

THE WOODLANDS ROAD UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors
January 16, 2023

The Board of Directors (the "Board") of The Woodlands Road Utility District No. 1 (the "District") met in Regular Session, open to the public, on the 16th day of January, 2023, at 10:00 a.m., at the regular meeting place of the Board at 2455 Lake Robbins Drive, The Woodlands, Montgomery County, Texas, outside the boundaries of the District, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Nelda Blair	Chairman
Richard A. DeBone	Vice Chairman
Gil Staley	Secretary
Alexander Sutton	Assistant Secretary
Daniel T. Hannon	Assistant Secretary
Mark Keough	Director
Ann K. Snyder	Director

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

Also present were Miguel Medina of Municipal Accounts & Consulting, L.P. ("MA&C"); Michael Keck of LJA Engineering, Inc. ("LJA"); Dan Kolkhorst of The Howard Hughes Corporation ("Howard Hughes"); Todd Stephens and Kyle Watson of The Woodlands Township; Jenny Taylor, representative of Market Street; John Knox of Knox Cox & Company, L.L.P. ("Knox Cox"); and Bryan Yeates of Schwartz, Page & Harding, L.L.P. ("SPH").

The meeting was called to order and it was announced that a quorum was present, declaring the meeting open for such business as might regularly come before the Board.

PUBLIC COMMENT

There were no comments received from the public.

RESIGNATION OF DIRECTOR ANN K. SNYDER

Mr. Yeates discussed the resignation of Director Ann K. Snyder from the Board of Directors. In connection therewith, Mr. Yeates advised the Board that SPH is in receipt of Director Snyder's executed resignation letter, a copy of which is attached hereto as **Exhibit A**, and requested the Board's acceptance of same. Following discussion, Director Sutton moved to accept Director Snyder's resignation from the Board of Directors. Director Staley seconded the motion, which unanimously carried.

APPOINTMENT OF NEW DIRECTOR TO FILL VACANCY ON THE BOARD OF DIRECTORS

The Board considered appointment of a new Director to fill the vacancy on the Board of Directors following the resignation of Ann K. Snyder. In connection therewith, Mr. Kyle Watson of The Woodlands Township (the "Township") introduced himself to the Board and expressed an interest in serving on the Board of Directors as the Township appointee. Following discussion, Director Sutton moved that Mr. Watson be appointed to the Board of Directors as the Township appointee. Director Hannon seconded the motion, which unanimously carried.

ACCEPTANCE OF OATH OF OFFICE, OFFICIAL BOND, STATEMENT OF ELECTED/APPOINTED OFFICER AND ELECTION NOT TO DISCLOSE PERSONAL INFORMATION

The Board next received the Oath of Office, Official Bond and Statement of Elected/Appointed Officer of Mr. Watson in connection with his appointment to the Board of Directors as the Township appointee. Following review, Director Sutton moved that such Oath of Office, Official Bond and Statement of Elected/Appointed Officer be approved and accepted, and that SPH be directed to file the Oath of Office with the Texas Secretary of State, as required by law. The motion was seconded by Director Hannon, and carried by unanimous vote. Director Watson participated in the remainder of the meeting.

Mr. Yeates then advised Director Watson that he may elect to instruct the District to withhold public access to information in the custody of the District relating to his home address, home telephone number, social security number and information indicative of whether they have family members pursuant to Section 552.024 of the Texas Government Code. He noted that such election must be made not later than the fourteenth (14th) day after the Director's appointment or election. He further noted that Director Watson has executed the necessary document electing not to disclose such information.

ELECTION OF OFFICERS

The next item to be considered was the election of officers. Following discussion, it was the consensus of the Board that no changes to the current officer positions be made at this time.

DISTRICT REGISTRATION FORM

The Board considered approval of a District Registration Form for submittal to the Texas Commission on Environmental Quality (the "TCEQ"). Mr. Yeates explained that, with the Board's approval, SPH will complete the District Registration Form to reflect the updated position and term of office for Director Watson, and file same with the TCEQ. After discussion of the matter, Director Sutton moved that the Board authorize

SPH to complete the District Registration Form, as discussed, and file same with the TCEQ. Director Hannon seconded said motion, which unanimously carried.

LOCAL GOVERNMENT OFFICER LIST

Mr. Yeates reminded the Board that, pursuant to the conflict of interest disclosure requirements of Chapter 176 of the Texas Local Government Code, the District is required to maintain a list of local government officers, which includes the members of the Board and the District's Investment Officers. He advised that the District must update its list of local government officers in connection with the appointment of Director Watson, and requested that the Board authorize SPH to update the District's list of local government officers accordingly. Following discussion, Director Sutton moved to authorize SPH to update the District's list of local government officers, as required by law, in connection with the appointment of Director Watson. Director Hannon seconded said motion, which unanimously carried.

TRAINING REQUIREMENTS PURSUANT TO THE TEXAS OPEN MEETINGS ACT AND THE TEXAS PUBLIC INFORMATION ACT

Mr. Yeates advised Director Watson of the open government training requirements for public officials. He advised that public officials, including directors of a road utility district, must complete separate training courses regarding the Texas Open Meetings Act ("OMA") and the Texas Public Information Act ("PIA"). After confirming with Director Watson that he had completed said training in connection with his previous election to the Board of Directors of the Township, Mr. Yeates advised Director Watson that no further training would be necessary at this time.

CONFLICTS DISCLOSURE STATEMENT REPORTING REQUIREMENTS

Mr. Yeates discussed with the Board the conflicts disclosure statement reporting requirements for officers of certain local governmental entities pursuant to Chapter 176 of the Texas Local Government Code. Mr. Yeates presented Director Watson with a memorandum prepared by SPH, which summarizes the conflicts disclosure requirements, and a questionnaire for completion by Director Watson regarding conflict of interest disclosure reporting. Following discussion, Mr. Yeates confirmed receipt of the completed conflict of interest questionnaire from Director Watson.

MINUTES OF MEETING

The Board reviewed the minutes of the special meeting held on December 5, 2022. Following review and discussion, Director Sutton moved that such minutes be approved, as presented. The motion was seconded by Director Hannon and carried by unanimous vote.

ENGINEER'S REPORT

The Board considered the Engineer's Report. In connection therewith, Mr. Keck advised that he had nothing new to report to the Board at this time.

DEVELOPER'S REPORT

The Board considered the Developer's Report. In connection therewith, Mr. Kolkhorst advised the Board that he had nothing new to report to the Board at this time.

ANNEXATION OF LANDS TO AND/OR EXCLUSION OF LANDS FROM THE BOUNDARIES OF THE DISTRICT

Mr. Yeates provided the Board with a general update relative to the status of the proposed exclusion of 4.5210 acres from the boundaries of the District, and the simultaneous annexation of certain acreage into the boundaries of the District. In that regard, Mr. Yeates advised the Board that the District's engineer and developer are continuing to work to identify acreage for annexation into the boundaries of the District.

TAX ASSESSOR/COLLECTOR REPORT

The Board reviewed a written report prepared by Ms. Tammy McRae, the District's Tax Assessor/Collector, concerning the accounting for and disbursement of tax collections for the month of December, 2022. During such review, it was noted that after adjustments, 22.66% of the District's 2022 taxes have been collected as of December 31, 2022. A copy of such report is attached hereto as **Exhibit B**.

EXEMPTIONS FROM TAXATION FOR 2023

The Board next considered granting exemptions from District ad valorem taxation for 2023. Mr. Yeates outlined for the Board the various tax exemptions available for special purpose districts, including the exemptions provided for by Article VIII, Section 1-b of the Texas Constitution, and Section 11.13 of the Tax Code, as amended. He advised that under said provisions, a special purpose district may provide for the exemption of up to 20% (but not less than \$5,000, if granted) of the market value of residential homestead improvements, and the special purpose district may also exempt residential homesteads of persons who are under a disability for purposes of payment of disability insurance benefits under the Federal Old Age, Survivors and Disability Insurance Act, or its successor, or persons sixty-five years of age or older, from ad valorem taxes levied by the District, and, if any such exemptions are granted, they must be for not less than \$3,000 of the market value of such homesteads. After further discussion of the matter, Director Staley moved that the District (a) not grant the residential homestead exemption, and (b) not grant an exemption for persons under a disability or sixty-five years of age or older from ad valorem taxes levied by the District during the calendar year 2023, and that the Resolution Concerning Exemptions from

Taxation relative to same, a copy of which is attached hereto as **Exhibit C**, be passed and adopted by the Board. Director Sutton seconded the motion, which carried unanimously.

BOOKKEEPER'S REPORT

Mr. Medina presented to and reviewed with the Board a Bookkeeper's Report dated January 16, 2023, as prepared by MA&C, including a list of bills and charges to be paid by the District. Following review and discussion of the report presented, it was moved by Director Hannon, seconded by Director Sutton and unanimously carried, that the Bookkeeper's Report be approved and the checks identified therein be approved for payment, with the exception of check no. 3090, which was voided. A copy of the Bookkeeper's Report thus approved is attached hereto as **Exhibit D**.

RESOLUTION ADOPTING LIST OF QUALIFIED BROKERS

The Board then considered the adoption of a list of qualified brokers authorized to engage in investment transactions with the District. In connection therewith, Mr. Yeates advised that, pursuant to the Public Funds Investment Act and the terms of the District's Investment Policy, the Board is required to review such list at least annually and to amend and update it if necessary. He then presented to and reviewed with the Board a proposed Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, and a list of financial institutions, brokers and dealers attached thereto. Mr. Yeates explained that the broker list presented is a list of potential institutions with which the District may engage in investment transactions compiled with the input of the District's Investment Officer, but that it is ultimately the Board's decision as to where the District's funds are actually placed. Following discussion, Director Staley moved that: (i) the Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, a copy of which is attached hereto as **Exhibit E**, be approved by the Board and the District, and (ii) the Vice Chairman and Secretary be authorized to execute same. Director Hannon seconded said motion, which unanimously carried.

APPROVAL OF AUDIT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2022

Mr. Knox presented for the Board's review and approval, a draft audit report prepared by Knox Cox for the fiscal year ended September 30, 2022, and requested the Board's execution of a representation letter in connection with the same. Copies of the draft audit report and representation letter are attached hereto as **Exhibit F**. Following review and discussion, Director Watson moved to approve the audit report as presented, and authorize the Vice Chairman to execute the representation letter on behalf of the Board and the District. The motion was seconded by Director Sutton and carried by unanimous vote.

CONTINUING DISCLOSURE REPORT

The Board next considered the filing of the District's Annual Financial and Operating (Continuing Disclosure) Report relative to the District's outstanding bonds. Mr. Yeates advised the Board that the annual report is in the process of being prepared and will be presented to the Board for review once received.

SPECIAL PURPOSE DISTRICT PUBLIC INFORMATION DATABASE

Mr. Yeates next informed the Board that, pursuant to provisions of Chapter 403, Texas Government Code, and Chapter 203, Texas Local Government Code, the District is required to annually submit information to the Texas Comptroller of Public Accounts (the "Comptroller") for inclusion in the Special Purpose District Public Information Database no later than April 1st of each year. Mr. Yeates recommended that the Board authorize Knox Cox to prepare and submit the required information for the 2023 reporting period. After discussion on the matter, it was moved by Director Staley, seconded by Director Watson and unanimously carried, that Knox Cox be authorized to prepare the required information for the 2023 reporting period and submit same to the Comptroller for inclusion in the Special Purpose District Public Information Database no later than April 1, 2023.

RENEWAL OF THE DISTRICT'S INSURANCE COVERAGES

The Board next reviewed proposals submitted by McDonald & Wessendorff Insurance for the renewal of the District's insurance coverages, a copy of which is attached hereto as **Exhibit G**. Following review and discussion, Director Hannon moved to approve and authorize execution and delivery of such proposals, as presented. The motion was seconded by Director Staley and carried by unanimous vote.

ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES

The Board next considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes. In connection therewith, Mr. Yeates advised the Board that it is authorized pursuant to Section 33.07 of the Texas 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 Texas Tax Code, as amended. Following discussion, it was moved by Director Sutton, seconded by Director Staley and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes, a copy of which is attached hereto as **Exhibit H**, be passed and adopted by the Board, and that the collection of the District's 2022 delinquent real property tax accounts on April 1, 2023, be authorized, subject to issuance of proper notice, as provided in said Resolution, including the filing of lawsuits as necessary.

ADDITIONAL PENALTY ON DELINQUENT REAL PROPERTY TAXES

The Board considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes. Mr. Yeates advised that the Board is authorized pursuant to Section 33.07 of the Texas Tax Code, as amended, to impose, under certain conditions, on July 1, an additional penalty not to exceed twenty percent (20%) of the total taxes, penalty and interest due the District on taxes that remain delinquent as of July 1 of the year in which they became delinquent. He noted that the additional penalty to be imposed on delinquent real property taxes will not apply to delinquent personal property taxes which have incurred an additional penalty pursuant to that certain Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes, previously passed and approved by the District as of today's date. Following discussion, Director Staley moved that the Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes, a copy of which is attached hereto as **Exhibit I**, be passed and adopted by the District, and that the collection of the District's 2023 delinquent real property tax accounts on July 1, 2023, be authorized, subject to issuance of proper notice, as provided in said Resolution, including the filing of lawsuits as necessary. The motion was seconded by Director Hannon and carried by unanimous vote.

SUPPLEMENTAL AGENDA

The Board considered the calling of a Directors Election. There was presented the Order Calling Directors Election (the "Order"), a copy of which is attached hereto as **Exhibit J**, calling such election to be held on May 6, 2023. It was noted that the terms of office of Directors DeBone and Staley expire in May 2023. In reviewing the Order with the Board, Mr. Yeates advised that the Order provides for the conduct of the Directors Election by Montgomery County, Texas (the "County"), jointly with elections of other political subdivision, using County election officials, voting equipment, and polling locations at a shared expense. Although the County will conduct the Directors Election, he advised that the Texas Election Code authorizes the Board to designate an agent to perform certain duties in connection with the Directors Election, and that the Order named Peyton Ellis as such agent (the "Election Agent"). Mr. Yeates advised the Board that notice of the Directors Election must be given in accordance with the requirements of the Texas Election Code. Mr. Yeates advised the Board that notice of the Directors Election could be given by one or more of the following methods: (i) publishing the notice in a newspaper published in the territory of the District or of general circulation in the District at least ten (10) days before the election, but not more than thirty (30) days before the election; (ii) posting the notice at a public place in each County election precinct that overlaps the District at least twenty-one (21) days before the election; or (iii) mailing the notice to each registered voter in the District at least ten (10) days before the election. He further advised that, in addition to the above, notice must be posted on the District's website at least twenty-one (21) days before the election. Following discussion of the options, the Board concurred that notice of the Directors Election shall be given by posting same at a public place in each County election precinct that overlaps the District and on the District's website. After discussion on the matter, Director

Hannon moved that (i) the Order be passed and adopted, (ii) the Vice Chairman and Secretary be authorized to execute the Order on behalf of the Board and the District, and (iii) the Election Agent be authorized and directed to make necessary arrangements for the Directors Election in accordance with the Order. Director Watson seconded said motion, which unanimously carried. Mr. Yeates advised the Board that if each candidate whose name is to appear on the ballot is unopposed as of 5:00 p.m. on February 21, 2023, the Board may thereafter cancel the Directors Election in accordance with the Texas Election Code.

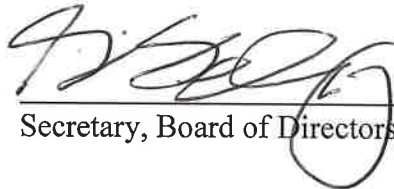
CLOSED SESSION

The Vice 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 Hannon and carried by unanimous vote, and the meeting was adjourned.




Secretary, Board of Directors

List of Attachments to
The Woodlands Road Utility District No. 1
Minutes of Board of Directors Meeting of January 16, 2023

- Exhibit A – Resignation Letter of Ann K. Snyder
- Exhibit B – Tax Assessor/Collector's Report for December 2022
- Exhibit C – Resolution Concerning Exemptions from Taxation
- Exhibit D – Bookkeeper's Report
- Exhibit E – Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District
- Exhibit F – Draft Audit and Representation Letter for the District's Fiscal Year Ended September 30, 2022
- Exhibit G – Insurance Proposal
- Exhibit H – Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes
- Exhibit I – Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes
- Exhibit J – Order Calling Directors Election

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