

WESTWOOD SHORES MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors

January 17, 2023

The Board of Directors (the "Board") of Westwood Shores Municipal Utility District (the "District") met in regular session, open to the public, at 100 Westwood Drive East, Trinity, Texas 75862, a designated meeting place inside the boundaries of the District and the roll was called of the members of the Board as follows:

Joan Gallagher	President
Robert Stoddard	Vice President
John Wolf	Secretary
Ken Bateman	Assistant Secretary
Jim Atkinson	Director

All the above were present thus constituting a quorum.

Also present at the meeting were Liza Prudhomme-Mireles, Herbert Lyons, and Fred Alexander of Inframark Water Infrastructure Operations ("Inframark"); Rico Rodriguez and Shaelynn Moore of Civil Grade Engineers ("Civil Grade"); Josh Zientek and Frank Mitchell of Mitchell, Zientek & Scruggs, LLP ("MZSLLP"); Kandy Pfeffer of Elite Bookkeeping; Patrick McArthur of Perdue Brandon Fielder Collins & Mott, LLP ("Perdue Brandon"); Gary Gallant of Trinity County Appraisal District ("TCAD"); Pam McKay of Westwood Shores Municipal Utility District (WSMUD"); and various members of the public.

CALL THE MEETING TO ORDER AND PLEDGE OF ALLEGIANCE

Director Gallagher called the meeting to order at 9:30 a.m. and Director Stoddard led the recitation of the Pledge of Allegiance.

APPROVAL OF MINUTES OF PRIOR BOARD MEETING(S)

The Board considered for approval the minutes of the December 19, 2022, regular meeting and the January 4, 2023, special meeting. Director Gallagher noted revisions were provided and Mr. Zientek advised that they were incorporated. Mr. Zientek gave an update on communications with Sunflower Bank and changes to account access. Director Wolf moved to approve the minutes and allow Mr. Zientek to work with Sunflower Bank to revise the minutes, as needed, in order to properly update the District's records with Sunflower Bank. Director Stoddard seconded the motion with Director Atkinson recommending not approving the minutes at this time to allow for further review. The motion passed four to one (4-1) with Director Atkinson opposed.

APPRAISAL DISTRICT'S TAX ASSESSOR'S REPORT

Mr. Gallant presented the Tax Assessor's Report from Trinity County Appraisal District, a copy of which is attached as Exhibit A. Mr. McArthur then presented the delinquent collections attorney report, and he also made a correction on the delinquent tax collection attorney report presented at the prior board meeting. Director Atkinson moved to approve the Tax Assessor's

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Report and Director Wolf seconded the motion. The motion passed unanimously. Mr. Zientek noted the need to adopt tax exemptions for the year and Director Gallagher stated that she had spoken with the District's Financial Adviser and that the recommendation was to keep the exemptions from the prior year in place. Director Wolf moved to keep the same tax exemptions as the previous year and approve the Resolution Concerning Exemptions From Taxation. Director Atkinson seconded the motion and the motion passed unanimously. Mr. Zientek then explained the ability for the District to levy an additional penalty on delinquent taxes to cover the costs related to collections. Director Wolf moved to adopt a Resolution Authorizing Additional Penalty on Delinquent Personal Property Taxes. Director Stoddard seconded the motion and the motion passed unanimously.

UPDATE ON DISTRICT AUDIT

Director Gallagher noted that she has spoken to the District's Auditor and that the audit was not ready. The Board concurred to defer taking action at this time.

UPDATE ON CONTINUING DISCLOSURE FILINGS (DECEMBER 31, 2022)

Mr. Zientek gave an update on the continuing disclosure filings requirements and noted that the District's Financial Advisor completed the required filings.

BOOKKEEPER'S REPORT

Ms. Pfeffer presented and reviewed the Bookkeeper's Report, a copy of which is attached as **Exhibit B**. There was discussion related to revenue collected from Marina Village and Director Gallagher reminded the Board that the District agreed to credit Marina Village for prior overbilling. Ms. Pfeffer gave an update on the District's CDs with Sunflower Bank and reviewed associated interest rates. She asked the Board to authorize her to investigate closing them and reinvesting the funds in another location which would have a higher return on investment. She gave an update on payments to Electrical Field Services, Inc. ("EFS"). Director Gallagher then gave an update on the status of the District's budget, future expected expenses, and related prior increases in rates. Director Atkinson asked if there was a way to clarify the Bookkeeper's Report. Director Stoddard moved to approve the Bookkeeper's Report and approve the expenses contained therein. Director Gallagher seconded the motion and the motion passed unanimously. Director Gallagher then asked about District leased vehicles and asked Inframark about the charges for driving Inframark owned vehicles.

AUTHORIZE REQUESTS FOR PROPOSALS FOR TAX ASSESSOR COLLECTOR AND DELINQUENT TAX ATTORNEY

Director Gallagher noted that the Board had asked MZSLLP to review the tax assessor-collector contract. Mr. Zientek provided an update on the current agreement, including review of termination provisions. After some discussion and comments from Mr. Gallant, Director Stoddard moved to authorize MZSLLP to draft three (3) Requests for Proposals for Tax Assessor-Collector services and send to alternate vendors. Director Atkinson seconded the motion and the motion passed unanimously.

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UPDATE ON CONSIDERING LAND PURCHASE RELATED TO WELL NO.3

Mr. Zientek gave the Board an update on his communications with the Westwood Shores Property Owners Association ("WSPOA") attorney related to the possible purchase of property. There was some discussion regarding the price to purchase the property. The Board concurred to allow Mr. Zientek to continue to work with the Property Owners Association attorney regarding the price and the process to obtain the property. Director Stoddard inquired about other options for the location of the proposed Well No.3. Mr. Rodriguez explained possible alternatives and related costs.

OFFICE REPORT

Ms. McKay presented the Office Report, a copy of which is attached as Exhibit C. She provided updates on the billing revenue, delinquencies, taps, cut offs, and office expenses. There was some discussion about the text messaging capabilities of the billing software, and Ms. McKay indicated that the software does have those capabilities but at an additional charge. There was also discussion about the capabilities of District's website and billing system. Mr. Zientek explained Senate Bill No. 3 and advised that the required notice was mailed or emailed, as applicable. Director Stoddard presented an update on the Texas Utility Help Program. Director Stoddard moved to approve participation in the Texas Utility Help Program and authorize Director Gallagher to sign the agreement subject to the review of the construction committee. Director Atkinson seconded the motion and the motion passed unanimously. A resident then presented information related to a tap installation, related delays, and explained that he felt the tap was installed incorrectly. Mr. Rodriguez asked that the resident submit a request in writing so that his questions could be answered more clearly. Mr. Rodriguez then asked that the Board consider adopting a policy that all building plans be submitted for review prior to taps being installed and approved.

ENGINEER'S REPORT

Mr. Rodriguez presented the Engineer's Report, a copy of which is attached as Exhibit D. He provided an update on: 1) Wastewater Treatment Plant ("WWTP") Bar Screen Replacement; 2) the Water Plant No. 1 Aeration System; 3) The Water Plant No. 1 - Water Well Nos. 1 & 2 Improvements; 4) the Rehabilitation of Lift Station No. 2; and 5) the Capital Improvements Plan, including: a) rehabilitation of Lift Station No. 3; b) TWDB CWSRF Engineering Feasibility Report; and c) Asset Preventative Maintenance Schedule. He then explained the Effluent Reuse Project and that the District will need an agreement with the Property Owners Association regarding the acceptance of the effluent reuse project. Director Stoddard moved, and Director Atkinson seconded, to approve: 1) Change Order No. 2 in the amount of \$45,790.14 related to Water Plant No. 1 - Aeration System; 2) Pay Application No. 3 in the amount of \$75,734.49, Change Order No. 1 in the amount of \$2,100, and revised Pay Application No. 2 in the revised amount of \$61,850.43 related to Water Plant No. 1 - Water Well Nos. 1 and 2 Improvements; and 3) and authorize Mr. Rodriguez to work with WSPOA related to the effluent reuse project. The motion passed unanimously. Mr. Rodriguez then discussed methods to improve efficiency related to the issuance of work orders. He then provided an update on the District's insurance policies and

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presented a list of the insured facilities that are not currently included and explained that he would like to update the insurance policy to correctly insure all the District's assets. Director Gallagher noted deficiencies in the current insurance policy limits. Director Wolf moved to authorize Mr. Rodriguez to contact the District's insurance company regarding amending the insurance policies for the District. Director Atkinson seconded the motion and the motion passed unanimously.

OPERATOR'S REPORT

Ms. Prudhomme-Mireles presented the Operator's Report, a copy of which is attached as **Exhibit E**. She recounted the efforts Inframark made during the recent cold weather event. There was extensive discussion related to access to open pits near lift stations and Director Stoddard expressed his concern that someone could be injured. Director Stoddard stated that Director Gallagher and he had taken a tour of the facilities after they had been elected. At that time, the open pits were noted and he was concerned that they remained open. Director Gallagher noted that Inframark was not using the District trucks at this time. She then discussed some of the charges on Inframark's invoices and upcoming charges from the winter storm. Ms. Prudhomme-Mireles gave update on the sewer treatment plant and related violations. She presented a quote from Magna Flow Environmental to clean the clarifier at the WWTP in the amount of \$3,900 plus \$130 per yard for disposal. Director Stoddard moved to approve the quote with Magna Flow Environmental to clean the clarifier and not to exceed \$5,000. Director Atkinson seconded the motion and the motion passed unanimously.

Ms. Prudhomme-Mireles also presented three (3) quotes for the auto-dialers from Fleetzoom Remote Monitoring Systems ("Fleetzoom") at \$14,500 each, two (2) for Water Plant No. 1 and one (1) for the Wastewater Treatment Plant, and \$720, two (2) for Water Plant No. 1 and one (1) for the Wastewater Treatment Plant, annual monitoring cost. The Board deferred action at this time. Ms. Prudhomme-Mireles gave an update on the additional invoices from EFS. There was some discussion about the drought contingency plan. Ms. Prudhomme-Mireles also updated the Board on the status of the proposed settlement order from Texas Commission on Environmental Quality ("TCEQ") and Special Environmental Program payment of the fines. Mr. Mitchell explained the potential liability for the District and asked that Inframark confirm with the TCEQ. Ms. Prudhomme-Mireles then presented the Emergency Preparedness Plan ("EPP"). Director Gallagher moved to approve the Operator's Report and invoice from Inframark. Director Wolf seconded the motion and the motion passed unanimously. Director Gallagher noted that the jet truck was to be taken in for repairs and Ms. Prudhomme-Mireles said that she would check into it and have an update for Director Gallagher next month.

COMMUNICATIONS CONSULTANT REPORT

Director Gallagher noted a web address that the directors can login to and check their District emails and if they are having trouble to please contact Ms. McKay.

DIRECTORS' REPORTS

Director Gallagher noted that each director is required to take the mandatory Texas Open

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Meetings Act and Public Information Act Training(s). Ms. McKay advised that all directors completed the required trainings.

ATTORNEY'S REPORT

Mr. Zientek gave an update on the records retention policy. He then provided an update on the District's standby fees and related collection concerns. Ms. McKay informed MZSLLP about an illegal tap. Mr. Zientek stated that the current rate order does have a provision for enforcement on illegal taps, and that the District needed to verify if the rate order was published in a newspaper of general circulation, as required before enforcement action can be taken. Director Gallagher moved to amend the rate order to authorize a penalty not to exceed the jurisdiction of a justice court, as provided by Section 27.031, Texas Government Code, specifically that any violation of the District's Rules and Regulations Governing Sewer Lines and Sewer Connections or any other rules or regulations of the District shall be subject to a civil penalty in the amount not to exceed \$20,000 and that each day that a breach continues shall be considered a separate breach and authorize the required legal publication. Director Stoddard seconded the motion and the motion passed unanimously. Mr. Zientek then spoke about the bond authorization election. After discussion, the Board concurred to not conduct a bond authorization election at this time. Mr. Mitchell noted that the required notice regarding contingency fees was properly posted and then explained the new legal services agreement and answered questions related to said agreement. After discussion, the District found that there was a substantial need for bond counsel services as described in the legal service contract presented, that the District did not employ its own attorneys and/or supporting personnel who could perform such services, and that such services could not be reasonably obtained under a contract providing only for the payment of hourly fees, without regard to the outcome of the matter because of the nature of the matter for which the services were being obtained. Director Gallagher moved to approve the new legal services agreement and authorize execution. Director Stoddard seconded the motion and the motion passed unanimously.

PUBLIC COMMENTS

Mr. Zientek gave an update on the Public Comments Policy and related laws. Ms. Finn addressed the Board about a broken fire hydrant and provided background information related to requests for repair. Ms. Prudhomme-Mireles noted that it will be presented as part of the fire hydrant survey. Mr. Buck addressed the Board and asked about the budgeting process and how the Board assesses the needs of the District. Mr. Sicinski asked why the senior citizens would not be billed under prior water and sewer rates. Mr. Sowell inquired about water availability, and about the drought contingency plan. Director Gallagher recapped the historical well repairs, and the plans for the wells. She also gave update on emergency usages during the winter freeze. Mr. Elliott asked that the District do a better job of communicating with the residents between the meetings.

DISCUSS PENDING BUSINESS AND MATTERS FOR FUTURE AGENDAS

The next Board meeting will be on February 20, 2023, at 9:30 a.m.

EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, SECTION

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551.071, ET. SEQ.

The Board did enter executive session pursuant to Texas Government Code Section 551.071 consultation with attorney at 2:03 p.m.

RECONVENE IN OPEN SESSION

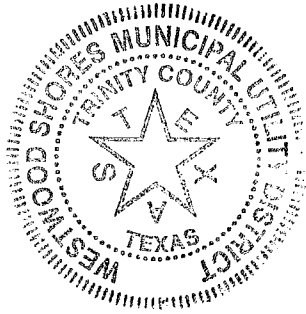
The Board reconvened in open session at 2:13 pm. Director Stoddard moved to authorize the payment to EFS in the amount of \$37,171.67. Director Wolf seconded the motion and the motion passed unanimously.

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Approved this February 20, 2023.

(SEAL)



WESTWOOD SHORES MUNICIPAL
UTILITY DISTRICT

A handwritten signature in cursive script that reads "John Wolf".

/s/John Wolf

Secretary, Board of Directors

LIST OF EXHIBITS

- Exhibit A - Appraisal District's Tax Assessor's Report
- Exhibit B - Bookkeeper's Report
- Exhibit C - Office Report
- Exhibit D - Engineer's Report
- Exhibit E - Operator's Report