

LONGHORN TOWN UTILITY DISTRICT OF HARRIS COUNTY, TEXAS
Minutes of Meeting of Board of Directors
April 6, 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 April 6, 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 Director Swearingen and Director White, thus constituting a quorum.

Also present were: Todd Elston of R.G. Miller Engineers, Inc. ("R.G. Miller"); Autumn Clark of Wheeler & Associates, Inc. ("Wheeler"); Michelle Giacona of H2O Innovation ("H2O"); Cara Sliva of Artesian Financial Services, LLC ("Artesian"); Sarah Valladares of Storm Water Solutions ("SWS"); Greg Nady of Fort Bend County Emergency Services District No. 1; and Eric Lai and Katherine Edwards 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

Mr. Nady addressed the Board regarding the status of the Barker-Cypress sidewalk project and the submittal of the Multi-Purpose application to the U.S. Army Corps of Engineers. Mr. Lai updated Mr. Nady regarding same.

Mr. Nady exited the meeting at this time.

APPROVAL OF MINUTES OF MEETING

The Board considered approval of the minutes of its meeting held on March 2, 2023. After review and discussion of the minutes presented, Director Crain moved that the minutes of the Board meeting held March 2, 2023, be approved, as presented. Director Hunsworth seconded said motion, which unanimously carried.

BOOKKEEPER'S REPORT

Ms. Sliva presented to and reviewed with the Board the Bookkeeper's Report dated April 6, 2023, a copy of which report is attached hereto as **Exhibit A**, including the checks therein for payment from the District's various accounts. Ms. Sliva noted that the directors fee of office was paid twice in the month of March, so the directors did not receive a fee of office for the April Board meeting. She further noted that Director White's fee of office will not be paid the next Board meeting he attends. After discussion, it was moved by Director Crain that the Board approve the Bookkeeper's Report, and authorize payment of the checks identified therein. Director Hunsworth seconded said motion, which unanimously carried.

Mr. Lai reminded the Board that the District's fiscal year ends on June 30, 2023, so a proposed budget for the District's fiscal year ending June 30, 2024, will be presented to the Board for its review and comment at the May Board meeting.

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

Mr. Lai next presented to and reviewed with the Board a Delinquent Tax Report from Perdue, Brandon, Fielder, Collins & Mott LLP dated March 2, 2023, a copy of which is attached hereto as **Exhibit B**. No Board action was required at this time.

RESOLUTION AUTHORIZING ADDITIONAL PENALTY ON DELINQUENT REAL PROPERTY TAXES

The Board considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes. Mr. Lai advised that the Board is authorized pursuant to Section 33.07 of the Texas Tax Code, as amended, to impose, under certain conditions on July 1, an additional penalty not to exceed twenty percent (20%) of the total taxes, penalty and interest due to the District on taxes that remain delinquent as of July 1 of the year in which they became delinquent. He noted that the additional penalty to be imposed by this Resolution will not apply to delinquent personal property taxes which have incurred an additional penalty pursuant to that certain Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes, which was passed and approved by the District on January 5, 2023. After further discussion, it was moved by Director Crain, seconded by Director Hunsworth, and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes, a copy of which is attached hereto as **Exhibit C**, be adopted by the District.

OPERATIONS REPORT

Ms. Giacona presented to and reviewed with the Board the operations report, dated April 6, 2023, a copy of which report is attached hereto as **Exhibit D**, and discussed with the Board the matters contained therein. In connection therewith, she updated the Board regarding ongoing billing for water used via the interconnect by Harris County Municipal Utility District No. 216 ("No. 216"). Ms. Giacona advised that she will send an additional bill to No. 216 for the remaining amount owed for water usage via the interconnect this month and will copy SPH and the District's

bookkeeper.

The Board then considered review of the District's Identity Theft Prevention Program (the "Program"). In connection therewith, Ms. Giacona presented H2O's annual report, a copy of which is included in the operations report, and advised the Board regarding the District's experience with identity theft during the prior year, current identity theft methods, the types of accounts maintained by the District and the District's business arrangements with other entities. Ms. Giacona recommended that no changes be made to the District's Program. After discussion on the matter, the Board concurred that no changes were necessary to the District's Program at this time.

Director Cain requested that the Engineer coordinate with H2O to inspect all projects with a cost of over \$10,000, to ensure that the projects are completed correctly and timely. After discussion, the Board concurred that the Engineer inspect all District projects over \$10,000 performed by H2O or subcontractors.

FIRST AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT WITH H2O

Ms. Giacona then addressed the Board to request that it consider approval of the proposed First Amendment to Professional Services Agreement (the "Amended PSA") between the District and H2O to update the schedule of standard rates for services H2O provides to the District, along with certain other updates. Ms. Giacona then presented to and reviewed with the Board a draft of the proposed Amended PSA and an itemized comparison of H2O's rates for operating services under the current PSA and the Amended PSA, copies of which are attached hereto as **Exhibit E**. After discussion, Director Crain moved to approve the First Amendment to Professional Services Agreement between the District and H2O, subject to SPH's final review, and authorize the President to execute same on behalf of the Board and the District. Director Hunsworth seconded said motion, which unanimously carried.

TAX ASSESSOR-COLLECTOR REPORT

Ms. Clark presented to and reviewed with the Board the March 31, 2023 Tax Assessor-Collector report, including the delinquent collections listings, a copy of which is attached hereto as **Exhibit F**. 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 Hunsworth seconded the motion, which carried unanimously.

The Sales and Use Tax Administration Report for the month of March 2023 prepared by Sales Revenue Inc. was emailed to the Board after the Board meeting, a copy of which is attached hereto as **Exhibit G**.

RATE ORDER

The Board next considered amendment of the District's Rate Order in connection with H2O Innovations' increased operating rates. After discussion, Director Crain moved that the Rate Order be amended to reflect H2O's recommended changes included in **Exhibit E**. Director Hunsworth

seconded said motion, which unanimously carried. A copy of the amended Rate Order is attached hereto as **Exhibit H**.

CONSUMER CONFIDENCE REPORT

Mr. Lai requested that the Board consider authorizing MOC to prepare the District's 2022 Consumer Confidence Report ("CCR"), the format of which is dictated by the Texas Commission on Environmental Quality. After discussion on the matter, Director Crain moved that H2O be authorized to prepare said Consumer Confidence Report for SPH and Board review. Director Hunsworth seconded said motion, which unanimously carried.

ENGINEERING REPORT

The Board next considered the Engineer's Report. Mr. Elston noted that Harris County Municipal Utility District No. 345's ("No. 345") generator will be installed at the Wastewater Treatment Plant in December 2023. Ms. Giacona noted that she had visited the site and noticed that the underground conduits are rusted and need to be replaced. After discussion, Director Crain moved to authorize the operator to coordinate such repairs. Director Hunsworth seconded said motion, which unanimously carried.

RATE ORDER

The Board next considered an amendment to the District's Rate Order with regard to an adjustment to the District's groundwater reduction plan fee in connection with an increase in the City of Houston (the "City") charges the District. Mr. Lai noted that neither SPH nor H2O have received the actual Notice from the City but have been informed that the City's increase will be effective April 1, 2023. Mr. Lai advised that the District currently charges its customers a groundwater reduction plan fee equal to \$1.70 per 1,000 gallons of water metered to each customer. Following discussion, upon motion by Director Crain, seconded by Director Hunsworth, and unanimously carried, that the District's Rate Order be amended to reflect a groundwater reduction plan fee charged by the District in the amount of \$1.90 per 1,000 gallons of water metered to each customer, with said amended Rate Order attached hereto under **Exhibit H**, to be effective April 1, 2023, and that any and all rate orders theretofore adopted by the Board be revoked and that the attached Rate Order be passed and adopted as of this date.

ISSUANCE OF UTILITY COMMITMENTS

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

SIDEWALK PROJECT BY HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 346

Mr. Lai updated the Board regarding the Barker-Cypress sidewalk project by No. 346. He advised that SPH previously forwarded U.S. Army Corps of Engineers' revised proposed license

agreement to No. 346 for its further consideration and handling and has been in communication with No. 346 regarding revisions to same.

STORM WATER SOLUTIONS REPORT

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

NEIGHBORHOOD IMPROVEMENT PROJECTS IN THE DISTRICT

Director Henry extended an invitation to the Board to attend a Zoom meeting with Harris County Engineering scheduled for April 28, 2023 regarding traffic issues within the District.

ATTORNEY'S REPORT

The Board next considered the attorney's report. Mr. Lai presented to the Board an AWBD Bills of Interest that are currently being considered at the Texas Legislative Session, a copy of which is attached hereto as **Exhibit J**.

ITEMS FOR PLACEMENT ON FUTURE AGENDA

The Board considered items for placement on future agenda. Director Henry would like an agenda item regarding a proposed future Blue Bonnet project within the community.

ADJOURN

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

(SEAL)

Assistant Secretary
Board of Directors

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A Bookkeeper's Report
- Exhibit B Delinquent Tax Attorney Report
- Exhibit C Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes
- Exhibit D Operations Report
- Exhibit E First Amendment to Professional Services Agreement with H2O; Rate Comparison and Rate Order Recommendation
- Exhibit F Tax Assessor-Collector Report
- Exhibit G SPA Report prepared by Sales Revenue, Inc.
- Exhibit H Amended Rate Order
- Exhibit I Storm Water Management Program dated April 2023
- Exhibit J AWBD Bills of Interest

663096