

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

December 19, 2022

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 Mike Brown and Liza Prudhomme-Mireles of Inframark Water Infrastructure Operations ("Inframark"); Rico Rodriguez of Civil Grade Engineers ("Civil Grade"); Josh Zientek and Daniel Scruggs of Mitchell & Zientek, LLP ("MZLLP"); Kandy Pfeffer and Paul Meinhart 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 Atkinson 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 November 22, 2022, special meeting and regular meeting. Director Stoddard moved to approve the minutes with a revision to the minutes of the special meeting and Director Atkinson seconded the motion. The motion passed unanimously.

**PUBLIC COMMENTS**

Director Atkinson requested that the public sign-in sheet be an attachment to the minutes.

**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**. He stated that the Trinity County Appraisal District has sold approximately 130 properties in the District and also provided an update on the amount collected for the 2021 taxes. Director Gallagher requested information related to deferred accounts

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

which she previously requested in a phone call with Mr. Gallant. Mr. Gallant did not have that information available.

Mr. McArthur explained the process by which delinquent taxes are collected and also provided an update on the activity of the District. He further explained the interlocal agreement between the District, Trinity County Appraisal District, and Perdue Brandon. Director Gallagher and Director Stoddard both asked about the health of the District in respect to their outstanding delinquencies, particularly how much the District could expect to recover. Director Atkinson moved to approve the Tax Assessor's Report, as presented, and Director Wolf seconded the motion, which passed unanimously.

**UPDATE ON CONTINUING DISCLOSURE FILINGS (DECEMBER 31, 2022)**

Mr. Zientek advised that this item will be deferred for additional information from the District's Auditor.

**DISCUSS UPDATES ON AMENDING RATE ORDER**

Mr. Zientek noted that Mr. Givens provided an update on the Rate Order Study. Director Gallagher provided a detailed historical account and current state of the District's finances. Director Stoddard suggested approving the Rate Order rate study recommendation, as presented, and to mail out the Rate Order increase notice to all the customers. Director Wolf advised that, upon completion of the District's well(s), the District would save funds by purchasing less water from Trinity County Rural Water Supply Corporation ("TCRWSC"). Ms. Pfeffer clarified the amount that could potentially be saved. Director Gallagher moved to approve the rate order increase, as presented, on page 6 of 21 of the Rate Order Rate Study, to be effective as of February 1, 2023, and Director Stoddard seconded the motion. The motion passed 4-1 with Director Atkinson opposing and noting his concerns related to the rate study in relation to recent rate changes. Mr. Zientek also noted Senate Bill 3 notice requirements and Ms. McKay advised that she could send both the Rate Order notice along with the Senate Bill 3 notice in January 2023 to save money on postage. The new rates which were approved are:

<b>Water Base Availability Fee:</b>	<b>\$107.17</b>	<b>Sewer Base Availability Fee:</b>	<b>\$81.58</b>
	<b>Water Usage Fee</b>		<b>Sewer Usage Fee</b>
<b>Water Usage Tiers:</b>	<b>(per 1,000 Gal.)</b>	<b>Sewer Usage Tiers<sup>(1)</sup>:</b>	<b>(per 1,000 Gal.)</b>
0 - 4,000 Gallons	\$1.00	0 - 4,000 Gallons	\$1.00
4,001 - 7,000 Gallons	\$1.50	4,001 - 7,000 Gallons	\$1.50
7,001 - 12,000 Gallons	\$2.00	7,001 - 12,000 Gallons	\$2.00
Greater than 12,000 Gallons	\$3.00	Greater than 12,000 Gallons	\$3.00

With a normal monthly bill consisting of:

- Calculated Water Availability Fee<sup>(2)</sup> plus,
- Water Usage Fee plus,
- Calculated Sewer Availability Fee<sup>(2)</sup> plus,

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

- Sewer Usage Fee <sup>(1)</sup> plus,
- TCEQ Regulatory Assessment Fee <sup>(4)</sup> (0.50%) plus,
- Trinity Volunteer Fire Department Donation, at owner's consent (\$1.00)

Notes:

- (1) Sewer flow is not metered. As is typical with utility service, it is assumed that 100% of domestic water will flow to the sewer. Accordingly, 100% of metered water is assumed to enter the sewer and thus charged for sewer usage.
- (2) Calculated Availability Fee is equal to Base Availability Fee times the Equivalency Factor <sup>(3)</sup> associated with the meter size.
- (3) Equivalency Factor (also known as Equivalent Meter Ratios) are multipliers that represent the increased amount of water that can be supplied through the larger meter in relation to a nominal size residential meter. Additional information regarding these factors can be found in the AWWA publication "Water Rates, Fees, and Charges (M1)" and in the TCEQ publication titled "Water District Financial Management Guide (RG-080)". The following Equivalency Factors are adopted by this Rate Order amendment.

Meter Size	Equivalency Factor
5/8" & 3/4"	1
1"	2.5
2"	8
3"	15
6"	50

- (4) In compliance with Section 5.701 of the Texas Water Code, the TCEQ Regulatory Assessment Fee is equal to one-half of one percent (0.50%) of the charge for retail water and/or sewer.

**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 the office cell phone status and an account with Pitney Bowes for postage. Director Gallagher requested that office staff review office inventory and expenses for items that may not be needed in an effort to save funds. Mr. Zientek then provided information related to account access related to recent changes in the Board. The Board requested that the prior directors be removed from all account access. Director Stoddard moved, and Director Wolf seconded, to 1) remove prior directors **Mr. Robert Bluis** and **Mr. Michael McClung** from all account access and signatures, 2) to authorize **Ms. Kandy Pfeffer** (Elite Bookkeeping LLC, 15120 Park Lane, Conroe, Texas 77302, Phone: 979-645-1308), **Director John C. Wolf Jr.** (51 Lakeway, Trinity, Texas 75862, Phone: 936-594-0530), **Director James Atkinson** (20 Greenway, Trinity, Texas 75862, Phone: 936-594-0856), and **Director Robert Stoddard** (63 Westwood Village Dr., Trinity, Texas 75862, Phone: 713-906-1012) to access all District bank accounts, including those at Sunflower Bank Certificates of Deposit Nos. 80001499 and 80001533; and 3) authorize Ms. Kandy Pfeffer and Ms. Pam McKay to open an account for the District at Livingston State Bank. The motion passed unanimously.

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

Director Gallagher asked about the possibility of preparing a quarterly report to consider a cost analysis. Director Stoddard then moved to approve the Bookkeeper's Report, investments, and payment of invoices. Director Wolf seconded the motion which passed unanimously. Mr. Zientek then asked about whether there were Depository Pledge Agreements with the qualified brokers with whom the District has accounts. Ms. Pfeffer responded that she would look into the issue and will also update the Qualified Brokers list. There was extensive discussion regarding the Tax Assessor Collector and the Delinquent Tax Attorney. Director Gallagher noted when reviewing vendors, she noticed the cost for their current Tax Assessor Collector. Director Gallagher then moved to authorize MZLLP to review the District's contract with the Trinity County Tax Assessor Collector to determine the termination provisions considering the possibility of requesting proposals at a future meeting. Director Stoddard seconded the motion and the motion passed unanimously.

**UPDATE ON MARINA VILLAGE BILLING CONCERNS AND CONSIDER LAND PURCHASE RELATED TO WELL NO.3**

Mr. Zientek gave an update on the Marina Village billing status and noted that would be discussed in the Executive Session. There was some discussion regarding the status of the outstanding land purchase. There was extensive discussion related to the acquisition of certain property by the District from Westwood Shores Property Owners Association for future District improvements.

**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 other expenses. Mr. Rodriguez provided an update regarding smart meters and their capacity to provide resident alerts for irregular usage. Mr. Zientek discussed the benefits having an electronic version of the District's seal and the Board concurred with creating an electronic seal and the use of a sig/slash, going forward where available to mitigate risks of identity theft to directors. Ms. McKay presented the 2023 Holiday schedule and Director Gallagher asked if New Year's Eve should not be a holiday for the District. Director Gallagher moved to approve the amended holiday schedule by removing New Year's Eve. Director Stoddard 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 D. He provided an update on: 1) Lift Station No. 2 Rehabilitation; 2) Wastewater Treatment Plant ("WWTP") Bar Screen Replacement; 3) Water Plant No. 1 - Aeration System; 4) Water plant No. 1 - Water Well No. 2 Improvements; and 5) Capital Improvements Plan. Director Atkinson moved, and Director Stoddard seconded, to approve Pay Application No. 2 in the amount of \$85,558.16. The motion passed unanimously. There was extensive discussion related to the Water Well No. 1 Aeration System and required testing. The Board inquired as to the viability of the Aeration System in the event that the facilities were needed during the upcoming extreme weather

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

event. Mr. Rodriguez and Mr. Brown addressed the Board's concerns and explained contingencies in place to ensure water to residents. There was additional discussion regarding Inframark personnel being present for emergencies, if needed. Mr. Brown provided his contact information to the Board. Next, Mr. Rodriguez discussed a preventative maintenance plan and the Board discussed the process by which work orders are completed. Director Gallagher then moved, and Director Stoddard seconded, to approve the Engineer's Report. The motion passed unanimously.

**OPERATOR'S REPORT**

Mr. Brown presented the Operator's Report, a copy of which is attached as Exhibit E. He noted that there was an issue with the jet rig and advised that he would verify the warranty status. Director Gallagher moved to approve the jet rig repair, rental, and that the construction committee resolve any issues related thereto not to exceed five thousand dollars (\$5,000). Director Stoddard seconded the motion and the motion passed unanimously. Mr. Brown noted the status current tap installation requests and discussed an electrical line that was cut by Inframark. He advised that the cost to resolve the issue is being paid by Inframark.

There was extensive discussion related to a contract amendment request by Inframark. Director Gallagher noted some of her concerns about the previous fees by Inframark and explained that some of the environmental filings that were inappropriately charged to the District. Director Gallagher asked about Inframark's usage of District vehicles, Mr. Brown's responsibilities, concerns about the requested contract amendments. Mr. Brown advised that Inframark is reviewing the contract in its entirety to eliminate confusion. Director Stoddard moved to deny the requested contract amendment by Inframark at this time and Director Gallagher seconded the motion. The motion passed unanimously. There was also discussion regarding the preventative maintenance schedule and the upcoming forecasted freeze event. Director Atkinson exited the meeting for a brief period during the Operator's Report but returned prior to the following motion. Director Gallagher moved to approve the Operator's Report and Director Stoddard seconded the motion. The motion passed unanimously.

**COMMUNICATIONS CONSULTANT REPORT**

Mr. Zientek discussed the importance of using the District's email accounts. Director Gallagher advised that she was researching options for third-party IT support to assist directors with District email access. (Director Stoddard stepped out at the end of this item.)

**DIRECTORS' REPORTS**

There were no Directors' Reports at this time.

**ATTORNEY'S REPORT**

Mr. Zientek gave an update on Standby Fees and other related actions. He noted that Mitchell & Zientek, LLP ("MZLLP") received several electronic files and approximately fifteen (15) boxes at their offices of District records from prior legal counsel. The records retention policy is

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

being reviewed by Mr. Zientek at this time and will need some updates. He also discussed the Texas Open Meetings Act ("TOMA") and the Public Information Act ("PIA"). He handed out the Texas Open Meetings Act and the Public Information Act training memorandum and recommended that each Director attend said training in an effort to prevent violations. Mr. Zientek then explained the requirement to file the District's Eminent Domain Report with the Texas Comptroller and advised Mr. Frank Mitchell was able to resolve previous issues with filing by direct communication with the Texas Comptroller. Director Stoddard moved to authorize the Eminent Domain Report filing and Director Atkinson seconded the motion. The motion passed unanimously. Mr. Zientek also discussed the possible Joint Bond Election with Trinity County in May, the lack of existing bond authorization, and the need for District consultants to coordinate to determine the amount of authorization to potentially request. Director Wolf moved to authorize the Joint Bond Election with Trinity County pending confirmation of availability with Trinity County Elections and coordination between the District's consultants to establish the appropriate amount of authorization. Director Atkinson seconded the motion and the motion passed unanimously.

**DISCUSS PENDING BUSINESS AND MATTERS FOR FUTURE AGENDAS**

The next meeting will be on January 17, 2023, and there was some discussion about supplying meeting documents a week before the meeting. Mr. Smith discussed the sewer rates that Marina Village will have to pay and asked the Board to consider a revision of their sewer rate.

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

The Board entered executive session pursuant to Texas Government Code Sections 551.071 and 551.074 at 12:55 p.m.

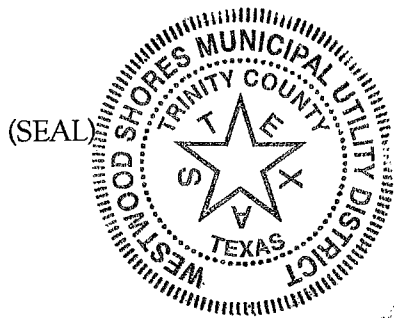
**RECONVENE IN OPEN SESSION**

The Board reconvened in open session at 1:31 pm. Director Gallagher moved to authorize a credit to Marina Village in the amount of \$23,342.26 against future billing until the full amount of \$23,342.26 is satisfied and to allow Director Gallagher to contact out to Mr. Smith of Marina Village to convey the results of the vote. Director Wolf seconded the motion and the motion passed unanimously.

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

Approved this January 17, 2023.



WESTWOOD SHORES MUNICIPAL  
UTILITY DISTRICT

/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