

MINUTES OF REGULAR MEETING  
THE WOODLANDS ROAD UTILITY DISTRICT NO. 1  
August 16, 2021

The Board of Directors ("Board") of The Woodlands Road Utility District No. 1 ("District") met in regular session on August 16, 2021, in accordance with the duly posted notice of meeting. The meeting was held via telephone conference call pursuant to Texas Government Code, Section 551.125, as amended, and as modified by the temporary suspension of various provisions thereof effective March 16, 2020, by the Governor of Texas in accordance with the Texas Disaster Act of 1975, all as related to the Governor's proclamation on March 13, 2020, certifying that the COVID-19 pandemic poses an imminent threat of disaster and declaring a state of disaster for all counties in Texas. The roll was called of the duly constituted officers and members of the Board, as follows:

Bill A. Neill	Chairman
Richard A. DeBone	Vice Chairman
Nelda Blair	Secretary
Gil Staley	Assistant Secretary
Lloyd W. Matthews	Assistant Secretary
Mark Keough	Director
Bob Milner	Director

with all of said persons being present, with the exception of Directors Keough and Milner, thus constituting a quorum.

Also present were Donnie Reed of LJA Engineering, Inc. ("LJA"), Dan Kolkhorst and Rhonda Trough of The Howard Hughes Corporation ("Howard Hughes"), Mark Miller of Municipal Accounts & Consulting, L.P. ("MA&C"), Julie Peak of Masterson Advisors, LLC ("Masterson"), Kevin Garrity, Jonathan Quander and Emily Russell of Exxon Mobil Corporation ("Exxon"), Jenny Taylor, representative of Market Street, and Bryan Yeates and Peyton Ellis of Schwartz, Page & Harding, L.L.P. ("SPH").

**EXPLANATION OF TELEPHONE CONFERENCE MEETING PROCEDURES**

Mr. Yeates explained to the Board the procedures to be used during the telephone conference call meeting. In connection therewith, he informed the participants that the meeting would be recorded, and requested that participants clearly state his or her name before speaking, including when making or seconding a motion. Mr. Yeates further explained that he would conduct a roll call vote for all motions and that Board members should wait to vote on the motion until his or her name has been called. Similarly, Mr. Yeates stated that a full roll call of all participants will be conducted at the start of each telephone conference meeting for attendance purposes.

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

## **PUBLIC COMMENTS**

The Board began by opening the meeting for public comments. There being no members of the public present on the call, the Board continued to the next item of business.

## **MINUTES OF MEETING**

The Board reviewed the minutes of the meeting held on May 17, 2021. Following review and discussion, Director Staley moved that such minutes be approved, as presented. The motion was seconded by Director Matthews and carried by unanimous vote.

## **RECOMMENDATION CONCERNING PROPOSED 2021 TAX RATE**

Ms. Peak reviewed with the Board the effective tax rate calculation prepared by the District's tax assessor/collector and advised that Masterson is recommending that the District adopt a 2021 debt service tax rate of \$0.16 per \$100 of assessed valuation, and a 2021 maintenance tax rate of \$0.02 per \$100 of assessed valuation. A copy of said calculation is attached hereto as **Exhibit A**. She then presented to and reviewed with the Board the District's Debt Profile as prepared by Masterson, a copy of which is included with **Exhibit A**. Following discussion, Director Staley moved that the Board declare its intention to levy a 2021 debt service tax rate of \$0.16 per \$100 of assessed valuation and a 2021 maintenance tax rate of \$0.02 per \$100 of assessed valuation. The motion was seconded by Director Blair and carried by unanimous vote.

## **ACCEPTANCE OF CERTIFICATION OF EXCESS COLLECTIONS AND DEBT SERVICE COLLECTION RATE**

The Board of Directors next received and reviewed a certification of excess debt service tax collections prepared by Tammy McRae, the District's tax assessor-collector, for debt service taxes for 2020-2021. A copy of said certification is attached hereto as **Exhibit B**. Following review, Director Matthews moved that the Board of Directors accept the certification of excess debt service tax collections, as presented. The motion was seconded by Director Blair and carried by unanimous vote.

The Board of Directors then received and reviewed Ms. McRae's certification that the 2021-2022 anticipated debt service collection rate of 100% will be used in calculating the District's 2021 effective tax rate. A copy of said certification is included with **Exhibit B**. Following review, Director Matthews moved that such certification be accepted, as presented. The motion was seconded by Director Blair and carried by unanimous vote.

**MODIFICATION AND/OR PARTIAL TERMINATION OF PREVIOUSLY APPROVED TAX ABATEMENT AGREEMENT(S) BY AND BETWEEN HL CHAMPION HOLDING COMPANY, LLC ("HL CHAMPION"), EXXON AND THE DISTRICT FOR BUILDING "A" ON 3.31 ACRES AND BUILDING "B" ON 1.207 ACRES**

Discussion ensued regarding the modification and/or partial termination of the Tax Abatement Agreements between the District, HL Champion and Exxon (the "Agreements"). In connection therewith, Mr. Yeates reminded the Board of Exxon's previous resolution of the requirements of the Agreements regarding the number of employees located within each building. He further advised that Exxon now wishes to terminate the Tax Abatement Agreement for Building "A" and partially terminate the Tax Abatement Agreement for Building "B", as Exxon plans to relocate outside of The Woodlands. Mr. Quander advised the Board that Exxon will pay the District roughly \$696,000.00 following the termination of the Tax Abatement Agreement for Building "A" and roughly \$267,000.00 following the partial termination for Building "B", and that Howard Hughes will pay the District roughly \$290,000.00 following the partial termination for Building "B". Following discussion, Director Staley moved to authorize the posting of a 30-day notice of the District's intent to terminate the Tax Abatement Agreement for Building "A" and partially terminate the Tax Abatement Agreement for Building "B". Director DeBone seconded the motion, which unanimously carried.

**ENGINEER'S REPORT**

The Board considered the Engineer's Report. Mr. Reed advised that he had nothing new to report to the Board at this time.

**DEVELOPER'S REPORT**

The Board considered the Developer's Report. Mr. Kolkhorst advised the Board that the landscaping improvement project located at Lake Woodlands Drive is now complete and that all invoices have now been paid in full.

Mr. Garrity, Mr. Quander and Ms. Russell exited the meeting at this time.

**TAX ASSESSOR/COLLECTOR REPORT**

The Board next reviewed a written report prepared by Ms. Tammy McRae, the District's tax assessor/collector, and presented by Mr. Yeates, concerning the accounting for and disbursement of tax collections for the month of July, 2021. A copy of such report is attached hereto as **Exhibit C**.

**ATTORNEY'S REPORT**

The Board considered the attorney's report. In connection therewith, Mr. Yeates presented to and reviewed with the Board SPH's Legislative Summary of the 87<sup>th</sup> Regular Session of the Texas Legislature, a copy of which is attached hereto as **Exhibit D**.

## **COMPLIANCE WITH HOUSE BILL NO. 1154**

Mr. Yeates presented and reviewed with the Board a memorandum prepared by SPH concerning House Bill 1154, which bill relates to the requirements of internet websites developed by certain special purpose districts. A copy of the memorandum is attached hereto as **Exhibit E**. Mr. Yeates summarized the bill's requirements and options for the District's compliance with same. Following discussion, the Board determined to have the District's Tax Assessor-Collector provide the services necessary for the District's compliance with House Bill 1154.

## **AUTHORIZE COMPLETION, EXECUTION AND FILING WITH THE SECRETARY OF STATE VOTING SYSTEM ANNUAL FILING FORM**

Mr. Yeates requested that the Board authorize SPH to complete and submit a Voting System Annual Filing Form ("Voting Form") to the Secretary of State's Office on behalf of the District. He advised that, pursuant to the Texas Election Code, each political subdivision in the State of Texas is required to complete and file said Voting Form with the Secretary of State's Office on an annual basis, even if the District did not conduct an election during that particular year. Director Blair moved that SPH be authorized to complete the Voting Form and file same with the Secretary of State's Office, as required by law. Director Matthews seconded said motion, which unanimously carried.

## **BOOKKEEPER'S REPORT**

Mr. Miller presented to and reviewed with the Board a bookkeeping report, dated as of August 16, 2021, including a list of bills and charges to be paid, as prepared by MA&C. Following discussion, Director Staley moved to approve such report and pay the bills and charges listed therein. The motion was seconded by Director Blair and carried by unanimous vote. A copy of the bookkeeping report thus approved is attached hereto as **Exhibit F**.

## **DESIGNATION OF DEPOSITORY BANK**

Mr. Miller next reported that BBVA USA ("BBVA"), the District's depository bank, has been acquired by PNC Bank ("PNC") and that PNC is eliminating its public funds department. Mr. Miller further reported that, after extensive research and interviews with multiple banks, MA&C is recommending that Central Bank ("Central") be designated as the District's new depository bank. In that regard, Mr. Miller presented for the Board's review a Memorandum prepared by MA&C regarding its selection process for a new depository for the District, as well as Central's qualifications for serving as same, a copy of which is included in **Exhibit F**. After discussion on the matter, it was moved by Director Staley, seconded by Director Matthews, and unanimously carried that Central be designated as depository for the District and that the Order Selecting Depository attached hereto as **Exhibit G** be adopted by the Board.

**ANNUAL REVIEW OF POLICY NO FIN-10 CONCERNING THE DISTRICT'S POLICY FOR INVESTMENT OF DISTRICT FUNDS AND APPOINTING INVESTMENT OFFICER; ADOPTION OF RESOLUTION AND AMENDED POLICY IN CONNECTION THEREWITH**

The Board next considered the annual review of its Policy No. FIN-10 concerning the District's policy for investment of District funds and appointing Investment Officer ("Policy No. FIN-10") and the adoption of a Resolution in connection therewith. Mr. Yeates presented and reviewed with the Board a Memorandum summarizing SPH's recommended changes to the District's Investment Policy and form of Collateral Security Agreement specified thereby and attached thereto. A copy of the Memorandum is attached hereto as **Exhibit H**. Mr. Yeates then presented for the Board's review an amended Policy No. FIN-10 and a Resolution Regarding Review of Order Establishing Policy for Investment of District Funds and Appointing Investment Officer ("Resolution"), which Policy No. FIN-10 and Resolution are attached hereto as **Exhibit I**. Following discussion of the matter, Director Matthews moved that (i) the amended Policy No. FIN-10 be approved to reflect the proposed changes as discussed, (ii) the Board adopt the Resolution, and (iii) the Chairman and Secretary be authorized to execute the Investment Policy and the Resolution on behalf of the Board and the District. Director DeBone seconded said motion, which unanimously carried.

**REQUEST OF RECORDS MANAGEMENT OFFICER**

The Board next considered a request from the District's Records Management Officer to destroy SPH's handwritten notes and audio recordings of Board meetings held from February 25, 2019, through February 15, 2021, a copy of which is attached hereto as **Exhibit J**. After discussion of the request, Director Blair moved that the destruction of SPH's handwritten notes and audio recordings of the aforementioned Board meetings be authorized as requested in accordance with the provisions of the District's Records Management Program. Director Staley seconded the motion, which unanimously carried.

**CLOSED SESSION**

The Chairman announced that a closed session would not be necessary.

**ADJOURNMENT**

There being no further matters to come before the Board, Director Staley moved that the meeting be adjourned. The motion was seconded by Director Blair and carried by unanimous vote, and the meeting was adjourned.

(SEAL)

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Secretary, Board of Directors

List of Attachments to  
The Woodlands Road Utility District No. 1  
Minutes of Meeting of August 16, 2021

- Exhibit A - Tax Rate Analysis and District Debt Profile
- Exhibit B - Certification of Excess Debt Service Tax Collections and Certification of 2020-2021 Anticipated Debt Service Collection Rate
- Exhibit C - Tax Assessor/Collector's Report for July 2021
- Exhibit D - Legislative Summary of the 87<sup>th</sup> Regular Session of the Texas Legislature
- Exhibit E - Memorandum regarding Implementation of H.B. 1154
- Exhibit F - Bookkeeper's Report
- Exhibit G - Order Selecting Depository Bank
- Exhibit H - Memorandum regarding Annual Review and Proposed Revisions to Policy No. FIN-10
- Exhibit I - Amended Policy No. FIN-10 and Resolution Regarding Review of Policy No. FIN-10
- Exhibit J - Records Destruction Request