

NORTHWEST FREEWAY MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
January 27, 2025

The Board of Directors (the "Board") of Northwest Freeway Municipal Utility District (the "District") met in regular session, open to the public on January 27, 2025, 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, 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"); Brandon West of Touchstone District Services, LLC ("Touchstone"); Kim Verrett, member of the public; 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. Ms. Verrett addressed the Board regarding an appeal of District charges (account no. 1010395502). She advised that she is the landlord for a tenant on that account that experienced a leak, and that a representative of RWC initially indicated to the customer that the leak was on the District's side of the meter. Ms. Verrett advised that once she was made aware that the leak was on the customer's side of the meter, she made arrangements for repair by a plumber. She requested that the Board consider billing the account for the high usage months of October – December based on its historical average usage rather than the actual usage during the period of the leak. Following discussion on the matter and consideration of the relevant facts and circumstances, Director Heredia moved that (i) the Board authorize RWC to provide the customer with a six (6) month payment plan to satisfy their remaining balance, subject to the customer remaining current with their water bill payments going forward, but (ii) RWC research its records to confirm whether there was a significant gap in time between when the customer was originally advised the leak may be on the District's line and when the customer was subsequently advised it was on their line, and that if there was a significant gap then the customer be provided a credit during that gap period, calculated by billing based on average usage during that period for the District-water portion of the bill only (i.e. not sewer or regional water authority fees). Director Jones seconded the motion, which unanimously carried.

APPROVAL OF MINUTES

The Board next reviewed the minutes of its meeting held on December 16, 2024. Following discussion, Director Heredia moved that the minutes of the Board's meeting held on December 16, 2024, be approved, as written. Director Wildrick seconded said motion, which unanimously carried.

BOOKKEEPER'S REPORT

Ms. Molina next presented to and reviewed with the Board the bookkeeping report dated January 27, 2025, attached hereto as **Exhibit A**, 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, including additional check no. 15388 in the amount of \$1,571.06 payable to Director Heredia for eligible expenses related to his attendance at the recent Association of Water Board Directors Conference. Director Wildrick seconded said 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 December 2024, copies of which are attached hereto as **Exhibit B**. After discussion, Director Wildrick moved that the tax assessor-collector's report be approved and that the disbursements identified in the report be approved for payment. Director Heredia 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 C**. No action was taken by the Board at this time.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Mr. Creed outlined for the Board the various tax exemptions available for the District, including the exemptions provided for by Article VIII, Section 1-b of the Texas Constitution, and Sections 11.13 of the Tax Code, as amended. After discussion, the Board deferred taking action on this matter until the next meeting and requested that the District's financial advisor prepare an analysis of the impact of alternative exemption levels for their review.

ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES

Mr. Creed advised the Board it is authorized pursuant to Section 33.07 of the Property Tax Code to impose, under certain conditions, an additional penalty not to exceed twenty percent (20%) of the total taxes, penalty and interest due the District on personal property that become delinquent after February 1 of a year and that remain delinquent sixty (60) days after said date, to defray the costs of collection of said delinquent taxes, in accordance with Section 33.11 of the Property Tax

Code, as amended. The Board next considered the adoption of a resolution authorizing such additional penalty. After discussion on the matter, it was moved by Director Heredia, seconded by Director Wildrick and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes, attached hereto as **Exhibit D**, be adopted by the Board.

Ms. Highberger exited the meeting at this time.

OPERATIONS REPORT

Mr. Lee next presented and reviewed the Operations Report for December 2024, a copy of which Report is attached hereto as **Exhibit E**, and discussed same with the Board. He addressed the Board regarding the status of the final phase of installation of the electronic meters. In that regard, Mr. Lee advised that all meters have been installed by Accurate Meter & Supply, L.L.C. and that this project is complete.

Mr. Lee next advised that a sanitary sewer overflow recently occurred in a customer's yard, and that the customer was advised by RWC that the water would be turned off pending repair by the customer. He further advised that the customer subsequently requested the water be turned back on but, upon turning the water back on, RWC found that the repair had not been made and the water service to the home was turned off again. Mr. Lee stated that the Texas Health Department has been made aware of the situation.

Mr. Lee next discussed an appeal of District charges received from customer account no. 1010351511. He advised that the property owner/landlord for this account is requesting an adjustment on their bill due to a large tree root breaking a water line and causing a leak on their property. Mr. Lee noted that this appeal was presented and denied by the Board at a previous meeting, and that the customer recently inquired as to why a credit was not issued to their account. After discussion on the matter and consideration of the relevant facts and circumstances, the Board concurred that it maintain its position and that this appeal be denied.

Mr. Lee next provided the Board with updates concerning the status of the (i) insurance claim for the well motor repair at Water Plant No. 2, and (ii) investigation of the fine screen at the Wastewater Treatment Plant ("WWTP"). In that regard, he advised that the District is in receipt of the check from the insurance company in connection with the well motor repair, and that the fine screen is back in service at the WWTP.

INSTALLATION OF ELECTRONIC METERS

It was noted that this item was discussed under the Operations Report and can be removed from future agendas.

ENGINEERING REPORT

Mr. Hurtado presented and reviewed a written engineering report for January 27, 2025, a copy of which report is attached hereto as **Exhibit F**, 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 Gilleland Smith Construction, Inc. ("Gilleland") for detention basin and storm sewer improvements to serve Ranch Country. In that regard, he advised that the District is receipt of Pay Estimate No. 2 in the amount of \$36,000. Following discussion, Director Heredia moved that the Board approve payment of Pay Estimate No. 2 to Gilleland, as presented. Director Jones seconded the motion, which unanimously carried.

Mr. Creed reminded Mr. Hurtado that W.W. Grainger, Inc. will be responsible for a share of the wastewater treatment plant improvement project and should be billed for same prior to that contract being awarded. Mr. Hurtado noted that he would send them an updated cost estimate for the project prior to advertising for bids.

Mr. Hurtado next presented to and reviewed with the Board a proposed Schedule of Engineering fees for 2025, a copy of which is attached to the Engineer's Report. He noted that the proposed new hourly rates, effective as of January 1, 2025, reflect an approximate 3% increase over SEC's current rates.

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 G**. He reminded the Board that, at the previous meeting, it was requested that SWS report the vehicle that has been parking on the edge of the Ranch Country Estates Pond B maintenance berm to the Constable's Office, if such parking continued. He advised that the vehicle was reported to the Constable's Office and ticketed on January 17, 2025.

ISSUANCE OF UTILITY COMMITMENT(S)

It was noted that this item was covered earlier in the meeting, under the engineer's report.

DEVELOPER'S REPORT

As the next order of business, the Board considered the Developer's report. No action was taken by the Board at this time.

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 December 2024, a copy of which is attached hereto as **Exhibit H**. No action was taken by the Board.

ORDER ESTABLISHING POLICY FOR COVERED APPLICATIONS AND PROHIBITED TECHNOLOGY

The Board considered the adoption of an Order Establishing Policy for Covered Applications and Prohibited Technology ("Technology Policy"), a copy of which is attached hereto

as **Exhibit I**. Mr. Creed advised that Senate Bill 1893, as passed during the 88th Regular Session, requires that all political subdivisions of the state, including the District, adopt a policy that prohibits the installation of certain social media applications, defined as "covered applications", on electronic devices owned or leased by the District. He noted that the social media application TikTok and any other software owned by ByteDance Limited are considered covered applications and may not be installed or used on a District owned or leased device. Mr. Creed further advised that the proposed Technology Policy mirrors the model policy created for governmental entities created by the Texas Department of Information Resources ("DIR"), and will be updated as needed to comply with the recommendations of DIR. After discussion on the matter, Director Wildrick moved that the Technology Policy be adopted, and that the President and Secretary be authorized to execute the same. Director White seconded said motion, which unanimously carried.

AUTHORIZE PREPARATION AND SUBMISSION OF DISTRICT INFORMATION TO TEXAS COMPTROLLER OF PUBLIC ACCOUNTS FOR INCLUSION IN THE SPECIAL PURPOSE DISTRICT PUBLIC INFORMATION DATABASE

Mr. Creed next informed the Board that, pursuant to provisions of Chapter 403, Government Code, and Chapter 203, Local Government Code, the District is required to submit information to the Texas Comptroller of Public Accounts (the "Comptroller") for inclusion in the Special Purpose District Public Information Database. Following discussion, Director Heredia moved that the District's auditor, Forvis Mazars, LLP, be authorized to prepare the required information and submit same to the Comptroller for inclusion in the Special Purpose District Public Information Database. Director Wildrick seconded the motion, which unanimously carried.

RENEWAL OF DISTRICT INSURANCE COVERAGES AND AUTHORIZE SOLICITATION OF PROPOSALS FOR SAME

The Board next considered authorizing solicitation of proposals for renewal of the District's insurance policies. In that regard, Mr. Creed advised the Board that the District's current insurance policies are provided through Arthur J. Gallagher & Co. and that such policies will expire on March 31, 2025. He queried whether the Board desired to have SPH request written proposals from other insurance providers. After discussion, Director Heredia authorized SPH to solicit a one year term renewal proposal from only Arthur J. Gallagher & Co. for consideration at the next Board meeting. Director Jones seconded the motion, which unanimously carried.

ATTORNEY'S REPORT

The Board next considered the Attorney's Report. In connection therewith, Mr. Creed presented to and reviewed with the Board a report from Municipal Risk Management Group, LLC ("MRMG") concerning arbitrage and yield restriction regulations relative to the District's outstanding bonds, a copy of which report is attached hereto as **Exhibit J**. He then presented for the Board's consideration an engagement letter for compliance services from Arbitrage Compliance Specialists, Inc. ("ACS"), a copy of which engagement letter is included with **Exhibit J**. After discussion, Director Wildrick moved that the Board (i) approve the engagement letter from ACS for arbitrage rebate services, (ii) the President be authorized to execute same on behalf of the Board and the District, (iii) the Board approve the District's acceptance of the Texas Ethics Commission ("TEC") Form 1295 relative to the engagement letter, and (iv) that the Board

authorize SPH to acknowledge the District's receipt of the TEC Form 1295. Director White seconded the motion, which unanimously carried.

STATUS OF DISTRICT WEBSITE

Mr. West next presented and reviewed a Communications Meeting Report prepared by Touchstone, a copy of which is attached hereto as **Exhibit K**. The Board requested that information concerning the District's use of smart meters be placed on the website.

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.

OTHER MATTERS

A discussion ensued regarding the catering of food for Board meetings. Following discussion, the Board concurred to begin having food catered for meetings beginning next month.

Director Jones next addressed the Board and advised that this will be his last meeting as he is moving out of the District. Mr. Creed advised that SPH will include an item on the next agenda for the Board to accept Director Jones' resignation. The Board thanked Mr. Jones for his service to the Board and the District.

MATTERS TO BE CONSIDERED ON FUTURE AGENDAS

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

ADJOURNMENT

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


Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

Exhibit A	Bookkeeper's Report
Exhibit B	Tax Assessor-Collector Report
Exhibit C	Delinquent Tax Report
Exhibit D	Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes
Exhibit E	Operations and Maintenance Report
Exhibit F	Engineer's Report
Exhibit G	Report provided by Storm Water Solutions, L.P.
Exhibit H	Security Report
Exhibit I	Order Establishing Policy for Covered Applications and Prohibited Technology
Exhibit J	Report from Municipal Risk Management Group, LLC; Engagement letter provided by Arbitrage Compliance Specialists, Inc.
Exhibit K	Communications Meeting Report