

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

March 20, 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, Hunter Mays, and Herbert Lyons of Inframark Water Infrastructure Operations (“Inframark”); Rico Rodriguez and Shaelynn Moore of Civil Grade Engineers (“Civil Grade”); Joshua Zientek and Frank Mitchell of Mitchell, Zientek & Scruggs, LLP (“MZSLLP”); Kandy Pfeffer of Elite Bookkeeping; Joseph Ellis of McCall Gibson Swedlund Barfoot PLLC; 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 led the recitation of the Pledge of Allegiance. She also introduced the District’s consultants to the public.

PUBLIC COMMENTS

Director Gallagher opened the meeting for public comments. Ms. Keel asked about the District’s water distribution system. Mr. Rodriguez provided details and answered her questions. There was an additional question related to water sources and if the District would continue to utilize Trinity Rural Water Supply Corporation (TRWSC”) as a water source when the District’s wells become operational. There was clarification of the terms of the water supply contract between the District and TRWSC and additional discussion related to the requirement to have two (2) sources of water. There were questions related to water quality and color and Mr. Rodriguez provided additional explanation about potential causes.

APPROVAL OF MINUTES OF PRIOR BOARD MEETING(S)

Director Atkinson requested a revision to the minutes of the February 20, 2023, board meeting. Mr. Zientek explained an additional revision requested by Director Gallagher. Director Wolf moved to approve the minutes of the February 20, 2023, board meeting, as revised. Director Atkinson seconded the motion and the motion passed unanimously.

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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) the Water Plant No. 1 Aeration System; 2) The Water Plant No. 1 - Water Well Nos. 1 & 2 Improvements; 3) the Lift Station No. 2 Rehabilitation; and 4) the Capital Improvements Plan. Mr. Zientek noted that the District is required to adopt a Resolution Adopting Prevailing Wage Rate Scale for Construction Projects pursuant to Tex. Gov. Code Sec. 2258.022. Director Stoddard moved to approve the Engineers Report and adopt the Resolution Adopting Prevailing Wage Rate Scale for Construction Projects adopting the prevailing wage rates as determined by the United States Department of Labor in accordance with the Davis-Bacon Act (40 U.S.C. Section 276a et seq.), and its subsequent amendments. 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 B**. She noted that Inframark will be presenting a quote to complete an asset survey. She also explained that a quote for assessments of the lift stations is being prepared and an update will be provided in the future. Director Stoddard expressed disappointment related to the fire hydrant assessment and Ms. Prudhomme-Mireles then provided an update on fire hydrant repairs. After this update, Ms. Prudhomme-Mireles explained that Inframark wanted to transition the contact phone number provided for the 24/7 operations contact to the Inframark Dispatch toll-free number. Director Wolf moved to approve the customer service number change to take effect on April 1, 2023. Director Atkinson seconded the motion and the motion passed four-zero-one (4-0-1) with Director Stoddard abstaining from the vote. Mr. Lyons explained that there were two (2) TSS effluent violations and provided additional details. The Board then considered the process by which taps were completed and outsourcing by Inframark, including review of an expensive tap recently completed. Director Gallagher asked that there be a review of the current tap fee rates at the next meeting. Ms. Prudhomme-Mireles gave an update on compliance issues, including recent violations, enforcement actions, and notices to the public. Director Gallagher explained that the Texas Commission on Environmental Quality ("TCEQ") received a customer complaint, investigated the issue, and requested additional information. Director Gallagher noted an agenda item related to the pre-approval of expenses. Mr. Zientek explained that he reviewed Inframark's contract and explained the terms related to pre-approval of expenses. Director Stoddard moved to accept the Operator's Report and Director Wolf seconded the motion. The motion passed unanimously.

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, cut offs, and office expenses. There was an update on the Director's email accounts. Director Gallagher met with the IT Representative, received information about the data systems, and requested a quote on additional services and options for the office. The Board then considered the District's Rate Order, specifically, the "Snowbird" provisions. Director Atkinson noted that there were several people that have offered to volunteer to help with the District. Mr. Zientek explained that residents could provide their

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recommendations and comments for Board consideration, informally, through the public comments process. Director Wolf moved to approve the Office Report and Director Atkinson seconded the motion. The motion passed unanimously.

APPRAISAL DISTRICT'S TAX ASSESSOR'S REPORT

Ms. Pfeffer presented and reviewed the Tax Assessor's Report from Trinity County Appraisal District, a copy of which is attached as **Exhibit D**. Mr. Zientek noted that Director Gallagher has requested additional details related to the Trinity County Appraisal District's budget. Mr. Zientek reminded the Board that it previously considered and approved, subject to final review by MZSLLP, new agreements for delinquent tax collections with Purdue Brandon Fielder Collins & Mott LLP ("Purdue Brandon") and for tax assessor-collector services with the Trinity County Tax Assessor-Collector. He explained the termination provisions, renewal provisions, and other terms for the Board. The Board concurred with its prior decision to terminate the prior interlocal agreement with the Trinity County Tax Assessor-Collector and approve the new agreements. Director Wolf moved to approve the Tax Assessor's Report. Director Atkinson seconded the motion and the motion passed unanimously.

BOOKKEEPER'S REPORT (CONTINUED BELOW)

Ms. Pfeffer presented and reviewed the Bookkeeper's Report, a copy of which is attached as **Exhibit E**. Director Atkinson asked about specific line items in the Bookkeeper's Report. Director Gallagher gave an update of the District's accounts. Ms. Pfeffer noted that there will be a new CD opened at Veritex Bank at a higher interest rate. She also gave an update on the leases of the District's vehicles. Director Atkinson asked about the Energy Usage Report and volunteered to verify information with the electric company. Director Gallagher stated that she will be attending the Association of Water Board Directors ("AWBD") Summer Conference. Director Wolf moved to approve the Bookkeepers Report and the checks presented including a check to American National Leasing for final payment of the trucks. Director Atkinson seconded the motion and the motion passed unanimously with Director Stoddard absent for the vote.

AUTHORIZE CONSULTANTS TO RESEARCH UNCLAIMED PROPERTY AND PROVIDE NOTICE TO CERTAIN UNCLAIMED PROPERTY OWNERS

After Director Stoddard returned to the meeting, Mr. Zientek explained that the District is required to annually report on, and potentially escheat to the State, any unclaimed property in the District's custody, and to also give notice to certain potential owners of said property. Upon a motion by Director Stoddard, seconded by Director Atkinson, the Board voted unanimously to authorize the consultants to search their records for any unclaimed property held by the District and to provide the appropriate notices and file the corresponding report and property with the State, as required.

BOOKKEEPER'S REPORT (CONTINUED FROM ABOVE)

There was an extensive update from Director Stoddard discussing options for disposal of the District's vehicles. Mr. Zientek explained the legal process for disposal of surplus property pursuant

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to Tex. Water Code Sec. 49.226. Because the lease(s) of the District's vehicle(s) were still in effect, the Board concurred to consider this item further at a future board meeting.

UPDATE ON CONSIDERING LAND PURCHASE RELATED TO WELL NO.3

Mr. Zientek gave the Board an update on the land purchase from the Westwood Shores Property Owners Association ("WSPOA") for the potential well site. He emailed the WSPOA attorney but has not received any responses. The Board took no action at this time.

DIRECTORS' REPORTS

Mr. Zientek gave an update on the Texas Utility Help Program (the "Program") and reviewed communications from the Program explaining that the District did not need to enter into a written agreement for participation. The Board concurred. Director Gallagher asked about the upcoming budget process and the directors' responsibilities are regarding the budget and other District tasks. Ms. Pfeiffer explained the process for setting the District's budget.

CONSIDER AND APPROVE DISTRICT AUDIT AND AUTHORIZE FILING WITH TCEQ;

Mr. Ellis presented the draft Audit and reviewed the information with the Board. Director Gallagher commented on some changes from the previous audit formats. The Board concurred with changing the depreciation on the bobcat and skid steer to 10 years. After considering additional revisions, Director Gallagher asked if there was a format for conducting a District inventory. The Board also concurred that the current inventory amount should be expensed and moving forward it should be removed from the future audits. Director Wolf moved to approve the District's Audit, subject to the inclusion of comments and amendments from the District's consultants and Board and authorize filing of audit with the TCEQ. Director Stoddard seconded the motion and the motion passed unanimously.

ATTORNEY'S REPORT

Mr. Zientek noted that Director Gallagher has been working with MZSLLP on the records retention policy. After Mr. Mitchell provided additional details related to the Texas Library Commission and explained the policy MZSLLP prepared, Director Wolf moved to adopt the new records retention policy. Director Stoddard seconded the motion and the motion passed 4-0 with Director Atkinson being absent for the vote. Mr. Zientek noted that the District's insurance policy required completed applications related to Directors' Official Bonds and reminded the Board that the applications were provided previously and explained that he was available to assist with completion, if needed. He then gave an update on the District's Ethics Policy. The Board concurred to have "MZSLLP" to prepare a new Ethics Policy for consideration. Mr. Zientek then gave an update on the Special Purpose District Financial and Tax Report and required filing. Director Atkinson stepped out of the meeting temporarily but returned for the following motion. Director Wolf moved to approve the Special Purpose District Financial and Tax Report and authorize the

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required filing with the Texas Comptroller of Public Accounts (“Texas Comptroller”) upon completion of the District’s audit. Director Atkinson seconded the motion and the motion passed unanimously.

DISCUSS PENDING BUSINESS AND MATTERS FOR FUTURE AGENDAS

Director Wolf recommended holding the next board meeting at the District’s office. Director Gallagher expressed her concern related to the attendance of a large number of members of the public for future board meetings at the District’s office. After considering these concerns, a majority of the Board concurred that the next meeting will be on April 17, 2023, at 9:30 a.m. with Director Gallagher and Director Stoddard opposed.

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

The Board did enter executive session pursuant to Texas Government Code Section 551.071 for consultation with attorney at 12:52 p.m.

RECONVENE IN OPEN SESSION

The Board reconvened in Open Session at 1:20 pm. Director Wolf moved to: 1) approve an amendment to the District Information Form (“DIF”) and related Notice to Purchasers (“NTP”) regarding the imposition of standby fees and authorize recording of said documents; 2) consider refunding standby fees collected in FYE 2022 at a future board meeting; 3) discontinue standby fee collection at this time, 4) authorize distribution of requests for proposals from litigation firms; and 5) to schedule a special meeting on March 27, 2023, at 9:30 a.m. to consider any proposals received in addition to any other items that may need consideration. Director Atkinson seconded the motion and the motion passed unanimously.

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Approved this April 17, 2023.

(SEAL)

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