

MINUTES OF REGULAR MEETING
WATERWOOD MUNICIPAL UTILITY DISTRICT NO.1

The Board of Directors of the Waterwood Municipal Utility District No.1 of San Jacinto County, Texas, met in regular session, open to the, at the Waterwood Improvement Association building, inside the District on Friday August 18, 2023. The roll was called of the duly constituted officers and members of the Board, to-wit:

Roy Knapp	President
Jeff Measamer	Vice President
John Dagleish	Secretary
Kevin Cook	Director
Donald Marshall	Director

1. CALL TO ORDER AND WELCOME GUESTS

Board members present were Roy Knapp, John Dagleish, Donnie Marshall, Kevin Cook, and Jeff Measamer thus constituting a quorum. Also, present were Manny Vadmar, Pat Zappa, David Beving, Carrie Seidel, Molly Abele, Jacob Floyd, Rudy Alvarez, Karon Murff and Anita Treadway.

2. APPROVAL OF CONSENT AGENDA ITEMS

A. Minutes of the regular meeting of July 21, 2023

A motion to accept the minutes of the July meeting with a change on #4 from June to August. Donnie Marshall made the motion to accept the minutes and John Dagleish seconded the motion. The motion carried unanimously.

B. FINANCIAL REPORT/ BUDGET

Karon Murff gave her reports/analyst of cash flow projections. She also discussed the rate increase and loss of income.

Kevin Cook made a motion to accept the financial reports. John Dagleish seconded the motion. The motion carried unanimously.

C. PAYMENT OF BILLS

John Dagleish made a motion to approve the payment of the bills. Kevin Cook seconded the motion. The motion carried unanimously.

D. TAX COLLECTOR REPORT

Anita Treadway gave the report. Donnie Marshall made a motion to accept the Tax Collector Report. Kevin Cook seconded the motion. The motion carried unanimously.

3. DIRECTOR MATTERS

A. Discussion and/or authorize any appropriate action.

1. Samperi Consent of Encroachment

There was discussion with Jacob Floyd about the retaining wall at Samperi's. Jacob will contact the Samperis'. A motion to approve the encroachment was made by Kevin Cook with the caveat of having the line scoped with a camera. Jeff Measamer seconded the motion. The motion carried unanimously.

2. Discussion of Axley & Rhodes proposal

The Board discussed the proposal with Molly Abele of Axley & Rodes. Molly explained what the company does for audits and that they will provide a one-year contract with Waterwood Mud. There will be reports, financials and other information to be provided by Waterwood Mud and Precision Utility.

Jeff Measamer made a motion to hire Axley & Rodes as the auditors for Waterwood Mud. John Dagleish seconded the motion. The motion carried with Kevin Cook abstaining.

3. Engineer's report

Langford Engineering met with TWDB on July 26th along with Donnie Marshall and John Dagleish. They received a preliminary information regarding the D-Fund. LEI is currently compiling the information necessary for the application, in order to get it approved.

TCEQ has reviewed the Emergency Preparedness Plan and has provided comments. LEI addressed those comments and submitted them to TCEQ for final approval.

Kevin Cook made a motion to approve the engineer's report. John Dagleish seconded the motion. The motion carried unanimously.

4. Approve Information Form

Donnie Marshall made a motion to approve the Information Form. Kevin Cook seconded the motion. The motion carried unanimously.

4. Tax Matters

A. Review Tax Rate Study, Loren Morales (RBC Capital Markets, LLC)

Mr. Loren Morales presented to the Board the tax rate study for 2023, recommending that the District levy a maximum rate of \$0.84, consisting of \$0.34 for debt service, and \$0.50 for maintenance and operations. The Board voted to approve the tax rate as follows:

Confirm Tax Status/Type as a developing district

The Board discussed the tax hearing notice requirements of Section 49.236 of the Water Code and the ongoing related characterization of the District as a "developing district". Upon motion by Director John Dagleish, seconded by Director Jeff Measamer, and after full discussion, the Board voted unanimously to confirm the District's continued tax status/type as a "developing district".

Authorize publication of Notice of Public Hearing on Tax Rate

The next item on the agenda was to authorize the publication of a Notice of Public Hearing on Tax Rate. Upon motion by Director Kevin Cook, seconded by Director Jeff Measamer, and after full discussion, the Board voted unanimously to authorize the publication of the Notice of Public Hearing on Tax Rate, scheduled for September 15th at 3:00 p.m., and to publish a proposed total

tax rate for 2023 of \$0.84 per \$100 of assessed valuation (consisting of \$0.34 per \$100 of assessed valuation for debt service, and \$0.50 per \$100 of assessed valuation for maintenance and operations), along with a tax rate and levy analysis as required by Chapter 49 of the Water Code.

5. Operations & Maintenance

A. Receive general report – Precision Utility

Manny Vadmar gave the Precision Utility report.

1. Gave a report on the water outage.
2. Report on water leaks
3. Reported on new water & sewer taps
4. Report on delinquent/disconnect list

The delinquent accounts which are over 6 months need to be written off and a letter of forgiveness of debt needs to be written for IRS purposes.

5. The WIA 2-inch tap is scheduled for Monday.

1. 1. Submittal of Work Orders for approval

B. Adopt Order Establishing Utility Service Rates, Fees, and Conditions (Rate Order)

Discussion. A motion was made to approve the Rate Order by Kevin Cook. Jeff Measamer seconded the motion. The motion carried unanimously.

C. Emerald Estates POA Interconnect Agreement

Precision Utility submitted a draft of the Emergency Water Supply Contract with Emerald Estates POA. A motion to approve the contract subject to finalization change was made by Kevin Cook. Donnie Marshall seconded the motion. The motion carried with John Dagleish abstaining.

6. CONSIDER OTHER MATTERS THAT MY COME BEFORE THE BOARD

5.PUBLIC COMMENTS

Rudy Alvarez reported that there is another leak at Fairway One.

Larry Maas would like the Board to consider charging the actual cost of the tap and the labor for the new WIA building. The Board will also contact the Districts' lawyer about whether the WIA building is considered commercial, non-single family or residential. The new WIA building will require a backflow preventer to be install with certification by a licensed plumber. Larry Maas said that WIA's plumber will do that.

7. ADJOURN

Jeff Measamer made a motion to adjourn. Donnie Marshall seconded the motion. The motion carried unanimously.

John Dagleish, Secretary

