

# LONGHORN TOWN UTILITY DISTRICT OF HARRIS COUNTY, TEXAS

## Minutes of Meeting of Board of Directors January 5, 2023

The Board of Directors (the "Board") of Longhorn Town Utility District of Harris County, Texas (the "District") met in regular session, open to the public on January 5, 2023, in accordance with the duly posted Notice of Public Meeting, and the roll was called of the duly constituted officers and members of the Board, as follows:

Steven Crain, President  
H. Don Henry, Vice President  
Julie Swearingen, Secretary  
Barry Hunsworth, Assistant Secretary  
Chris White, Assistant Secretary

all of whom were present at the meeting, except Directors Swearingen and Hunsworth, thus constituting a quorum.

Also present were: Todd Elston of R.G. Miller Engineers, Inc. ("R.G. Miller"); Miranda Burks of Wheeler & Associates, Inc. ("Wheeler"); Michelle Giacona and Jacob Williams of H2O Innovation ("H2O"); Cara Sliva of Artesian Financial Services, LLC ("Artesian"); Sarah Valladares of Storm Water Solutions, LP ("SWS"); and Katie Blasio and Kristi Tran-Chin of Schwartz, Page & Harding, L.L.P. ("SPH").

The President called the meeting to order and declared it open for such business as might regularly come before it.

### **PUBLIC COMMENT**

The Board began by opening the meeting for public comments. There being no members of the public present, the Board continued to the next item of business.

### **APPROVAL OF MINUTES OF MEETING**

The Board considered approval of the minutes of its meeting held on December 1, 2022. After review and discussion of the minutes presented, Director Henry moved that the minutes of the Board meeting held on December 1, 2022, be approved, as presented. Director Crain seconded said motion, which unanimously carried.

### **STATUS OF CONTINUING DISCLOSURE REPORT**

Ms. Blasio advised that, per McCall, Parkhurst & Horton, L.L.P. ("MPH"), Continuing Disclosure Counsel to the District, a continuing disclosure report is no longer required to be filed

with the Texas Comptroller of Public Accounts ("Comptroller") because the District does not have any outstanding debt. No action is required by the Board at this time.

**BOOKKEEPER'S REPORT**

Ms. Sliva presented to and reviewed with the Board the Bookkeeper's Report dated January 5, 2023, a copy of which report is attached hereto as **Exhibit A**, including the checks therein for payment from the District's various accounts. After discussion, it was moved by Director Crain that the Board approve the Bookkeeper's Report, and authorize payment of the checks identified therein, except check nos. 8280 and 8283, which were voided. Director Henry seconded said motion, which unanimously carried.

A discussion ensued regarding the addition of New First National Bank ("NFNB") as a depository bank for the District. Ms. Blasio advised that since the District's operating account will remain with Central Bank, a new Order Selecting Depository is not required. After discussion, it was moved by Director Crain, seconded by Director Henry and unanimously carried that Artesian be authorized to transfer the District's account to NFNB, as requested.

In connection with ADP Payroll for direct deposit services for Directors, Ms. Sliva advised the Board that there is a monthly fee of \$125 for ADP to provide such payroll services. Ms. Blasio next advised the Board that SPH and Artesian are working together to determine whether a payroll Agreement or Amendment to Agreement for Bookkeeping Services will be necessary for such Payroll services. After further discussion on the matter, Director Crain moved to authorize SPH to finalize such Payroll Agreement or amend the Agreement for Bookkeeping Services, whichever satisfies the legal requirements and is more cost effective. Director Henry seconded said motion, which unanimously carried.

**RESOLUTION ADOPTING LIST OF QUALIFIED BROKERS**

The Board next considered adopting a list of qualified brokers authorized to engage in investment transactions with the District. Ms. Blasio advised that pursuant to the Public Funds Investment Act, the Board is required to review such list at least annually. She presented to and reviewed with the Board a Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, attached hereto as **Exhibit B**. Ms. Blasio further noted 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 it is ultimately the Board's decision as to where the District's funds are actually placed. After discussion, Director Crain moved that: (i) the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District be approved by the Board and the District, and (ii) that the President and Assistant Secretary be authorized to execute same. Director Henry seconded said motion, which unanimously carried.

**TEXAS COMPTROLLER OF PUBLIC ACCOUNTS SPECIAL PURPOSE DISTRICT  
PUBLIC INFORMATION DATABASE**

Ms. Blasio next informed the Board that, pursuant to provisions of Chapter 403, Government Code, and Chapter 203, Local Government Code, the District is required to submit information to the Comptroller for inclusion in the Special Purpose District Public Information Database. Following discussion, Director Crain moved that the District's auditor, McCall Gibson Swedlund and Barfoot, PLLC, be authorized to prepare the required information and submit same to the Comptroller for inclusion in the Special Purpose District Information Database. Director Henry seconded the motion, which unanimously carried.

**TAX ASSESSOR-COLLECTOR REPORT**

Ms. Burks presented to and reviewed with the Board the December 2022 Tax Assessor-Collector report, including the delinquent collections listings, a copy of which is attached hereto as **Exhibit C**. After discussion, Director Crain moved that the Tax Assessor-Collector report be approved as presented, and payment be authorized as identified in said report. Director Henry seconded the motion, which carried unanimously.

Ms. Blasio next presented to and reviewed with the Board the December 2022 Sales and Use Tax Administration Report, prepared by Sales Revenue Inc., a copy of said report is attached hereto as **Exhibit D**, in connection with collection of sales tax revenue funds received by the District pursuant to the Strategic Partnership Agreement with the City of Houston. No action was required by the Board regarding same.

**RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION**

Ms. Blasio next outlined for the Board the various tax exemptions available for the District, 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. She advised that under said provisions, the 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 for the year 2023, and the 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 during the calendar year 2023, 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, the Board requested an analysis on the tax implications if the District offered a 5% residential homestead exemption. Ms. Blasio noted SPH will request Masterson Advisors, LLC, the District's financial advisor, prepare such analysis for the Board's review and consideration at next month's meeting.

**RESOLUTION AUTHORIZING AN 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 (the "Resolution"), attached hereto as **Exhibit E**. Ms. Blasio advised that the Board is authorized pursuant to Section 33.11 of the Texas Tax Code, as amended, to impose, under certain conditions, 60 days after the date the taxes become delinquent, 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 said 60<sup>th</sup> day, as more fully described in said Resolution. After discussion, it was moved by Director Crain, seconded by Director Henry and unanimously carried, that the Resolution be adopted by the Board, and that Perdue, Brandon, Fielder, Collins & Mott, L.L.P. be authorized to proceed with the collection of the District's delinquent personal property accounts following proper notice as provided in the Resolution, including the filing of lawsuits, as necessary.

**REPORT AND LEGAL ACTION TAKEN BY THE DISTRICT'S DELINQUENT TAX COLLECTIONS ATTORNEY**

The Board deferred consideration of a report and legal action taken by the District's delinquent tax collections attorney after noting that no report had been received for the current period. Ms. Blasio reminded the Board that said reports are provided on a quarterly basis and that a report was not expected for consideration at today's meeting.

**OPERATIONS REPORT**

Ms. Giacona presented to and reviewed with the Board the operations report, dated January 5, 2023, a copy of which report is attached hereto as **Exhibit F**, and discussed with the Board the matters contained therein. She noted that the District's water accountability for the reporting period was approximately 96.65%.

Ms. Giacona updated the Board regarding the interconnect with Harris County Municipal Utility District No. 216 ("No. 216"). She reminded the Board that the District is currently supplying water to No. 216 due to No. 216 having a line break. She advised that No. 216 now has issues with its softstart and needs to obtain a replacement for same. No action was required by the Board regarding same at this time.

**CONSUMER CONFIDENCE REPORT**

The Board next considered authorizing H2O to provide required information to districts receiving water through an emergency interconnect relative to Consumer Confidence Reports. Ms. Blasio advised the Board that pursuant to Consumer Confidence Report requirements promulgated by the United States Environmental Protection Agency, the District is required to provide a report containing various information regarding the District's water supply to any other water supplier which has received water from the District. After discussion on the matter, Director Crain moved that the Board authorize H2O to provide the required information as set forth hereinabove. Director Henry seconded said motion, which carried unanimously.

## **ENGINEERING REPORT**

The Board next considered the Engineer's Report. Mr. Elston noted he had nothing new to report to the Board at this time.

Director Henry noted that he recently received notification regarding an upcoming project to Barker Cypress. He noted he will forward same to the District's consultants.

## **ISSUANCE OF UTILITY COMMITMENTS**

The Board deferred action regarding utility commitments as no additional requests were made this month.

## **AMENDMENT TO EMERGENCY WATER SUPPLY CONTRACT WITH HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 345**

Ms. Blasio advised the Board that the District has an Emergency Water Supply Contract (the "Contract") between the District, Harris County Municipal Utility District No. 345 ("No. 345"), Harris County Municipal Utility District No. 346 ("No. 346") and West Park Municipal Utility District ("West Park"). Ms. Blasio advised that No. 345 is proposing an amendment to the Contract to increase the rate for water under the Contract from \$0.75 per 1,000 gallons to \$1.00 per 1,000 gallons to better align with its cost to produce water. After discussion, the Board noted it has no objections to the proposed increase from \$0.75 per 1,000 gallons to \$1.00 per 1,000 gallons, as discussed.

## **SIDEWALK PROJECT BY HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 346**

Ms. Blasio updated the Board regarding the Barker-Cypress sidewalk project by No. 346. She advised that SPH has forwarded U.S. Army Corps of Engineers' revised proposed license agreement to No. 346 for its further consideration and handling.

## **STORM WATER SOLUTIONS REPORT**

Ms. Valladares presented to and reviewed with the Board a Storm Water Management Program dated January 2023, a copy of which is attached hereto as **Exhibit G**. No action was required by the Board regarding same at this time.

## **NEIGHBORHOOD IMPROVEMENT PROJECTS IN THE DISTRICT**

The Board deferred consideration of neighborhood improvement projects within the District at this time.

**RENEWAL OF DISTRICT INSURANCE COVERAGES**

The Board next considered authorizing solicitation of proposals for renewal of the District's insurance coverages. Ms. Blasio advised the Board that the District's current coverage is with McDonald & Wessendorff and said coverage will expire on March 31, 2023. After discussion on the matter, Director Crain moved that SPH be authorized to solicit a one-year term renewal proposal from McDonald & Wessendorff. Director Henry seconded said motion, which unanimously carried.

**ATTORNEY'S REPORT**

The Board next considered the attorney's report. Ms. Blasio advised that she had nothing further to report to the Board other than the items previously discussed.

**ITEMS FOR PLACEMENT ON FUTURE AGENDA**

The Board considered items for placement on future agenda. No other specific agenda items other than routine and ongoing matters, were requested.

**ADJOURN**

There being no further business to come before the Board, upon a motion made by Director Crain and seconded by Director Henry, the meeting was adjourned.

(SEAL)

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Secretary  
Board of Directors

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**LIST OF ATTACHMENTS TO MINUTES**

- Exhibit A Bookkeeper's Report
- Exhibit B Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District
- Exhibit C Tax Assessor-Collector Report
- Exhibit D December 2022 Sales and Use Tax Administration Report
- Exhibit E Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes
- Exhibit F Operations Report
- Exhibit G Storm Water Management Program dated January 2023

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