

**WESTWOOD SHORES MUNICIPAL UTILITY DISTRICT**  
**Minutes of Meeting of Board of Directors**

October 21, 2024

The Board of Directors (the "Board") of Westwood Shores Municipal Utility District (the "District") met in regular session, open to the public, at **Westwood Shores Clubhouse, 100 Westwood Drive East, Trinity, Texas 75862**, Trinity, Texas 75862, a designated meeting place inside the boundaries of the District and the roll was called of the members of the Board as follows:

Joan Gallagher	President
Robert Stoddard	Vice President
John Wolf	Secretary
Vacant	Assistant Secretary
Bryan Holmes	Director

All of the above were present thus presenting a quorum. Director Gallagher noted the passing of Director Atkinson creating a vacancy on the Board.

Also present at the meeting were Rico Rodriguez and Kevin Osborne of Civil Grade Engineers ("Civil Grade"); Joshua Zientek and Daniel Scruggs of Mitchell, Zientek & Scruggs, LLP ("MZSLLP"); Pam McKay of Westwood Shores Municipal Utility District ("WSMUD"); Tony Bonaventure and Juan Rojas of Precision Utility LLC ("Precision"); Kevin Berry of EEPB; Bill Blich of Blich Associates, Inc. (telephonically); Patrick McArthur of Perdue Brandon Fielder Collins & Mott LLP ("Perdue Brandon"); Joseph Ellis, McCall Gibson Swedlund Barfoot PLLC ("Mcall Gibson"); and various members of the public.

**MOMENT OF SILENCE IN REMEBRANCE OF DIRECTOR JIM ATKINSON; CALL THE MEETING TO ORDER AND PLEDGE OF ALLEGIANCE**

The Board and those in attendance participated in moment of silence in remembrance of Director Jim Atkinson, who recently passed. Director Gallagher called the meeting to order and Director Wolf led a recitation of the Pledge of Allegiance.

**WATER QUALITY UPDATES**

Director Gallagher opened up discussion for the District's consultants, primarily the District's engineer, to explain the current state of the District's water quality and concerns from the public. He discussed the history of water plant no. 1 and then the recent water quality issues, particularly related to hydrogen sulfide

**PUBLIC COMMENTS**

Ms. Machann expressed frustration related to a lack of communication and transparency when she requested additional information related to a District notice and "high" levels of hydrogen sulfide. Additionally, she asked about legal involvement related to a written request she made. Mr. Zientek explained the requirements of the Texas Public Information Act, including required statutory warnings and allowed clarification mechanisms. She further explained health concerns,

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including potential allergic reactions and advised that many members of the District are concerned regarding the potential health effects of the water quality. Mr. Rodriguez explained many of the H<sub>2</sub>S treatment issues, prior considerations and treatment methods, and how it is viewed by the TCEQ.

Ms. Goodman noted that her question was answered. Mr. Robinson asked a question about additional filtering after treatment. Mr. Rodriguez provided details explaining previously explored treatment methods and details related to the District's current filtration system.

Ms. Keel asked about a bagged fire hydrant and Mr. Rojas explained the status of the repair noting that an investigation was completed and the hydrant would be repaired. Mr. Craig explained challenges related to hydrogen sulfide, mitigation, and treatment methods.

Another resident voiced concerns about chemical concentrations needed to treat the District's water. Mr. Rojas advised that his concerns are understood and Mr. Bonaventure explained challenges related to inconsistencies in the water provided by the District's wells. A resident asked about the status of the TRWSC water supply agreement, water from other sources, such as the City of Trinity, and the Board's efforts to find a more reliable water source. Director Gallagher gave an update on prior and ongoing communications with the City of Trinity. Next, a resident asked about the feasibility of drilling a deeper well in order to find higher quality water. Mr. Rodriguez advised that this option was considered and that, considering the water sources in the area, there was not currently reason to believe a deeper well would provide better water quality. Mr. Rodriguez then advised that there were not additional aquifers that should be explored. Ms. Keel noted that many of the existing challenges faced by the Board resulted from past boards and historical problems and that there have also been many unexpected changes in water quality.

**STATUS OF TEXAS WATER DEVELOPMENT BOARD BONDS**

Mr. Blitch noted that the District intends to close on the Lead and Copper Rule Revision TWDB Bonds on December 11, 2024. He then reviewed the interest rates provided by TWDB. He noted that the debt service component of the District's tax rate did not need to change with this issuance.

**APPROVAL OF MINUTES OF PRIOR BOARD MEETING(S)**

The Board reviewed the minutes of the September 23, 2024, regular meeting. After a brief review and revisions that were noted by Mr. Zientek and Director Gallagher, Director Stoddard moved to approve the minutes, as revised, and Director Wolf seconded the motion. The motion passed unanimously. Mr. Zientek reminded that, at the September 23, 2024, meeting, the Board approved a resolution, if necessary, to change signers on the District's bank accounts. He then explained that further bank communications clarified the process by which signers are changed and asked that the Board delegate authority to Director Gallagher to review and approve the minutes for this meeting, October 21, 2024, prior to the next meeting in order to include the correct bank signatory changes, as needed by the District's bank. The Board concurred that Director Gallagher is authorized to review the draft minutes of this meeting and approve them subject to inclusion of the required banking information to change the signers on the account(s) as approved by the Board.

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**ENGINEER'S REPORT**

Mr. Rodriguez presented the Engineer's Report, a copy of which is attached as Exhibit A. He provided an update on: 1) Lift Station Improvements (Phase 2); 2) additional water quality updates; 3) Water Plant No. 1 Improvements; and 4) Lift Station No. 14.

Mr. Rodriguez then discussed Water Plant No. 1 ("WP1") improvements and noted that there were additional funds remaining from the drinking water improvements in escrow. He requested authorization to recategorize the use of the funds for WP1, as opposed to their original intent (roof of the GST). Lastly, he explained that there is less than \$300,000 left in that escrow account.

Next, Mr. Rodriguez suggested removing the utilities and use of Lift Station No. 14, including costs of insurance and electricity, because the lift station does not serve any developed lots.

Director Stoddard moved to approve: 1) the Engineer's Report; 2) authorize to proceed with detail design of proposed lift station improvements; 3) authorize a submittal request to TWDB to utilize existing Drinking Water SRF bond funds to improve WP1 treatment; and 4) regarding Lift Station No. 14 - authorize termination of electrical service and remove from insurance property schedule. Director Wolf seconded the motion, and the motion passed unanimously.

**OPERATOR'S REPORT**

Mr. Bonaventure presented the Operator's Report, a copy of which is attached as Exhibit B, and gave an update on the number of connections and the call analytics that occurred. There was discussion about the water accountability and the volume of water purchased from the Trinity Rural Water Supply Corporation ("TRWSC"). Director Holmes asked about some of the improvements/repairs after since the recent flooding events and Mr. Bonaventure noted improvements in the wastewater system. There was discussion related to the filter media at WP1, particularly whether it was appropriate to replace or clean or repair. The Board concurred in repairing/cleaning the 3 media filters at WP1 at a cost not to exceed \$20,000. There was then discussion regarding action items from the prior meeting.

Mr. Bonaventure then discussed Precision's resignation with the Board. He noted that Precision gave 30 days' notice but would be stay on until the District finds a different operator and would assist with the transition process.

Mr. Rojas then discussed the tap fees related to one home builder and related repairs. The Board considered the option of covering the costs related to the public infrastructure of the District. The Board asked that Precision recalculate the tap fee.

Director Gallagher moved to approve the report, including the adjustment to the tap fee (removing costs of valves), acknowledge the Precision's resignation, and authorize MZSLLP to get prepare and send out Requests for Proposals for Operator Services. Director Holmes seconded said motion, which passed three to one (3-1) with Director Stoddard opposing.

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**OFFICE REPORT**

Ms. McKay presented the Office Report, a copy of which is attached as Exhibit C. She provided an update on the billing revenue, delinquent charges, disconnects notices, terminations, service orders, taps completed, customer services requests, cut offs, office expenses, and my 360 subscriber's updates. Director Gallagher discussed customer credit requests noting that one request would be considered in Executive Session to include consultation with the District's attorney. The Board concurred in not adjusting bills based upon the evidence presented related to the requests. Director Gallagher noted that a draft rate order was available for Board review and she requested that the Board review and be prepared to discuss and approve next month.

Director Stoddard moved to approve the Office Report and Director Wolf seconded the motion. The motion passed unanimously.

**LANDSCAPE MAINTENANCE REPORT**

There was discussion among the Board and Mr. Karnes regarding invoice notation related to services. The Board requested additional itemization be included, as required by the signed contract. There was then discussion regarding damage that occurred to some of Mr. Karnes' equipment, however, Mr. Karnes noted that he felt it was not the District's responsibility.

**APPRAISAL DISTRICT'S TAX ASSESSOR'S REPORT**

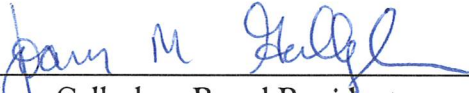
Director Gallagher presented the Appraisal District's Tax Assessor's Report, which includes the Delinquent Tax Collections Report, a copy of which is attached as Exhibit D. Mr. McArthur presented the Delinquent Tax Attorney update, including discussion of penalties and water cut-offs. There was a review of a proposed resolution authorizing resale of tax foreclosed property. After discussion, Director Stoddard moved to approve the Appraisal District's Tax Assessor's Report, and the resolution, as explained. Director Holmes seconded said motion, which passed unanimously.

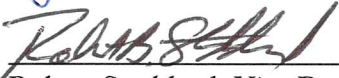
**BOOKKEEPER'S REPORT**

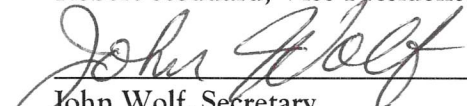
Mr. Berry presented and reviewed the Bookkeeper's Report including checks for approval, a copy of which is attached as Exhibit E. He reviewed the budget and areas of concern. There was discussion regarding the use of funds in the reserve account. Mr. Berry presented a recently received invoice related to the paddlewheel repair/replacement, totaling approximately \$41,000.

After Director Gallagher gave an update on First State Bank's requirements for changing signers on the District's accounts, Director Stoddard moved to approve the Bookkeeper's Report, the payment of invoices, as discussed, and to add Joan Gallagher, , and Bryan Holmes, as signers on the District's Bank Accounts, keep Robert Stoddard, John Wolf. and Pam McKay as signers, and remove Director James Atkinson (deceased). Director Wolf seconded the motion, and the motion passed unanimously. Director Gallagher noted that the new and current signers would need to sign the minutes in order for First State Bank to change the signers.

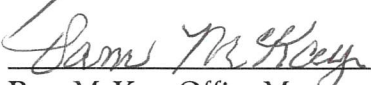
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Joan Gallagher, Board President

  
Robert Stoddard, Vice President

  
John Wolf, Secretary

  
Bryan Holmes, Director

  
Pam McKay, Office Manager

**CONSIDER AND APPROVE DISTRICT AUDIT AND AUTHORIZE REQUIRED FILINGS**

Mr. Ellis presented a copy of the draft District Audit for the fiscal year ended June 30, 2024. Director Gallagher pointed out a number of items on the draft District Audit related to improvements related to the Board's activities over the past fiscal years. Director Wolf moved to approve the District Audit, subject to final revisions and inclusion of comments, and authorize required legal filings. Director Holmes seconded said motion, which passed unanimously.

**DIRECTORS' REPORTS**

The Board noted that there was one item to discuss under executive session regarding consultation with attorney. Director Gallagher then discussed possible solutions related to alternative water supply sources and the corresponding agreements between the District and both Trinity Rural Water Association and the City of Trinity.

**ATTORNEY'S REPORT**

Mr. Zientek noted multiple public information act requests have been received and are being handled as required by the Texas Public Information Act. Mr. Zientek provided an update on the Marina Village lift station/real estate matters which would be discussed in more detail in Executive Session. Mr. Zientek then discussed the TWDB-related bond issuance and the corresponding documents that need to be approved. It was noted that the insurance renewal was completed timely. The current vacant position on the Board was discussed. Director Stoddard moved to approve all items listed under 14(b), subject to final revisions and comments, and authorize all necessary action related to the issuance of the TWDB bonds. Director Wolf seconded said motion, which passed unanimously. Director Gallagher moved to designate Director Holmes as assistant secretary. Director Stoddard seconded said motion, which passed unanimously. The Board thanked Director Wolf for his efforts on the Board and noted the remaining term of office. In line with the Board's prior procedures, the Board concurred that Directors Gallagher and Stoddard would begin to hold

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preliminary meetings to consider candidates for the vacant positions and would provide recommendations for full Board consideration at a future board meeting.

The Board then discussed the District's Investment Policy. Director Wolf moved to approve the amendment and restatement of the District's Investment Policy and corresponding Qualified Brokers List. Director Stoddard seconded said motion, which was passed unanimously.

**DISCUSS PENDING MATTERS FOR FUTURE AGENDAS, INCLUDING SCHEDULING OF THE NEXT MEETING DATE**

The Board scheduled the next regular Board meeting on November 18, 2024, at 9:30 a.m.

**EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, SECTION 551.071, ET. SEQ.**

The Board entered Executive Session pursuant to Texas Government Code Sections 551.071 and 551.072 at 1:12 p.m. for consultation with the attorney and to discuss real property matters.

**RECONVENE IN OPEN SESSION**

The Board reconvened in Open Session at 1:43 p.m. Director Wolf moved to authorize responding to the customer request by offering them the leak adjustment, as discussed and contained in the District's Rate Order, and to designate Ms. McKay as the records manager of the District. Director Stoddard seconded said motion, which passed unanimously. The Board also requested that Ms. McKay provide a delinquent account list as part of the Office Report.

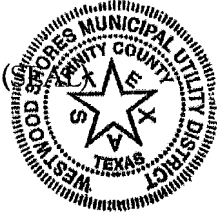
**ADJOURNMENT**

There being no further business before the Board, the meeting was adjourned.

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Approved this October 31, 2024.



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UTILITY DISTRICT

*John A. [Signature]*  
Secretary, Board of Directors

LIST OF EXHIBITS

- Exhibit A - Engineer's Report
- Exhibit B - Operator's Report
- Exhibit C - Office Report
- Exhibit D - Appraisal District's Tax Assessor's Report
- Exhibit E - Bookkeeper's Report