

**MINUTES OF REGULAR MEETING  
FOUNTAINHEAD MUNICIPAL UTILITY DISTRICT  
FEBRUARY 15, 2023**

The Board of Directors of Fountainhead Municipal Utility District of Harris County, Texas, met in regular session, open to the public on February 15, 2023, and the roll was called of the duly constituted officers of the Board, to-wit:

Sidney A. Hubbard	President
Paul Cemer	Vice President
Bob Grace	Secretary
Norm Warwick	Treasurer
Lee Joseph Saunders	Assistant Secretary/Treasurer

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

Persons also present included Wesley, Dewayne and Christine High of WET Services, Inc.; Kelly Trebing of Claudia Redden & Associates; Derek Michael with SRI; Rene Andel of Wheeler & Associates, Inc.; Eric Johnson of IDS Engineering; and Michael Cole of Michael A. Cole, P.C. Arriving later in the meeting was Sgt. Berkheimer.

**CUSTOMER COMMENTS**

There were none.

**SECURITY REPORT**

The report was delivered upon the arrival of Sgt. Berkheimer.

**SRI RPORT**

Derek Michael provided the report, thoroughly reviewing sales tax revenues for the District. He observed that revenues are approximately 17% lower than the prior year and that generally even that decline did not change the fact that sales and the supply for sale were not substantially less. It was also noted that the movie theater remains closed but it is not certain what is going to happen.

**MINUTES**

**Director Grace moved the approval of the February 1, 2023 meeting minutes, which motion was seconded by Director Cemer and carried unanimously.**

## ENGINEER REPORT

Mr. Johnson reported that District 109 is proceeding with its work on the sewage treatment plant and it is not apparent if they have made any progress on re-rating the plant, even though they had the requisite data for one year of plant operations, for which there is no provision in the Agreement with Fountainhead MUD. With regard to the Sarti Project, the new appraisal has not yet been done in part because the authorization for it has not been processed fully, but it is anticipated that it will be and some overture made by the District for a response from the land owner to such valuation and an offer based upon same. The appraiser indicated the cost of the appraisal would be \$4,500 versus \$5,000 for the last one. **A motion to authorize same was made by Director Cemer and seconded by Director Grace and carried unanimously.** On the matter of Water Plant No. 2's Emergency Generator for \$348,469, it was explained that it is still expected to be delivered in August of this year. With regard to the ground storage tank for Bammel UD for which a contribution from Fountainhead is necessary the project is estimated to cost \$2,770,000, for which Fountainhead's share is estimated to be \$531,840. The entirety of the report is attached to the original minutes. An item for repair or replacement of the hydropneumatic tanks 1 and 2 at Water Plant Number 2 should be put on the second meeting in March agenda. It was also noted that additional items should be placed on future agendas if the Engineer had had them available. The American Water Infrastructure Act of 2018 Report required by the EPA was completed and submitted to the EPA in December of 2021. **Director Cemer moved the approval of both the Engineer's Report and that which was submitted in the 2021 report to the EPA along with its submission, which motion was seconded by Director Grace and carried unanimously.**

## TAX ASSESSOR-COLLECTOR REPORT

Rene Anadel reported that collections are approximately 94% complete. A discussion was had concerning **homestead tax exemptions and a motion was made by Director Grace, seconded by Director Cemer and carried by unanimous vote that for person 65 and older and/or disabled be set at \$35,000 after there having been a long discussion of same. Director Saunders moved the adoption of a 20% Delinquent Tax Attorney Penalty Resolution, which motion was seconded by Director Cemer and carried unanimously. A motion and second by Directors Saunders and Cemer, respectively, was made to adopt the annual review of the District's Investment Policy and carried unanimously.** The Resolutions as adopted are attached to the original minutes.

## BOOKKEEPER AND INVESTMENT OFFICER REPORT

The report and bills for payment was presented by Ms. Trebing and a **motion to approve same was made by Director Cemer, seconded by Director Grace and supported by the unanimous vote of Directors.** The bills as approved for payment are attached to the original minutes. The Board asked that an item for Budget Approval be put on the next agenda.

## UTILITY OPERATOR'S REPORT

DeWayne High submitted his report to the Board. The typical items dealt with at every meeting are included in the report. In addition it was reported that the apartments on FM 1960 had changed ownership and made a large deposit with the District; and that a piece of legislation from a prior session had apparently created a loophole or exception which made it possible for an apartment project like the one north of FM 1960 which has low housing units to obtain an exemption from taxation of all of its units regardless of whether any more than a single unit had qualified for the exemption. This apparently was reported at the winter conference of the AWBD and is potentially wildly impactful. There was some speculation that this legislation was passed in 1999. **The report including proposed terminations was passed on the motion and second of Directors Cemer and Grace, respectively, and the unanimous vote of the Board.**

## ATTORNEY REPORT

The Attorney made his report after Director Cemer responded that his absence would be in March if his Lamar team goes to the tournament to which they are invited for robotics and /or if it advances in that tournament. The Attorney reported that he had a long conversation with Director Hubbard regarding the trash collection and shortcomings related thereto, the conclusion of which was that significant improvements are unlikely, though clearly the contractor is doing his best and is being responsive to calls for better service. The Board seemed to agree that hope for better service is unlikely and that most contractors are suffering from the challenges of COVID. It was also acknowledged that the financial partnership which had been secured by Texas Pride would make it more likely that improvements in service might be secured and that in any event it appeared best to make no changes at the present time.

With regard to the Sarti Project he reported that offers for the land should go out in the current month and if accepted then eminent domain proceedings will not be necessary. Further that only if the offers are rejected by the landowners will it be necessary to go forward with the condemnation. He also reported that the eminent domain filing had been completed in timely fashion on January 31, 2023. It was also acknowledged that the District is now operating under the new power contract and that the Texas Legislature is in session, meaning that no one is exempt from its shenanigans.

Some discussion was had concerning the Management District which had made a presentation early in January. There was near unanimity that the Management District's approach is going to be expensive for the District and seems to fail to have those benefitting from it pay their fair share or put another way that focus on support is not addressing the parties who stand the most to benefit. Basically the Board is not satisfied with the vision of what is being proposed, nor did the Board seem to feel it is of real benefit to use the Management District to improve matters along FM 1960. The Attorney said he had contacted Molly with the proposed Management District and said that he was impressed and would like to see what might be possible to address, given his lack of confidence in either the County or other authorities to make any difference in the quality of life in

the FM 1960 area. Others made it clear that no help is likely from the City of Houston, which had annexed Willowbrook Mall on the other side of the railroad tracks. There seemed to be little interest in advancing matters related to the Management District. In response to a query of Directors, Director Cemer responded that the Management District's next initiative or response to Fountainhead MUD should be in early 2024. **Director Saunders then moved the approval of the report which was seconded by Director Grace and the unanimous vote of the Board.**

### **REGIONAL WATER AUTHORITY**

The Board was reminded that Director Saunders had taken the place of Director Warwick in attending meetings of the Authority, who had concluded that he had served long enough. Generally, Director Saunders observed that the new Board looks fairly clueless when it comes to any appreciation of what is involved in governance. He noted that questions were raised as to expenses incurred for an election which never occurred, while apparently unaware that the County incurs expenses in advance of an election even when it ultimately is not called.

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

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Secretary, Board of Directors

**CUMULATIVE COMMITMENTS FOR ACTION**  
**FOUNTAINHEAD MUNICIPAL UTILITY DISTRICT**  
**MEETING OF FEBRUARY 15, 2023**

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1. **ATTORNEY** act on the items authorized under his commitments including a timely filing of the eminent domain information for 2023; and place items on upcoming March agendas for Repair or Replace of the Hydropneumatic Tanks 1 and 2 at Water Plant No. 2 and Budget Approval.

*[commitments that are unchanged are shown in italics.]*