mr. Reed next discussed S.B. 944 with the Board, which modifies Chapter 552, Texas Government Code (the "Public Information Act") and primarily clarifies existing law regarding local government records. He advised the Board that, beginning on September 1, 2019, information written, produced, collected, assembled or maintained in connection with the transaction of District business, created or received by Directors or former Directors on a privately owned device, including e-mails, notes, text messages, or other documents, will be expressly included in the definition of public information and will be subject to a request for information under the Public Information Act. Such information must either be forwarded to SPH or a District server or be preserved by the Director in its original form on their private device and in a backup or archive for the minimum amount of time required for the applicable information under the District's records retention schedules. Directors must turn over such information on their private devices within 10 days of a request for same from the District's Records Management Officer or they will be subject to discipline by the Board or to any other applicable penalties provided by the Public Information Act or Texas law. Ms. Ware advised

that each Director may be provided a separate email account by Off Cinco in order to keep discussions regarding District business separate from their personal emails and readily available if the District receives such a public information request. After discussion on the matter, the Board concurred to decline Off Cinco's offer to create separate email accounts for the Directors at this time. Mr. Reed also advised the Board that S.B. 944 requires the Attorney General to create a Public Information Request Form which may be used by the District and that SPH will review such form after it is produced and advise the Board regarding future use of same.

Ms. Ware then reviewed with the Board a Service Agreement (the "Agreement") between the District and Off Cinco to create and maintain a "Fixed Layout" website for the District, as discussed by the Board at its last meeting, a copy of which is attached hereto as **Exhibit F**. Mr. Reed informed the Board that SPH has reviewed and provided comments to the Agreement. Following discussion, Director Garcia moved that the Board (i) approve the Agreement with Off Cinco for creation of a Fixed Layout design website, plus the Monthly Hosting and Maintenance option providing monthly updates, and adding photography of District landmarks on the website; (ii) authorize the President to execute same on behalf of the Board and District; and (iii) authorize Director Hardin to review and approve of the updates to District's website and instruct Off Cinco when the website is ready to go live. Director Hardin seconded said motion, which unanimously carried.

TAX ASSESSOR-COLLECTOR REPORT

Ms. Maddox presented to and reviewed with the Board the Tax Assessor-Collector Reports for the months of June and July 2019, including the checks presented for payment from the District's tax account, attached hereto as **Exhibit G**. Following discussion, Director Garcia moved that the Tax Assessor-Collector Reports be approved, and that the checks identified therein be authorized for payment from the District's Tax Account. The motion was seconded by Director Cannon and carried by unanimous vote.

Ms. Maddox next requested that the Board implement the fraud protection program offered by Positive Pay for all payments made by B&A on behalf of the District. She further advised that said program will cost the District \$25.00 per month, plus an additional \$0.08 per transaction. Following discussion on the matter, the Board requested that an item be added to the next agenda to further discuss the matter and consider approval of same.

STATUS OF AUDIT REPORT FOR FISCAL YEAR ENDED MAY 31, 2019

The Board deferred consideration of approving the audit report for fiscal year ended May 31, 2019 until its next meeting.

DELINQUENT TAX COLLECTIONS ATTORNEYS' REPORT

Mr. Reed presented to and reviewed with the Board a Delinquent Tax Report as of August 28, 2019, prepared by Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue

Brandon"), the District's delinquent tax attorneys, a copy of which report is attached hereto as **Exhibit H**.

A discussion then ensued regarding the customers under the "Water termination letter candidates" list, as reflected in said report. Following discussion on the matter, Director Hardin moved to authorize Perdue Brandon to send letters to said customers notifying them of the previously authorized method of terminating water service as a means of collecting taxes, penalties and interest that have been delinquent for not less than six months, pursuant to Texas Water Code Section 49.212(c). Director Garcia seconded said motion, which unanimously carried.

ISSUANCE OF SERIES 2019 REFUNDING BONDS

Mr. Reed reported to the Board the results of the closing of the District's \$18,845,000 Unlimited Tax Refunding Bonds, Series 2019, noting that the District attained a net present value savings of 5.78% (\$1,071,946.98).

ENGINEERING REPORT

Mr. Sander presented to and reviewed with the Board a written Engineering Report dated August 28, 2019, a copy of which is attached hereto as **Exhibit I**, relative to the status of various projects within the District.

In connection with the renewal of the District's waste discharge permit, Mr. Sander advised that the permit expires on August 24, 2020 and that Sander Engineering requests authorization to prepare the renewal application and submit same to the TCEQ no later than February 25, 2020. Following discussion on the matter, Director Hardin move to authorize Sander Engineering to prepare and submit the renewal application for the District's waste discharge permit to the TCEQ. Director Garcia seconded said motion, which unanimously carried.

Mr. Rathmann entered the meeting at this time.

Mr. Sander reported that Jaime Schwarz, a District resident located at 9243Carling Bend, is installing a shed in his backyard, pater of which encroaches on the District's 10-foot wide sanitary sewer easement, and requested that a Consent to Encroachment and Indemnity Agreement be prepared. A copy of said request is attached to the Engineering Report. Following discussion on the matter, Director Hardin moved that the Board authorize SPH to prepare a Consent to Encroachment and Indemnity Agreement for the 10-foot wide sanitary sewer easement located at 9243Carling Bend. Director Garcia seconded said motion, which unanimously carried.

Mr. Sander next presented Pay Estimate No. 1 payable to Sustanite Support Services regarding the installation of a fourth blower at the Wastewater Treatment Plant, and recommended that the Board approve same. After discussion on the matter, Director Hardin moved that said pay estimates be approved. Director Garcia seconded said motion which

unanimously carried.

FINANCIAL ADVISOR'S RECOMMENDATION CONCERNING THE DISTRICT'S PROPOSED 2019 TAX RATE

Mr. Rathmann presented to and reviewed with the Board his recommendation regarding the proposed 2019 debt service tax rate and maintenance tax rate, a copy of which is attached hereto as **Exhibit J**. Mr. Rathmann reminded the Board that, according to the District's proposed 10-year Capital Improvement Plan ("CIP"), the Board would need to consider increasing either the District's current maintenance tax rate or sell new money bonds and increase its debt service tax rate, or a combination thereof, in order to create enough revenue in the general operating fund to pay for the proposed CIP projects in 2019 and 2020 and maintain its current reserve. A lengthy discussion ensued regarding same, and it was noted that the rollback rate, as calculated by B&A is \$0.525802.

A discussion ensued regarding same and concerning the requirements for notice of the District's intention to adopt a 2019 tax rate. Mr. Reed advised that, pursuant to §49.236 of the Texas Water Code, as amended, the District is required to provide a notice containing certain tax-related information in connection with each meeting at which the adoption of a tax rate will be considered. Mr. Reed further advised that the information to be included in the notice includes the proposed tax rate to be adopted. He advised that the District must provide the notice by either (1) publishing it at least once in a newspaper having general circulation in the District at least seven days before the date of the meeting at which the tax rate will be adopted, or (2) mailing it to each owner of taxable property in the District, at the address shown on the most recently certified tax roll of the District, at least ten days before the date of the meeting. After further discussion on the matter, Director Hardin moved that the Board (1) indicate its intent to levy a 2019 total tax rate of \$0.525, and (2) the District's tax assessor-collector be authorized to publish notice of the District's intention to adopt the 2019 tax rates at its next meeting in the form and at the time required by law. Director Kearns seconded said motion, which unanimously carried. The Board concurred that the notice should be published by the tax assessor-collector in *The Houston Chronicle* in the section directed to the zip code(s) in which the District is located.

CHAMPIONS' REPORT

Mr. Williams presented to and reviewed with the Board the Detention and Drainage Facilities Report dated August 28, 2019, a copy of which report is attached hereto as **Exhibit K**, relative to the status of various maintenance projects within the District. Following discussion, it was noted no action was required of the Board at this time.

OPERATOR'S REPORT

Ms. Bonilla-Odums presented to and reviewed with the Board the Operations and Maintenance Reports dated July 31, 2019 and August 28, 2019, copies of which are attached hereto as **Exhibit L**.

Ms. Bonilla-Odums requested that the Board consider authorizing Inframark to (i) transfer one (1) delinquent account totaling \$47.54 to collections, as listed on the July Report, and (ii) transfer four (4) delinquent accounts totaling \$558.99 to collections, as listed on the August Report. After discussion on the matter, it was moved by Director Kearns, seconded by Director Cannon, and unanimously carried, that Inframark be authorized to send said accounts to the District's collection agency, as recommended by Inframark.

Ms. Bonilla-Odums reminded the Board of an appeal from a District customer at 12112 E Canyon Trace Drive, Ms. Blanca Morales, requesting a refund for a plumbing repair to release a blockage, claiming that the blockage was on the District's side of the water line. A copy of Ms. Morales invoice and request is attached to the Operations and Maintenance Reports. Following discussion, Director Kearns moved to approve Ms. Morales' request for reimbursement of said plumbing repair. Director Cannon seconded said motion, which unanimously carried.

AMEND RATE ORDER

The Board next considered amending the District's Rate Order to adjust certain rates and charges to correspond to the Consumer Price Index increase in Inframark's rates approved by the Board at its May 22, 2019 meeting. Ms. Bonilla-Odums presented to and reviewed with the Board an updated analysis chart reflecting proposal increased rates, a copy of which is attached hereto as **Exhibit M**. A discussion ensued regarding same. After discussion on the matter, Director Hardin moved that (1) the District's Rate Order be amended to (i) add language to Section 3.01 to charge customers an additional \$5.19 who request confidentiality in addition to the application fee and security deposit; (ii) increase the fee of the security deposit from \$75.00 to \$85.00, as described in Section 3.01; (iii) increase the fee of the annual backflow prevention test from \$75.00 to \$85.00, as described in Section 3.13(e)(iii); and (iv) add language to Section 4.02 to grant authority to the District's Operator, at the Board's discretion, to charge customers an additional \$50.00 for the removal and/or \$50.00 for the reinstallation of the water meter when it has been illegally damaged and/or tampered with by the customer, (2) that any and all Rate Orders heretofore adopted be revoked, and that the Rate Order, a copy of which is attached hereto as **Exhibit N**, be passed and adopted effective September 1, 2019, and (3) that SPH be authorized to publish a Notice of Rate Order and of Penalties for Violation Thereof in accordance with applicable state law. Director Kearns seconded such motion, which unanimously carried.

BOOKKEEPER'S REPORT AND QUARTERLY INVESTMENT REPORT

Mr. LaConti then presented to and reviewed with the Board the Bookkeeping Report, dated August 28, 2019, including the checks presented for payment, a copy of which report is attached hereto as **Exhibit O**. After discussion on the Bookkeeping Report, it was moved by Director Cannon that said Bookkeeping Report be approved and that the checks identified therein be approved for payment. Director Hardin seconded the motion, which unanimously carried.

Mr. LaConti then presented and reviewed with the Board a Quarterly Investment Inventory Report for the period ending May 31, 2019, a copy of which report is included with the Bookkeeping Report as **Exhibit O**. After review of the Quarterly Investment Inventory Report

and upon motion duly made by Director Cannon, seconded by Director Hardin and unanimously carried, said Quarterly Investment Inventory Report was approved and the District's Investment Officer was authorized to execute same on behalf of the Board and the District.

Mr. LaConti next requested authorization for Inframark to have "view only" access to the District's lockbox in order to reconcile amounts to water bills that are received by Inframark. Upon discussion, Director Cannon moved that Inframark have "view only" access to the District's lockbox as requested by MA&C. Director Hardin seconded said motion, which unanimously carried.

ATTORNEY'S REPORT

The Board considered the Attorney's Report. Mr. Reed presented to and reviewed with the Board a memorandum concerning Senate Bill No. 944 (Relating to the Texas Public Information Act); House Bill No. 2840 (Relating to the Texas Open Meetings Act); and Senate Bill No. 239 (Relating to Information Required on Water Bills), a copy of which is attached hereto as **Exhibit P**. Mr. Reed discussed House Bill No. 2840 with the Board, which adds Section 551.007, Texas Government Code, and sets forth requirements regarding public comments at Board meetings. In this regard, he noted that "Public Comments" will be the first item on all agendas after September 1, 2019.

Mr. Reed next presented to and reviewed with the Board a Memorandum regarding America's Water Infrastructure Act of 2018 dated August 28, 2019, prepared by SPH, a copy of which is attached hereto as **Exhibit Q**.

REVIEW OF ANNUAL MAINTENANCE FOR ARBITRAGE ANALYSIS REPORT

Mr. Reed presented to and reviewed with the Board the Annual Maintenance for Arbitrage Analysis Report ("Report") dated July 23, 2019, prepared by Municipal Risk Management Group, L.L.C., a copy of which is attached hereto as **Exhibit R**.

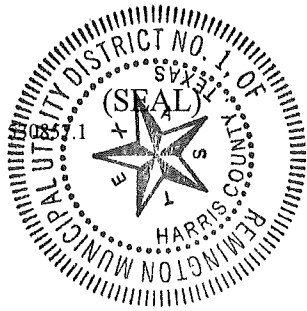
Mr. Reed also presented to and reviewed with the Board an engagement letter from Arbitrage Compliance Specialists, Inc. ("ACS") for preparation of the Fifth Year Arbitrage Rebate Report for the District's \$9,550,000 Unlimited Tax Refunding Bonds, Series 2015 (the "ACS Engagement Letter"). He then advised the Board of the proposed fees in connection with preparation of the report, and advised that the required TEC Form 1295 has been received by SPH to accompany each engagement letter. After discussion on the matter, Director Hardin moved that (i) ACS be engaged to prepare the Arbitrate Rebate Report in accordance with such ACS Engagement Letter, (ii) that the President be authorized to execute the ACS Engagement Letter on behalf of the Board and District, and (iii) SPH be authorized to acknowledge the TEC Form 1295 received in connection with same. Director Cannon seconded said motion, which unanimously carried.

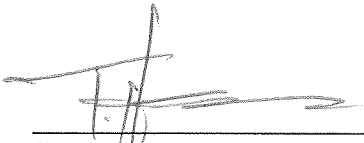
FUTURE AGENDA MATTERS

The Board next considered items for placement on future agendas. No specific agenda items other than routine and ongoing matters and matters noted earlier in the meeting were requested.

ADJOURNMENT

There being no further business to come before the Board, upon motion made by Director Garcia, seconded by Director Hardin and unanimously carried, the meeting was adjourned.



Asst. 
Secretary
Board of Directors

LIST OF ATTACHMENTS TO MINUTES OF
August 28, 2019

- Exhibit A – Memorandum prepared by SPH regarding Open Government Training Requirements for Directors pursuant to the Texas Open Meetings Act and the Texas Public Information Act
- Exhibit B – Memorandum prepared by SPH regarding Conflicts Disclosure Statement Reporting Requirements
- Exhibit C – Security Patrol Reports
- Exhibit D – Memorandum regarding Legal Requirements for the District's Proposed Website and Other Considerations
- Exhibit E – Website preview prepared by Off Cinco Web Design
- Exhibit F – Service Agreement between the District and Off Cinco Web Design
- Exhibit G – Tax Assessor-Collector Report
- Exhibit H – Delinquent Tax Report
- Exhibit I – Engineer's Report
- Exhibit J – Financial Advisor's 2019 Tax Recommendation
- Exhibit K – Champions' Report
- Exhibit L – Operations Reports
- Exhibit M – Analysis Chart reflecting CPI increase prepared by Inframark
- Exhibit N – Rate Order effective September 1, 2019
- Exhibit O – Bookkeeper's Report
- Exhibit P – Memorandum regarding S.B. 944, H.B. 2840 and S.B. 239
- Exhibit Q – Memorandum regarding America's Water Infrastructure Act of 2018
- Exhibit R – Annual Maintenance for Arbitrage Analysis Report dated July 23, 2019