

**MINUTES OF REGULAR MEETING
FOUNTAINHEAD MUNICIPAL UTILITY DISTRICT
APRIL 5, 2023**

The Board of Directors of Fountainhead Municipal Utility District of Harris County, Texas, met in regular session, open to the public on April 5, 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 and Christine High of WET Services, Inc.; Eric Johnson of IDS Engineering; Christine Crotwell of Masterson Advisors, LLC.; Sgt. Glen Berkheimer; and Michael A. Cole.

CUSTOMER COMMENTS

There were none.

SECURITY REPORT

Sgt. Berkheimer delivered his report, after which he excused himself from the meeting.

MINUTES

Director Grace moved the approval of the outstanding minutes with the correction to eliminate the duplicated reference to 16 terminations, which motion was seconded by Director Warwick and carried unanimously.

FINANCIAL ADVISOR'S REPORT ON THE NEED TO VOTE ADDITIONAL BONDS.

Ms Crotwell made a presentation to the Board on the need to vote additional bonds for infrastructure. She explained that while the District is in excellent financial condition it does not have sufficient bond authorization to sustain it into the future. She noted that it could issue the remaining authorization of \$3.195 million in bonds without having any additional authorization or having to change its rates, but that prudence dictated that it vote a greater authorization to take care of its needs. She reviewed the Engineer's projections of a need for \$8 million in new bonds but explained that the amount needed would be well in excess of that and would be issued over a number of years especially if the District wishes to maintain its current credit rating. It was made clear that

the remaining bond authorization of \$3,195,000 could be issued and maintain the District's rate of 18.5 cents for Debt Service and 26.5 cents for M&O and a credit rating of "A" but that over time it would definitely need more bond authorization and that the District cannot maintain its credit rating without more authorization. She suggested a bond election could be held as early as this November. Director Cemer said that he would be more comfortable selling the rest of the District's Bonds before holding a new bond election. A long discussion ensued and it became clear that while a larger bond authorization requiring an election is needed there was not a consensus at present on how best to proceed but there was some urgency in determining when an election should be held. Director Cemer expressed gratitude for the "tool box" provided by the financial advisor and the explanations of what needs to occur. At the conclusion of the long discussion the Board moved on to the Engineer's Report.

ENGINEERING REPORT

Eric Johnson explained that he wished to include his report since he had not been able to attend the District's regular meeting in the latter part of March. He reported that some progress had been made on items 1 & 2 of the report; tank inspections are in progress; progress has been made on the foundations for the Water Plant #2 tanks; Bammel UD is slowly making some progress; District 21 will probably be asking for Fountainhead's share for the water works a little bit at a time rather than in the lump sum of \$424,573; that 109 has nothing new to report on plans for the sewage treatment plant or other planned improvements, and still has not done the re-rating of the plant; and that TxDot has made no real progress on the sidewalk project. **Director Grace moved the approval of the report which was seconded by Director Cemer and carried unanimously.**

UTILITY OPERATOR'S REPORT

Christine High reported that Ms. Jackson had had her District invoice returned by the post office even though she had done nothing wrong and the operator was not charging her for any penalties for any resultant delinquency. **The report of the Operator was then approved on the motion and second of Directors Cemer and Grace, respectively, and the unanimous approval of the Board.**

ATTORNEY REPORT

The Attorney's report was presented. The Attorney noted that it was necessary to adopt a resolution authorizing the acquisition of the site for the detention pond and that the owner had asked that assurances be given that the site will not be used for any other purpose. The Attorney asked if it could be represented as the landowner requested and the Board said it could be. The Board then authorized the adoption of the Resolution authorizing the acquisition of the detention site and further providing that the District would maintain the site as required by the County and mow it as often as required to maintain it in an acceptable fashion. **The resolution as required for the acquisition of the drainage site was then duly adopted on the motion of Directors Cemer and Saunders, respectively, which motion was duly authorized and adopted.** The Attorney next said that the

District is in full compliance as best it be known with all arbitrage regulation requirements. **The Attorney's report was approved on the motion and second of Directors Cemer and Grace, respectively, and the unanimous vote of the Board.**

RWA REPORT

Director Saunders made his report to the Board concerning his attendance of the RWA Board meeting. In essence he suggested that the newly elected members to the RWA Board do not appear to know much of really anything that one might necessarily expect of Directors. He said that progress is being made but it is progress set in motion long before the new members joined the Board.

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

Secretary, Board of Directors

CUMULATIVE COMMITMENTS FOR ACTION
FOUNTAINHEAD MUNICIPAL UTILITY DISTRICT
MEETING OF APRIL 5, 2023

1. **ATTORNEY** act on the items authorized under his commitments; and Directors to consider at some point in the very near future calling a bond election.
2. **ENGINEER** to follow-up on his commitments made.
3. **DIRECTOR CEMER** to prepare an analysis of rates and recommend changes probably in June or July.

[commitments that are unchanged are shown in italics.]