

**MINUTES OF REGULAR MEETING
FOUNTAINHEAD MUNICIPAL UTILITY DISTRICT
JUNE 21, 2023**

The Board of Directors of Fountainhead Municipal Utility District of Harris County, Texas, met in regular session, open to the public on June 21, 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 DeWayne, Christine and Wesley High of WET Services, Inc.; Eric Johnson of IDS Engineering; Officer Berkowitz; Sarah Redden of Claudia Redden and Associates; Rene Anandel of Wheeler & Associates; and Michael Cole of Michael A Cole, P.C.

SECURITY REPORT

There was no report.

CUSTOMER COMMENTS/ORCHID HOMES PROPOSAL

There were no customer comments.

MINUTES

Director Grace moved the approval of the June 7 minutes with the minor correction of the spelling of “Sarti”, which motion was seconded by Director Cemer and carried unanimously.

TAX ASSESSOR-COLLECTOR REPORT

Tax clections were shown to be 97.11% complete. Following a complete review of the report it was **approved on the motion and second of Directors Cemer and Warwick, respectively, and the unanimous vote of the Board.**

BOOKKEEPER AND INVESTMENT OFFICER REPORT

The report was presented and reviewed. The bookkeeper included an accounting for a correction in the errors Bammel UD had made in billings to the District for its portion of the costs of water including both operational and capital costs of the water supplied to Fountainhead. This prompted questions as to how this had come about. Directors and the attorney were appreciative of the Bookkeeper's efforts to get the correction to the billing and prompted further discussions after it was revealed in the Operator's Report that he had done a quick analysis of the rates and charges attributed to Fountainhead. **The Report of the Bookkeeper was accepted by the Board.**

UTILITY OPERATOR REPORT

DeWayne High gave a brief report to the Board. He stated that the water accountability ratio had fluctuated between 95 and 105%; that the overall accountability ratio was 86% which was a little low; that there had been a slight decline in water consumption; and that there were 111 accounts due for termination. It was also stated that penalties charged for the period amounted to more than \$5,000. More perplexing to him was his review of the billings from Bammel to the District in which according to him Fountainhead was at some point being charged better than \$8 per thousand gallons according to what he could glean from the information presented by the Bookkeeper. [Not mentioned was the fact that how water is being charged is according to complicated formulas which involve both operational costs and capital costs and that for a more complete understanding it may be necessary to fully review the original contracts between the Districts regarding both capital costs and operational costs.] Board members found this to be disconcerting and without the benefit of the actual agreements and more background they were not able to assess what the District had been charged or whether it had even been done copacetically. Director Cemer at this point suggested that maybe he should meet with the Bammel Board about this. Director Saunders volunteered to accompany Director Cemer. Director Cemer observed that there appeared no reason why his suggested changes to the Rate Order could not be acted upon by the District, but that more importantly there had been in his view an undermining of the trust between the Districts which he felt needed addressing with Bammel and that this could best be addressed in a meeting with Bammel where maybe a more trusting relationship could be forged, one that would have a basis of trust between the Boards. He also stated he wanted to find out when Bammel next meets. It was also suggested that such meeting not involve the District's consultants. The Attorney suggested Directors should have a copy of the actual agreements between the two Districts. The Attorney said he would work to get all the Directors a copy of the agreements.

The Board then considered the report of Director Cemer and amending the Rate Order with regard to the water rates to be charged. Following a review of those rates recommended by Director Cemer their adoption was moved to be made effective beginning with the billing cycle in July and to be effective July 25 and that the operator be authorized to include such information as she deems appropriate to inform customers of the changes in the rates. Director Cemer explained that the rate change would provided additional revenue to the District but would not make changes in the base rate. **The rate order change was approved by the Board on the motion and second of Directors Cemer and Grace, respectively, and the unanimous vote of the Board.**

ATTORNEY REPORT

The Attorney's report was presented and approved by the Board on the **motion and second of Directors Cemer and Grace, respectively, after Directors agreed that a bond election should not be held in 2023 or in the immediate future until some of the current projects were underway and the need for the election, which is clearly needed eventually, could be more clearly demonstrated to the public. The motion was carried by unanimous vote.** The Attorney was reminded that a 3.5 million dollar remaining bond authorization and 9 million dollars in the bank and available would likely not pay for all the improvements in the pipeline.

REGIONAL WATER AUTHORITY MEETING

Director Saunders regaled the Board with accounts of the last meeting of the RWA. He observed that there were interesting things being done to facilitate the use of gray water, which were and would produce substantive results unlike the mindless yammering of one of the Board's members.

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

Secretary, Board of Directors

CUMULATIVE COMMITMENTS FOR ACTION
FOUNTAINHEAD MUNICIPAL UTILITY DISTRICT
MEETING OF JUNE 21, 2023

1. **ATTORNEY** to send Directors a copy of the Bammel Water Agreements; and prepare amended rate order.
2. **ENGINEER** to *follow-up on his commitments made.*
3. **DIRECTOR CEMER** to attempt to set up a meeting with Bammel Board and all Directors to review the agreements with Bammel for how to bill expenses for water and water plant operations to the Districts.

[commitments that are unchanged are shown in italics.]