

NORTHWEST FREEWAY MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
October 28, 2024

The Board of Directors (the "Board") of Northwest Freeway Municipal Utility District (the "District") met in regular session, open to the public on October 28, 2024, in accordance with the duly posted Notice of Public Meeting, and the roll was called of the duly constituted officers and members of the Board, as follows:

Tom Wildrick, President
Carlos Heredia, Vice President
William White, Secretary
Alex Reyes, Assistant Secretary
Arthur Russell Jones V, Assistant Secretary

and all of said persons were present with the exception of Directors White and Jones, thus constituting a quorum.

Also attending the meeting were Dulce Molina of Municipal Accounts & Consulting, L.P. ("MA&C"); Lonnie Lee of Regional Water Corporation ("RWC"); Emma Highberger of Wheeler & Associates, Inc. ("Wheeler"); Josh Hopper of Storm Water Solutions, LP ("SWS"); Rene Hurtado of Sander Engineering Corporation ("SEC"); Sherri Greenwood of Forvis Mazars ("Forvis"); John Howell of The GMS Group, L.L.C. ("GMS"), who entered later in the meeting as noted herein; and Spencer Creed of Schwartz, Page & Harding, L.L.P. ("SPH").

The President called the meeting to order and declared it open for such business as might regularly come before the Board.

PUBLIC COMMENTS

The Board began by opening the meeting for public comments. There were no comments from the public at this time.

APPROVAL OF MINUTES

The Board next reviewed the minutes of its meeting held on September 23, 2024. A revision was noted to page four (4) of said minutes. Following discussion, Director Heredia moved that the minutes of the Board's meeting held on September 23, 2024, be approved, as revised. Director Wildrick seconded said motion, which unanimously carried.

Mr. Howell entered the meeting at this time.

STATUS OF AUDIT REPORT

Ms. Greenwood next presented to and reviewed with the Board the draft audit report prepared for the District's fiscal year ending June 30, 2024, a copy of which is attached hereto as **Exhibit A**, and discussed various sections of the audit report with the Board. After discussion,

Director Heredia moved that the audit report for the fiscal year ending June 30, 2024, be approved, subject to final review and any comments to same by SPH, that the President be authorized to execute an annual filing affidavit on behalf of the Board and District, and that such audit report and Annual Filing Affidavit be filed with the appropriate governmental authorities, including the Texas Commission on Environmental Quality ("TCEQ"). Director Reyes seconded said motion, which unanimously carried.

BOOKKEEPER'S REPORT

Ms. Molina next presented to and reviewed with the Board the bookkeeping report dated October 28, 2024, attached hereto as **Exhibit B**, including the disbursements presented for payment from the District's various accounts. After discussion, Director Heredia moved that the bookkeeping report be approved and that the disbursements identified in the report be approved for payment with the exception of check nos. 15257 and 15260, which were voided, and including check no. 15285 payable to the TCEQ. Director Wildrick seconded said motion, which unanimously carried.

STATUS OF COMPLIANCE BY THE DISTRICT WITH TEXAS GOVERNMENT CODE, CHAPTER 2265

As the next order of business, the Board considered the status of compliance by the District with Texas Government Code, Chapter 2265 relative to energy reporting requirements. Ms. Molina addressed the Board and reviewed the applicable report, a copy of which is attached to the bookkeeping report (**Exhibit B**). Mr. Creed noted that no further action by the Board is necessary at this time.

RESOLUTION REGARDING REVIEW OF INVESTMENT POLICY

As the next order of business, the Board considered approval of a Resolution Regarding Review of Order Establishing Policy for Investment of District Funds and Appointing Investment Officer. Mr. Creed advised the Board that SPH is not recommending any changes to the Investment Policy at this time. After discussion, Director Heredia moved that the Resolution Regarding Review of Order Establishing Policy for Investment of District Funds and Appointing Investment Officer, attached hereto as **Exhibit C**, be adopted to reflect that the Investment Policy adopted on October 23, 2023, was thereby affirmed and shall remain in effect until amended. Director Wildrick seconded the motion, which carried unanimously.

RESOLUTION AUTHORIZING USE OF SURPLUS CONSTRUCTION FUNDS

The Board next considered adoption of a Resolution Authorizing Use of Surplus Construction Funds in connection with Water Plant No. 3 Improvements. Following discussion, Director Heredia moved that the Board adopt the Resolution, attached hereto as **Exhibit D**, and that the President be authorized to execute same on behalf of the Board and the District. Director Wildrick seconded the motion, which unanimously carried.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Highberger next presented to and reviewed with the Board the tax assessor-collector report and delinquent collections listing prepared by Wheeler for the month of September 2024, copies of which are attached hereto as **Exhibit E**. After discussion, Director Heredia moved that the tax assessor-collector's report be approved and that the disbursements identified in the report be approved for payment. Director Wildrick seconded said motion, which unanimously carried.

REPORT AND LEGAL ACTION TAKEN BY THE DISTRICT'S DELINQUENT TAX COLLECTIONS ATTORNEY

Mr. Creed presented to and reviewed with the Board a delinquent tax collections attorney report, received by the District from Ted A. Cox, P.C., a copy of which is attached hereto as **Exhibit F**. No action was taken by the Board at this time.

CONDUCT PUBLIC HEARING REGARDING ADOPTION OF THE DISTRICT'S 2024 TAX RATE

As the next order of business, the Board conducted a public hearing regarding the adoption of the District's proposed tax rate for 2024. There being no comments presented from the public, such hearing was then closed.

LEVY OF THE DISTRICT'S 2024 TAX RATE

The Board discussed setting the District's 2024 tax rate. Ms. Highberger confirmed that the notice of the District's intention to set a tax rate had been published in accordance with all legal requirements and as directed at the Board's September 23, 2024, meeting. Mr. Howell reviewed with the Board several aspects of his tax rate recommendation materials. After discussion on the matter, Director Heredia moved that: (i) the Board adopt a tax rate less than that proposed at the Board's September 23, 2024, meeting and as reflected in the notice; (ii) the District levy a 2024 debt service tax rate of \$0.24 per \$100 of assessed valuation and a 2024 maintenance tax rate of \$0.33 per \$100 of assessed valuation, resulting in a total 2024 tax rate of \$0.57 per \$100 of assessed valuation; and (iii) the Order Levying Taxes, attached hereto as **Exhibit G**, be adopted in connection therewith, and that the President be authorized to execute and the Assistant Secretary to attest same on behalf of the Board and the District. Director Wildrick seconded said motion, which carried unanimously.

APPROVAL AND EXECUTION OF AN AMENDED DISTRICT INFORMATION FORM

Mr. Creed next presented and discussed with the Board an Amendment to the Amended and Restated District Information Form ("DIF") in connection with the levy of the District's 2024 tax rate. After discussion regarding the amendments to the DIF, Director Heredia moved that the amended DIF be approved, that a majority of Board members be authorized to execute the amended DIF on behalf of the Board and the District, and that all Board members present join in the filing of the amended DIF, as evidenced by a majority of Board members executing same. Director Wildrick seconded said motion, which carried unanimously.

Mr. Howell, Ms. Greenwood, and Ms. Highberger exited the meeting at this time.

OPERATIONS REPORT

Mr. Lee next presented and reviewed the Operations Report for September 2024, a copy of which Report is attached hereto as **Exhibit H**, and discussed same with the Board. He advised that emergency water main break repairs were performed at 24407 Wild Horses Lane and 24010 Lazy Kay at an estimated expense of \$3,500 each.

Mr. Lee next advised that it has been approximately eleven (11) years since a valve survey has been performed in the District, and that RWC will provide a proposal to conduct such survey for consideration by the Board at the next meeting.

Mr. Lee next advised that the Lead Service Line Inventory Report has been completed and filed with the TCEQ.

Mr. Lee next discussed an appeal of District charges received from customer account no. 1-01-00915-13. He noted that this appeal was originally presented at the August meeting and the customer was provided a six (6) month payment plan to satisfy their remaining balance, subject to the customer remaining current with their water bill payments going forward. Mr. Lee advised that the customer has renewed their request for an adjustment to their account, due to what they believe is a faulty meter. He noted that RWC has confirmed that the meter is functioning properly and that the customer has provided no additional information on the matter. After discussion on the matter and consideration of the relevant facts and circumstances, Director Wildrick moved that the Board deny the customer's appeal. Director Heredia seconded the motion, which unanimously carried.

INSTALLATION OF ELECTRONIC METERS

Mr. Lee next provided the Board with an update regarding the status of phase IV of the installation of electronic meters in the District by Accurate Meter & Supply, L.L.C. ("AMS"). In that regard, he advised he will contact AMS to discuss this matter and report back to the Board.

RATE ORDER

A discussion ensued regarding the decrease in Groundwater Reduction Plan fees by the North Harris County Regional Water Authority (the "Authority") effective as of October 1, 2024. The Board considered amendment of the District's Rate Order in connection with the decrease in fees by the Authority. Following discussion, the Board deferred amendment of the District's Rate Order at this time.

ENGINEERING REPORT

Mr. Hurtado presented and reviewed a written engineering report for October 28, 2024, a copy of which report is attached hereto as **Exhibit I**, relative to the status of various projects within the District, and discussed same with the Board. He addressed the Board regarding the status of

the contract with DC Contracting Services, LLC ("DC") for detention basin and storm sewer improvements to serve Ranch Country. In that regard, he advised that the District is receipt of Change Order No. 1, Pay Estimate No. 2, and Pay Estimate No. 3 in the amounts of \$26,900, \$81,540, and \$256,438.35, respectively. Following discussion, Director Heredia moved that the Board approve payment of Change Order No. 1, Pay Estimate No. 2, and Pay Estimate No. 3 to DC, as presented. Director Reyes seconded the motion, which unanimously carried.

A discussion regarding the potential development of the 3.7 acre tract located along Cedar Rock Drive proposed to be developed as 20-24 single-family homes. Mr. Hurtado advised that the \$5,000 cost deposit for preparation of a feasibility study has been received, and that SEC will begin preparation of the study.

STORM WATER SOLUTIONS, L.P.

Mr. Hopper next presented and reviewed a report provided by SWS, a copy of which is attached hereto as **Exhibit J**. He advised that the fallen tree located at the Wastewater Treatment Plant has been removed. No action was taken by the Board at this time.

ISSUANCE OF UTILITY COMMITMENT(S)

The Board deferred consideration of issuance of utility commitments after noting that no requests had been received.

DEVELOPER'S REPORT

As the next order of business, the Board considered the Developer's report. Mr. Creed addressed the Board regarding assignment of the Utility Development Agreement from Red Mercury, LLC to W.W. Grainger, Inc. In connection therewith, the Board considered approval of an Assignment of Utility Development Agreement (the "Assignment") by and among Red Mercury, LLC, W.W. Grainger, Inc., and the District. Mr. Creed reviewed the terms of the Assignment with the Board. Following discussion, Director Wildrick moved that the Board (i) approve the Assignment, (ii) authorize the President to execute same on behalf of the Board and the District, and (iii) authorize SPH to accept and acknowledge the associated Texas Ethics Commission 1295 Forms. Director Heredia seconded the motion, which unanimously carried.

CONSENT TO ASSUMPTION OF CONSENT TO INSTALLATION OF PAVING, PARKING LICENSE AND INDEMNITY AGREEMENT (WATER PLANT NO. 2 SITE)

The Board next considered a Consent to Assumption of Consent to Installation of Paving, Parking License and Indemnity Agreement (Water Plant No. 2 Site) between the District and Rosehill Fire Department (the "Assumption Agreement") concerning Harris County Emergency Services District No. 21's ("ESD 21") assumption of the underlying agreement obligations. Mr. Creed presented and reviewed the Assumption Agreement with the Board, a copy of which is attached hereto as **Exhibit K**. Following discussion, Director Heredia moved that the Board approve the Assumption Agreement and authorize the President to execute same on behalf of the Board and the District. Director Reyes seconded the motion, which unanimously carried.

SECURITY REPORT AND SECURITY ISSUES WITHIN THE DISTRICT

The Board next discussed the status of the District's security patrol contract with the Harris County Constable's Office, Precinct 4 and security issues within the District, and reviewed the monthly activity report for the month of September 2024, a copy of which is attached hereto as **Exhibit L**. No action was taken.

ATTORNEY'S REPORT

The Board next considered the Attorney's Report. In that regard, Mr. Creed presented and reviewed an Arbitrage Rebate Calculation Report and Yield Restriction Calculations prepared by Arbitrage Compliance Specialists, Inc. for the District's Unlimited Tax Bonds, Series 2018, copies of which are attached hereto as **Exhibit M**, for the interim computation periods of (i) July 26, 2018 to July 26, 2024, (ii) July 26, 2021 to July 26, 2023, and (iii) July 26, 2021 to July 26, 2024. He noted that, according to the reports, no action is required by the Board at this time.

PROPOSAL FOR LEASE AGREEMENT CONCERNING FOOD TRUCK OPERATION

The Board next considered a proposal for a lease agreement concerning food truck operation within the old Water Plant No. 1 tract, and the alternative sale of the tract and obtaining an appraisal regarding same. Mr. Creed and Mr. Hurtado discussed the impact of the easement previously conveyed across the tract to Harris County Flood Control District and the fact that the site is located within the floodway. Following discussion, the Board directed SPH to prepare a draft form of lease agreement for review by the Board at the next meeting.

STATUS OF DISTRICT WEBSITE

It was noted that a representative of Touchstone District Services, LLC was not present at the meeting.

CLOSED SESSION

The Board determined it would not be necessary to enter into Closed Session pursuant to Texas Government Code, Section 551.071 and/or Section 551.072.

MATTERS TO BE CONSIDERED ON FUTURE AGENDAS

The Board considered items for placement on a future agenda. No specific items were requested.

A discussion ensued regarding rescheduling of the December meeting. Following discussion, the Board concurred on hold such meeting on Monday, December 16, 2024.

ADJOURNMENT

There being no further business to come before the Board, Director Heredia moved that the meeting be adjourned. Director Wildrick seconded the motion, which unanimously carried.


Secretary, Board of Directors

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LIST OF ATTACHMENTS TO MINUTES

Exhibit A	Draft Audit Report
Exhibit B	Bookkeeper's Report
Exhibit C	Resolution Regarding Review of Order Establishing Policy for Investment of District Funds and Appointing Investment Officer
Exhibit D	Resolution Authorizing Use of Surplus Construction Funds
Exhibit E	Tax Assessor-Collector's Report
Exhibit F	Delinquent Tax Report
Exhibit G	Order Levying Taxes
Exhibit H	Operations and Maintenance Report
Exhibit I	Engineer's Report
Exhibit J	Report provided by Storm Water Solutions, L.P.
Exhibit K	Consent to Assumption of Consent to Installation of Paving, Parking License and Indemnity Agreement (Water Plant No. 2 Site)
Exhibit L	Security Report
Exhibit M	Arbitrage Rebate Calculation Reports