

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

September 18, 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
Jim Atkinson	Asst. Secretary
Bryan Holmes	Director

All the above were present, thus constituting a quorum.

Also present at the meeting were Liza Prudhomme-Mireles, Hunter Maze, and Harley Permenter of Inframark Water Infrastructure Operations (“Inframark”); Rico Rodriguez of Civil Grade Engineers (“Civil Grade”); Joshua Zientek and Frank Mitchell of Mitchell, Zientek & Scruggs, LLP (“MZSLLP”); Kandy Pfeffer of Elite Bookkeeping; Joe Morrow of Hilltop Securities Inc. (“Hilltop”); 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, and Director Atkinson led a recitation of the Pledge of Allegiance.

PUBLIC COMMENTS

Director Gallagher opened the meeting for public comments. Constable Cole asked about the status of certain water samples. Ms. Prudhomme-Mireles answered the question and noted that the sampling concern was during the transfer of services to Inframark. Mr. Robinson thanked the Board for being so proactive. Mr. Brunswick asked about the asset list and the preventative maintenance schedule. Director Gallagher responded and explained the procedures that are in place. Mr. Rodriguez noted that there were some challenges with the records of the assets and that he is working on calculating the life span of the District’s assets. Ms. Cole expressed appreciation said that she is very happy with her water.

APPROVAL OF MINUTES OF PRIOR BOARD MEETING(S)

The Board reviewed the minutes of August 21, 2023, regular meeting. Director Wolf moved to approve and accept the minutes, as presented. Director Stoddard seconded the motion. The motion passed by unanimous vote of the Board.

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

PUBLIC HEARING ON 2023 TAX RATE

Mr. Zientek opened the public hearing on the Tax Rate 9:45 a.m. Members of the public asked about the status of capital improvements, reserves, and the impact the proposed tax rates would have on the District. The public hearing was closed at 9:58 am.

LEVY TAX RATE AND ADOPT ORDER EVIDENCING SAME

Director Stoddard moved to adopt the tax rate of \$.64, composed of \$0.2848 for maintenance and operations tax and \$0.3551 for debt service tax and adopt an order evidencing the same. Director Holmes seconded the motion and the motion passed unanimously.

APPROVE AMENDED DISTRICT INFORMATION FORM WITH NEW TAX RATE AND NOTICE TO PURCHASER(S)

Director Gallagher moved to amend the District Information Form with the new tax rate and the Notice to Purchaser's. Director Holmes seconded the motion and the motion passed unanimously.

ENGINEER'S REPORT

Mr. Rodriguez presented the Engineer's Report, a copy of which is attached as **Exhibit A**. He provided an update on: 1) Lift Station Nos. 2, 3, and 12 improvements; 2) Water Plant No. 1 - Aeration System; 3) Wastewater Treatment Plant - TPDES renewal, EPA Lead and Copper Rule Revision ("LCRR"), TWDB CWSRF Engineering Feasibility Report, Capital Improvements Plan ("CIP"), and TWDB PIF submittal for the LCRR. Mr. Rodriguez presented Pay Application No. 4 in the amount of \$65,601.13 and there was some discussion about the contractor and the media to be replaced along with the processes. Mr. Rodriguez gave an update on CIP and what projects will happen after the bond election. He also gave an update on the lead and copper testing process and the application for grant funds. Mr. Rodriguez requested the Board to authorize a water quality investigation sampling on a time and materials basis with a not to exceed budget of \$20,000. Director Gallagher asked about the status of the winterization process. Mr. Rodriguez and Ms. Prudhomme-Mireles gave an update and explained that the process was ongoing. Director Holmes moved to: 1) approve the Pay Estimate No. 4 in the amount of \$65,601.13, not including the release of retainage; 2) approve the water quality investigation at a budget not to exceed \$20,000, 3) the payment of Geothermal out of the general fund; 4) and winterization not to exceed \$8,000 after consultation with the Board's Construction Committee. Director Stoddard 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 B**. She noted Trinity Rural Water Supply Corporation ("TRWSC") disconnected water to the District three (3) times on August 5-6, 13, and 21-26, 2023. The valve survey is underway and

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

expected to be completed soon. Director Gallagher and Director Stoddard inquired about the fire hydrant repairs and replacements. There are two fire hydrants that may need to be moved due to being located on private property. Ms. Prudhomme-Mireles noted that the generator at Water Plant No. 1 needs a battery replacement and that Inframark could complete at a cost of \$1,184.86. Director Gallagher asked about a jetting that was performed by MagnaFlow and whose equipment and trucks were used. Director Gallagher noted an investigation notice from the TCEQ regarding the closing of a complaint with no violations. Director Wolf moved to approve the Operator's Report. Director Stoddard seconded the motion and the motion passed unanimously. Director Gallagher brought up quotes received for landscaping services. Ms. Prudhomme-Mireles presented the proposals and the costs. The Board deferred at this time.

OFFICE REPORT

Ms. McKay presented the Office Report, a copy of which is attached as **Exhibit C**. She provided an update on the billing revenue, delinquencies, taps completed, customer services requests, cut offs, and office expenses. Director Gallagher gave an update to the public on how to be included in email and texts from the District. She noted that there was a fire near the District's office, and it was discovered that the District does not have an IT backup service in place. Director Gallagher would like to have authorization not to exceed \$7,500 to get the District's records backed up into the cloud. She also noted that the generator at the building did not come on either. There was a quote from World Wide Power to provide maintenance to that generator. They also received a quote from All Around Electric for \$195 to come service the generator. The Board decided to defer this item to the construction committee to gather more information. Director Wolf moved to approve the Office Report. Director Stoddard seconded the motion and the motion passed unanimously.

APPRAISAL DISTRICT'S TAX ASSESSOR'S REPORT

Ms. Pfeffer presented the report from the appraisal district tax office, a copy of which is attached as **Exhibit D**. Director Gallagher noted that the report shows that the collections shown in the report include funds received from old properties that were sold and the back taxes were collected. The resolution accepting the tax rolls was circulated with the expected calculation at 92%. Director Holmes moved to approve the Appraisal District's Tax Assessor's Report and the resolution accepting the tax rolls with an expected rate of 92%. Director Gallagher seconded the motion and the motion passed unanimously.

UPDATE ON FINANCIAL ADVISOR MATTERS WITH TWDB

Mr. Zientek provided an update on correspondence with TWDB.

BOOKKEEPER'S REPORT

Ms. Pfeffer presented and reviewed the Bookkeeper's Report including checks presented for approval, a copy of which is attached as **Exhibit E**. Director Gallagher inquired about a particular invoice to Inframark for an additional amount. Ms. Pfeffer noted that it was for an invoice from last

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

month. Director Gallagher also asked about some expenses being paid to the auditor and how it will be reflected. She noted that the auditor had not been able to begin the audit because of an unpaid invoice. Ms. Pfeffer noted that she will be sending them the records hopefully this afternoon along with the remaining payment. Director Holmes asked about the payments to TRWSC and reporting procedures. Director Stoddard asked about the next payment due for the debt service. Director Gallagher noted that there was an issue with the amount of water taken from TRWSC and that we may need to make an adjustment to the budget after our wells are operational. Director Wolf moved to accept the Bookkeeper's Report and approve the payments contained therein. Director Stoddard seconded the motion and the motion passed unanimously. Director Stoddard gave an update on the sale of surplus trucks. He noted an offer was received for \$29,000 for one and \$30,000 for the another for a total of \$59,000. Director Holmes moved to accept the offers for sell the trucks and adopt an Order authorizing said sale. Director Wolf seconded the motion and the motion passed unanimously.

DIRECTORS' REPORTS

Director Holmes noted that TML has responded regarding our coverage. They noted that their policy coverage requires a policy for flood and earthquake coverage. He recommended that we drop that coverage. There were no construction committee updates. Director Atkinson had no updates on the Entergy billing. The Rate Order amendments were presented and discussed. There was no update on communications from the city of Trinity about the water supply interconnects. Director Gallagher noted she has some reservations about the way TRWSC is computing their billing. She asked Director Atkinson about any previous discussion about how the billing WAS verified in the past. Director Atkinson did not recall and thought they had the right to just change the amount under the water supply agreement. There was some discussion about the reuse agreement with WSPOA and the effectiveness of the agreement. Mr. Zientek noted that last year the District received some federal funds from the County, and we need to provide them with a report of how the funds were used by October 19, 2023. Ms. Pfeffer advised that a draft of the report will be prepared for the next meeting. Director Wolf moved to approve dropping the insurance coverage for flood and earthquake coverage and the acceptance of the renewal proposal and the acceptance of the rate order amendments related to the pass through of tap fees, effective September 18. Director Holmes seconded the motion and the motion passed unanimously.

Director Stoddard stepped out temporarily during the vote but returned during the Attorney's report.

ATTORNEY'S REPORT

Mr. Zientek stated that there was no update on land purchase from WSPOA. He noted there was an update regarding the Public Utilities Commission ("PUC") litigation that needed to be discussed in Executive Session. There was some discussion about scheduling a town hall meeting relating to the bond authorization election. Mr. Zientek gave information on what types of communication can be provided by the Board to the public. He gave an update on the road bond analysis and then he spoke about the updates on the standby fees and the application process. The Board concurred that Director Gallagher would reach out to Mr. Phillip Givens regarding the

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

standby fee analysis proposal. The Board concurred to hold a special meeting on October 16, 2023, at 6:00 p.m. and concurred with the approval for Director Gallagher to purchase audio/video equipment, including a projector, and not to exceed \$1000. Director Wolf moved to approve the Attorney's Report. Director Atkinson seconded the motion and the motion passed unanimously.

CONSULTANT CONTRACTS

The Board discussed and reviewed the operator proposals that were presented previously and after some discussion Director Stoddard moved to authorize the notice of termination to Inframark through October 31, 2023, unless Inframark elects to a 30-day termination under the terms of the operator agreement, and to approve the proposal from Precision Utility as the new operator for the District. Director Atkinson seconded the motion and the motion passed unanimously. The Board spoke with Mr. Bonaventure about the service options and the transition process.

DISCUSS PENDING BUSINESS AND MATTERS FOR FUTURE AGENDAS

The Board concurred that the next regular board meeting would be on October 16, 2023, at 9:30 a.m. The special townhall meeting will be held on October 16, 2023, at 6:00 p.m.

EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, SECTION 551.071, ET. SEQ.

The Board entered Executive Session pursuant to Texas Government Code Section 551.071 for consultation with attorney at 12:20 p.m.

RECONVENE IN OPEN SESSION

The Board reconvened in Open Session at 12:25 p.m. Director Holmes moved to authorize Director Gallagher and Director Wolf to settle the case as per the recommendation of the District's PUC Attorney. Director Atkinson seconded the motion and the motion passed unanimously.

ADJOURNMENT

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

Approved this October 16, 2023.



WESTWOOD SHORES MUNICIPAL
UTILITY DISTRICT

/s/John Wolf
Secretary, Board of Directors

LIST OF EXHIBITS

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