

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

Minutes of Board of Directors Meeting
September 25, 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 September 25, 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
Douglas Miksch, Secretary

Timothy B. Hardin, Assistant Secretary
Richard Cannon, Assistant Secretary

and all of said persons were present, except Director Kearns and Director Garcia, thus constituting a quorum.

Also present were Dennis Sander of Sander Engineering Corporation ("Sander Engineering"); Avik Bonnerjee of B&A Municipal Tax Services, LLC ("B&A"); Mirna Bonilla-Odums of Inframark, LLC ("Inframark"); Sherri Greenwood of BKD, LLP ("BKD"); David Baños and Charlie LaConti of Municipal Accounts & Consulting, L.P. ("MA&C"); Johnny Williams and Will Harris of Champions Hydro-Lawn, Inc. ("Champions"); Craig Rathmann of Rathmann & Associates, L.P. ("Rathmann & Associates"); Brian Rupert, a District resident; and Matthew Reed and Rachel Knight of Schwartz, Page & Harding, L.L.P. ("SPH").

In the absence of the President and Vice President, it was moved by Director Cannon, seconded by Director Miksch, and unanimously carried that Director Hardin be appointed as President Pro-Tem. The President Pro-Tem then called the meeting to order and declared it open for such business as might regularly come before the Board.

PUBLIC COMMENTS

Mr. Rupert introduced himself to the Board, and expressed his concern regarding an unusual amount of cockroaches that have been seen coming out of the storm sewers in the streets, Crimson Canyon and requested assistance from the District to resolve said matter. He noted that he has already contacted the City of Houston, Harris County, and the S-G Owners Association, Inc. ("HOA") requesting assistance regarding same, and reported that all entities have denied responsibility to aid in said matter due to the subject location being a gated community. A discussion ensued regarding who is responsible in resolving said matter and how to treat the cockroaches safely. Following discussion on the matter, Mr. Reed requested Mr. Rupert provide the deed restrictions of the HOA for his review to investigate the matter.

APPROVAL OF MINUTES

The Board deferred approval of the minutes of the Board of Directors meeting held on August 28, 2019 until its next meeting.

SECURITY PATROL MATTERS

Mr. Reed presented to and reviewed with the Board the monthly security patrol report from the Harris County Sheriff's Office ("HCSO") for the month of August, a copy of which is attached hereto as **Exhibit A**. Following discussion, it was noted that no action was required of the Board at this time.

TAX ASSESSOR-COLLECTOR REPORT

Mr. Bonnerjee presented to and reviewed with the Board the Tax Assessor-Collector Report for the month of August 2019, including the checks presented for payment from the District's tax account, attached hereto as **Exhibit B**. Following discussion, Director Hardin moved that the Tax Assessor-Collector Report 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.

PUBLIC HEARING REGARDING ADOPTION OF THE DISTRICT'S 2019 TAX RATE

The Board conducted a public hearing regarding the imposition of a proposed debt service tax rate and a maintenance tax rate for 2019. It was noted that no taxpayers (other than the members of the Board), appeared at the hearing and no comments were offered. Upon motion made by Director Cannon, seconded by Director Miksch and unanimously carried, the hearing was closed.

LEVY OF THE DISTRICT'S 2019 TAX RATE AND ADOPTION OF AN ORDER IN CONNECTION THEREWITH

The Board then discussed the setting of the 2019 tax rate. Mr. Bonnerjee confirmed that the notice had been published in *The Houston Chronicle* in the section directed to the zip code(s) in which the District is located in accordance with all legal requirements and as directed at the previous meeting, a copy of which is attached hereto as **Exhibit C**. After discussion on the matter, Director Hardin moved that: (i) the Board levy a 2019 debt service tax rate of \$0.37 per \$100 of valuation and a 2019 maintenance tax rate of \$0.145 per \$100 of valuation, resulting in a total 2019 tax rate of \$0.515 per \$100 of valuation; and (ii) the Order Levying Taxes attached hereto as **Exhibit D** be adopted in connection therewith, and the President Pro-Tem be authorized to execute and the Secretary to attest same on behalf of the Board and the District. Director Kearns seconded said motion, which carried unanimously.

AMENDMENT TO THE SEVENTH AMENDED AND RESTATED DISTRICT INFORMATION FORM RELATIVE TO THE DISTRICT'S 2019 TAX RATE

Mr. Reed presented and reviewed with the Board an Amendment to the Seventh Amended and Restated District Information Form ("Amendment") relative to the 2019 tax rate. After discussion regarding the Amendment, Director Hardin moved that the Amendment be approved and that all Board members in attendance at the meeting be authorized to execute same on behalf of the Board and the District. Director Cannon seconded said motion, which carried unanimously.

APPROVE AUDIT REPORT FOR FISCAL YEAR ENDED MAY 31, 2019

Ms. Greenwood reviewed with the Board the draft of the District's audit report prepared for the fiscal year ended May 31, 2019, a copy of which is attached hereto as **Exhibit E**. After discussion concerning the audit presented, Director Cannon moved that the audit report for the fiscal year ended May 31, 2019, be approved, subject to final review by SPH and any necessary revisions, that the President Pro-Tem be authorized to execute the Annual Filing Affidavit on behalf of the Board and the District, and that such audit report and Annual Filing Affidavit be filed with the appropriate governmental authorities, including the Texas Commission on Environmental Quality ("TCEQ"). Director Miksch seconded said motion, which unanimously carried.

In connection with the District's audit, Ms. Greenwood presented the Board with a draft Management Letter prepared by BKD, concerning the Board's internal controls over financial reporting (the "Management Letter"), a copy of which is attached hereto as **Exhibit F**. Ms. Greenwood advised the Board that the Management Letter is being submitted in connection with the requirements of Statement on Auditing Standards No. 115, and includes proposed "Management Response" language prepared by SPH. After discussion, it was moved by Director Cannon, seconded by Director Miksch and unanimously carried that the draft Management Response be approved, as presented, and that same be included in the final Management Letter.

STATUS OF CONTINUING DISCLOSURE REPORT

Mr. Reed advised the Board that the annual continuing disclosure report would be filed by disclosure counsel, McCall Parkurst & Horton, LLP, upon completion of the audit report.

DELINQUENT TAX COLLECTIONS ATTORNEYS' REPORT

Mr. Reed presented to and reviewed with the Board a Delinquent Tax Report as of September 25, 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 G**.

A discussion then ensued regarding the customers under the "Water termination update" list, as reflected in said report. Following discussion on the matter, Director Cannon moved to

authorize Perdue Brandon to send a list of said delinquent customers to Inframark to terminate 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), subject to Mr. Bonnerjee and Ms. Bonilla-Odums confirming said customers are not rental properties. Director Hardin seconded said motion, which unanimously carried.

ENGINEERING REPORT

Mr. Sander presented to and reviewed with the Board a written Engineering Report dated September 25, 2019, a copy of which is attached hereto as **Exhibit H**, relative to the status of various projects within the District.

Mr. Sander reminded the Board that Jaime Schwarz, a District resident located at 9243 Carling Bend, is installing a shed in his backyard, part of which encroaches on the District's 10-foot wide sanitary sewer easement, and requested that a Consent to Encroachment and Indemnity Agreement between the District and Mr. Schwarz be prepared at its last meeting. Following discussion on the matter, Director Miksch moved that the Board approve the Consent to Encroachment and Indemnity Agreement between the District and Mr. Schwarz for the 10-foot wide sanitary sewer easement. Director Cannon seconded said motion, which unanimously carried.

Mr. Sander reminded the Board regarding a previous request from Inframark to consider relocating two (2) District meters away from the sidewalk and overgrowing tree roots. A copy of the request and pictures referencing same are attached to the Engineering Report. The estimated cost to relocate each meter is approximately \$6,000. Ms. Bonilla-Odums noted that the two meters are currently operating but the boxes are damaged because of encroaching tree roots. Following discussion on the matter, Director Hardin moved to authorize Inframark to remove the two (2) District meter boxes that are damaged and replace them within the District's easement. Director Cannon seconded said motion, which unanimously carried.

Mr. Sander then presented a request from a District resident located at 9422 Comstock Meadows to repair part of the sidewalk and part of the driveway that has sunk and cracked due to settlement of the District's storm sewer according to Mr. Sander and Ms. Bonilla-Odums. A copy of the request and pictures referencing same are attached to the Engineering Report. Following discussion, Director Hardin moved to authorize Inframark to perform said repairs at a cost not to exceed \$10,000. Director Miksch seconded said motion, which unanimously carried.

CHAMPIONS' REPORT

Mr. Williams presented to and reviewed with the Board the Detention and Drainage Facilities Report dated September 25, 2019, a copy of which report is attached hereto as **Exhibit I**, relative to the status of various maintenance projects within the District. He presented and reviewed with the Board a proposal to repair the storm drain sinkholes located at the Section 11 Detention Basin at a cost of \$8,428.75, a copy of which is attached to the Champions' Report. Following discussion on the matter, Director Hardin moved that the Board authorize Champions

to repair the storm drain sinkholes located at the Section 11 Detention Basin at a cost not to exceed the proposed cost of \$8,428.75. Director Cannon seconded said motion, which unanimously carried.

OPERATOR'S REPORT

Ms. Bonilla-Odums presented to and reviewed with the Board the Operations and Maintenance Report dated September 25, 2019, a copy of which are attached hereto as **Exhibit J**.

Ms. Bonilla-Odums presented a Leak Adjustment Request (attached to the Operations and Maintenance Report) from the customer at 109 Castle Rock Drive. Following discussion, it was moved by Director Cannon that the customer's leak adjustment request be approved. The motion was seconded by Director Hardin and carried by unanimous vote.

Ms. Bonilla-Odums requested that the Board consider authorizing Inframark to transfer one (1) delinquent account totaling \$450.73 to collections, as listed on the Report. After discussion on the matter, it was moved by Director Cannon, seconded by Director Hardin, and unanimously carried, that Inframark be authorized to send said account to the District's collection agency, as recommended by Inframark.

BOOKKEEPER'S REPORT

Mr. Baños then presented to and reviewed with the Board the Bookkeeping Report, dated September 25, 2019, including the checks presented for payment, a copy of which report is attached hereto as **Exhibit K**. 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, except check nos. 13474 and 13476, which were voided. Director Hardin seconded the motion, which unanimously carried.

ELECTRICITY POOL CONTRACT

The Board next considered its participation in an electricity pool to be established by Acclaim Energy and MAC in order to negotiate an electricity contract for its participants. In connection therewith, Mr. LaConti presented to and reviewed with the Board an electricity market update report, a copy of which is attached hereto as **Exhibit L**. Mr. LaConti stated that the proposed contract term will begin at the end of the District's current electricity contract and run through April 30, 2029, thereby securing a long term supply of electricity for the District. Mr. Reed then presented to and reviewed with the Board a Resolution Authorizing Entering Into Contract for Pooled Purchase of Energy and Authorizing Execution of Related Documents, a copy of which is attached hereto as **Exhibit M**. Mr. LaConti advised that MAC is requesting Mark Burton of MAC be authorized to secure pooled electricity pricing for the District, subject to the associated contract meeting the following conditions: (1) it have a price per Kwh not to exceed \$0.03875, (2) it have a term that runs from the end date of the District's current electricity contract through April 30, 2029. and (3) it be in a form approved by SPH, as further detailed in the attached Resolution. Following discussion, Director Hardin moved that the Board approve

the District's participation in the electricity pool, that Mark Burton of MAC be authorized to negotiate and execute the pool contract on behalf of the District, subject to the above conditions and with such authorization to expire on November 30, 2019, if no contract is finalized by such date, and that the attached Resolution be approved and adopted by the District. Director Cannon seconded the motion, which unanimously carried.

DISTRICT WEBSITE

Mr. Reed advised that the District's website went live on September 17, 2019, and that certain legal information has been included on the website to be in compliance with updated website requirements following the 86th Regular Session of the Texas Legislature. Following discussion, it was noted no action was necessary of the Board at this time.

ATTORNEY'S REPORT

The Board considered the Attorney's Report. Mr. Reed presented to and reviewed with the Board a invitation to the Fall Forum Town Hall Meeting held by the West Harris County Regional Water Authority ("WHCRWA"), a copy of which is attached hereto as **Exhibit N**.

Mr. Reed next presented and reviewed with the Board a notice from the WHCRWA, a copy of which is attached hereto as **Exhibit O**. Mr. Reed advised that the WHCRWA is increasing its surface water fee from \$3.35 per thousand gallons of water to \$3.60 per thousand gallons of water effective January 1, 2020, and that an item would be placed on the agenda to amend the District's Rate Order in connection with same in November 2019.

Mr. Reed next presented to and reviewed with the Board a notice from the Harris County Appraisal District regarding the selection of Appraisal District Board Members, a copy of which is attached hereto as **Exhibit P**. Following discussion on the matter, the Board declined to participate in nominating a candidate.

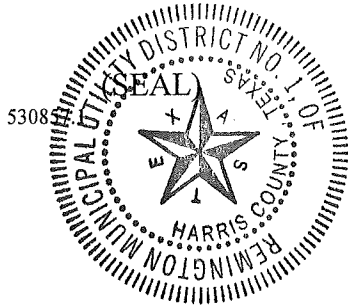
The Board discussed its policy relative to receipt of public comments. In connection therewith, Mr. Reed presented to and reviewed with the Board a Resolution Adopting Public Comment Policies and Procedures, which Resolution is attached hereto as **Exhibit Q**. After discussion, Director Hardin moved that (i) the Board adopt said Resolution, and (ii) the President Pro-Tem and Secretary be authorized to execute same on behalf of the Board and the District. Director Cannon seconded the motion, which carried unanimously.

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 Cannon, seconded by Director Miksch and unanimously carried, the meeting was adjourned.



Assistant Secretary
Board of Directors

LIST OF ATTACHMENTS TO MINUTES OF
September 25, 2019

- Exhibit A – Security Patrol Report
- Exhibit B – Tax Assessor-Collector Report
- Exhibit C – Affidavit of Publication
- Exhibit D – Order Levying Taxes 2019
- Exhibit E – Draft Audit Report for fiscal year ended May 31, 2019
- Exhibit F – Management Letter prepared by BKD, LLP
- Exhibit G – Delinquent Tax Report
- Exhibit H – Engineer's Report
- Exhibit I – Champions' Report
- Exhibit J – Operations Reports
- Exhibit K – Bookkeeper's Report
- Exhibit L – Electricity Market Update Report
- Exhibit M – Resolution Authorizing Entering Into Contract for Pooled Purchase of Energy and Authorizing Execution of Related Documents
- Exhibit N – Invitation to Fall Forum from the West Harris County Regional Water Authority
- Exhibit O – Notice from the West Harris County Regional Water Authority
- Exhibit P – Notice from the Harris County Appraisal District
- Exhibit Q – Resolution Adopting Public Comment Policies and Procedures