

**MINUTES OF MEETING
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
SEPTEMBER 12, 2024**

**STATE OF TEXAS §
 §
COUNTY OF HARRIS §**

The Board of Directors of Harris County Municipal Utility District No. 23 of Harris County, Texas, met in regular session, open to the public, beginning at 6:00 P.M. at a regular meeting place inside the District on the 12th day of September, 2024, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Jeff Blackwell	President
Jim Haney	Vice President
Christy Shepard	Secretary
Charles Mathewes	Treasurer
William E. Ross	Assistant Secretary/Treasurer

and all of said directors were present, thus constituting a quorum.

Persons also present included:

Kim Courte with Arthur J. Gallagher W.I.N. Insurance;
Scott Spidle with Worldwide Power Products;
Jon Durnell with McCall Gibson Swedlund Barfoot PLLC;
Officer Abarca;
Pete Pedersen with District 220;
Terry Bell with District 220 HOA;
Francisco Munoz with Terrace Brook HOA;
Jeanelle Walker of Courtyard Glen;
Jennifer Landreville with Equi-Tax Inc;
Sean Humble of Sherrington-Humble, LLC;
Claudine Pacioni with TNG Utility Corporation; and
Michael Cole and Cindy Nichols of Michael A. Cole P.C.

Dan McDonald with McDonald & Wessendorff Insurance joined via telephone call.

PRESENTATION OF INSURANCE PROPOSALS

Dan McDonald joined the meeting via telephone call and presented the McDonald & Wessendorff insurance proposal. He stated that McDonald & Wessendorff currently serves about 1,350 water districts in Texas, and he has run the program for 25 years. In response to Directors, he presented highlights of the coverage for mechanical breakdowns, property, D&O and sewer backups. At the conclusion of his presentation, Mr. McDonald disconnected from the call.

Kim Courte presented the Arthur J. Gallagher W.I.N. insurance proposal. She stated there are over 500 water districts in the program; that coverage is provided in Flood Zone AE; there is no wind/hail deductible; and the deductible for named storms is 2% of the value of the items claimed. At the conclusion of her presentation, Ms. Courte excused herself from the meeting.

SECURITY REPORT

Officer Abarca presented the security report for the month. He reported some problems at the property on the south side of the bayou and the abandoned tennis courts, noting the HOA has not maintained the property. Overall August has been a quiet month.

Director Haney noted that October 1st is National Night Out and it was decided to hold the event at the fire station. Officer Abarca stated that he would go by the fire station tonight to confirm it is okay to hold the National Night Out there. **Director Blackwell moved approval of no more than \$500 for supplies for National Night Out, which motion was seconded by Director Mathewes and carried by unanimous vote.** Officer Abarca excused himself from the meeting.

PRESENTATION FROM WORLDWIDE POWER PRODUCTS

Scott Spidle of Worldwide Power Products introduced himself to the Board. Director Ross explained that when the belts on the emergency generator broke, there were no available replacement belts and the generator was down for an extended period, and the utility operator had to send out boil water notices. Mr. Spidle apologized for the incident and for other times when his company did not perform satisfactorily. In an effort to make things right, he stated that the ECM needs to be replaced and he will have it replaced at cost. He stated that keeping an inventory of replacement belts onsite can be expensive and the belts will dry rot in 3 to 5 years; however, some water districts do keep an inventory of belts and maintain a rotation schedule for replacing the inventory. In response to Director Blackwell's question regarding preventive maintenance, Mr. Spidle stated that Worldwide uses a 78 point checklist which is compliant with the TCEQ and National Fire Protection Association (NFPA). Worldwide goes through the checklist every quarter. Board members requested that the reports on the generator be emailed to Board members in addition to the utility operator.

In response to a query of Director Haney, Mr. Spidle stated that the generator is an Olympian (made by Generac and Caterpillar) and estimated the life of the generator to be 15-20 years, noting that the older the generator gets the harder it is to find replacement parts. Sean Humble asked about how much life is left for the generator, and Mr. Spidle stated that with replacing the ECM and wiring harness, the generator likely has several more years, but it will become harder to find replacement parts to make repairs. Per the request of Director Mathewes, Mr. Spidle stated that he will prepare a recommendation for when to replace the generator and provide budgetary numbers. At the conclusion of discussion, Mr. Spidle excused himself from the meeting.

PRESENTATION OF ANNUAL AUDIT REPORT

Jon Durnell presented the Annual Financial Report for the fiscal year ended May 31, 2024. At the conclusion of the presentation, **Director Shepard moved its approval, which motion was**

seconded by Director Haney and carried by unanimous vote. Mr. Durnell excused himself from the meeting.

COMMUNITY COMMENTS

Francisco Munoz of Terrace Brook and Terry Bell of MUD 220 introduced themselves to the Board. Mr. Munoz explained that they are looking for HOA's to join together for hiring law enforcement officers to patrol their neighborhoods. Mr. Bell explained they are present to establish communication with the Board and to thank it for use of the District's building for meetings. Board members explained that the District is not an HOA and directed the gentlemen to contact the Woodland Trails West HOA. Jeanelle Walker introduced herself as President of Courtyard Glen HOA and provided her contact information to Mr. Munoz. Mr. Munoz and Mr. Bell excused themselves from the meeting.

Jeanelle Walker asked if bids have been received for tree trimming and crushed granite for the track on the walking trail. Director Blackwell said that he has not heard back about the crushed granite and the tree guys are very busy right now.

MINUTES

Director Blackwell moved approval of the minutes of the Board's August 8, 2024 meeting, which motion was seconded by Director Shepard and carried by unanimous vote.

CONSENT AGENDA

BOOKKEEPER, INVESTMENT OFFICER, AND TAX ASSESSOR-COLLECTOR REPORTS

Jennifer Landreville presented and reviewed the bookkeeper and investment officer reports to the Board, copies of which are filed in the District's electronic records. She reported that a Debt Service payment had been made on September 1, and presented checks for approval, noting that a check payable to C-3 had been voided and reissued to Nationworks for its Pay Estimate 1. Director Blackwell reported that he had incorrectly received 3 per diem checks last month and the bookkeeper voided them and reissued a check for 1 per diem.

Jennifer Landreville next presented the tax assessor-collector's report for August, a copy of which is filed in the District's electronic records. Ms Landreville reported that the 2023 tax levy is 98% collected, and presented checks for approval.

EFFECTIVE TAX RATE CALCULATIONS

Jennifer Landreville presented various tax rate scenarios, and she reviewed the Financial Advisor's presentation and recommendation of the effective tax rate calculations. She noted that the District is labeled as a "Developed" district and is limited to a 3.5% increase without triggering a rollback, and explained that with the current negative budget as well as the bond payments, the

District may opt to exceed the 3.5% this year. A review and discussion was had, and Ms. Landreville reminded the Board that it can adopt a tax levy at its next meeting that is less than the effective tax rate it approves tonight for publication. She stated that publication in the Houston Business Journal is \$500 and in the Houston Chronicle is \$850. At the conclusion of discussion, **Director Haney moved authorization for publication of an effective tax rate of \$0.3814 (the same as last year's tax rate) in the Houston Business Journal, which motion was seconded by Director Ross and carried by unanimous vote.**

ENGINEER'S REPORT

Sean Humble presented the Engineer's report to the Board, a copy of which is filed in the District's electronic records. He reported that with regard to the TCEQ proposed agreed order, he has received approval of the Supplemental Environmental Project (SEP) and the TCEQ is working to revise the order and the District will spend the proposed \$25,000 fine on improvements to the ventilation in the wastewater treatment plant blower room, improvement to the SCADA system and blower fans. Mr. Humble reported that the contractor for Water Well No. 1 installed the pumping equipment and the well is ready to be put back online; National Works is on site performing the camera survey Phase 1A and pay estimate no. 1 in the amount of \$24,643.23 is presented and recommended for payment; and that he has received preliminary construction plans for the gas station at 8520 Warren Road, and the Water Service PILOT Agreement with IMS Pro LLC is ready for the District's approval and signature.

UTILITY OPERATOR

Claudine Pacioni presented the utility operator's report, a copy of which is filed in the District's electronic records. Among other matters Claudine reported 1,221 connections for August; and a water accountability of 94.71%. Director Blackwell stated that he will contact Caleb Burson with Accurate Meter & Supply to let him know of the Board's decision of July 11th to have the utility operator provide a survey to Mr. Burson of the District's meters to ascertain which ones are working properly and which are malfunctioning and need to be replaced, and then have Accurate Meter & Supply start with replacing the defective meters with Model 25 meters and after the defective meters are replaced to begin replacing the remaining functioning meters.

ATTORNEY REPORT

Michael Cole presented his attorney's report to the Board, a copy of which is filed in the District's electronic records. The attorney presented an amended Drought Contingency Plan to include an additional revision to state that every contract entered into or renewed after adoption of the Drought Contingency Plan will include a provision about pro rata distribution, and in case of a shortage of water resulting from drought, the water to be distributed shall be divided among all customers pro rata. **Director Shepard moved approval of the amended Drought Contingency Plan as presented, which motion was seconded by Director Mathewes and carried by unanimous vote.** A copy of the amended Drought Contingency Plan is filed in the District's electronic records.

Discussion was next had about the insurance proposals received from Arthur J. Gallagher/W.I.N. and McDonald & Wessendorff. At the conclusion of discussion, **Director Blackwell moved acceptance of the proposal for insurance received from Arthur J. Gallagher/W.I.N., which motion was seconded by Director Mathewes and carried by unanimous vote.**

BUILDING COORDINATOR REPORT

The Building Coordinator's report was presented by Director Ross, a copy of which is filed in the District's electronic records. Director Ross reported that there are no bookings for the coming months.

CONSENT AGENDA

Payment of Pay Estimate 1 to National Works in the amount of \$24,643.23 and the Consent Agenda were approved on the motion of Director Blackwell, the second of Director Ross, and the unanimous vote of the Board.

There being no other business to come before the Board the meeting was adjourned.

(SEAL)

Secretary, Board of Directors

**COMMITMENTS FOR ACTION
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
MEETING OF SEPTEMBER 12, 2024**

BOOKKEEPER to **NONE**

OPERATOR to provide meter survey to Caleb Burson with Accurate Meter & Supply..

ATTORNEY to submit copy of amended Drought Contingency Plan to TCEQ; and provided accepted insurance proposal to Arthur J. Gallagher/W.I.N.

ENGINEER to *negotiate with City of Houston for amendment to Water Supply Agreement; proceed with engineer and design for water plant #2.; and get a quote for inspection of the interior and exterior of the GST and HPT at Water Plant No. 1, and if less than \$13,000 to proceed.*

BUILDING COORDINATOR to pursue getting bids for removing and grinding stumps of two dead trees on the walking trail and trimming hanging branches, and for crushed granite for the walking trails.

TAX ASSESSOR COLLECTOR to publish effective tax rate of \$0.3814 per \$100 assessed valuation in Houston Business Journal.

DIRECTOR BLACKWELL to contact Caleb Burson with Accurate Meter & Supply to let him know of the Board's decision of July 11th to have the utility operator provide a survey to Mr. Burson of the District's meters to ascertain which ones are working properly and which are malfunctioning and need to be replaced, and then have Accurate Meter & Supply start with replacing the defective meters with Model 25 meters and after the defective meters are replaced to begin replacing the remaining functioning meters.

WORLDWIDE POWER PRODUCTS - Mr. Spidle to have ECM replaced at cost; and prepare a recommendation of when to replace the generator and provide budgetary numbers.