

**LONGHORN TOWN UTILITY DISTRICT OF HARRIS COUNTY, TEXAS**  
**Minutes of Meeting of Board of Directors**  
**July 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 July 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 for Director Henry, 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 J.Q. Baker of H2O Innovation ("H2O"); Cara Sliva of Artesian Financial Services, LLC ("Artesian"); Megan Fischer of Sales Revenue Inc. ("SRI"); and Katie Blasio 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**

The Board began by opening the meeting for public comments. There being no comments from the public, 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 June 1, 2023. After review and discussion of the minutes, Director Crain moved that the minutes of the Board meeting held June 1, 2023, be approved, as written. Director Hunsworth seconded said motion, which unanimously carried.

**LEGISLATIVE SUMMARY**

Ms. Blasio presented to and review with the Board the Legislative Summary of the 88<sup>th</sup> Regular Session of the Texas Legislature prepared by SPH, and answered various questions regarding same. A copy of the Legislative Summary is attached hereto as **Exhibit A**.

## **ADOPTION OF RESOLUTION AUTHORIZING INCREASE IN FEES OF OFFICE**

The Board considered adoption of a Resolution Authorizing an Increase in the Fees of Office. Ms. Blasio advised the Board that House Bill 2815, passed by the 88<sup>th</sup> Texas Legislature, amends Section 49.060 of the Texas Water Code to allow for an increase in director fees of office up to the amount of the per diem set by the Texas Ethics Commission for members of the legislature. Following discussion, Director Crain moved that the Resolution Authorizing Increase in Fees of Office, attached hereto as **Exhibit B**, be approved, and that the President and Secretary be authorized to execute same on behalf of the Board and District. Director Hunsworth seconded the motion, which unanimously carried.

## **ADOPTION OF ORDER ADOPTING A CODE OF ETHICS, FEES AND EXPENSE POLICY, POLICY RELATING TO CONSULTING SERVICES, UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS, POLICY RELATING TO ADOPTION OF ANNUAL OPERATING BUDGET, AND CREATING AN AUDIT COMMITTEE ("CODE OF ETHICS")**

Ms. Blasio presented to the Board a proposed Code of Ethics, a copy of which is attached hereto as **Exhibit C**, and advised that that the language relative to the Fees and Expense Policy has been updated to provide that, with Board approval, directors may claim fees of office for virtual attendance or watching recorded sessions of conferences, but limited in number to the actual number of days of the conference during which live presentations were made. Following discussion, Director Crain moved that the Code of Ethics be approved, that the District's prior adopted code of ethics be revoked, and that the President and Secretary be authorized to execute the Code of Ethics on behalf of the Board and District. Director Hunsworth seconded the motion, which unanimously carried.

## **AMENDMENT TO THE FOURTH AMENDED AND RESTATED DISTRICT INFORMATION FORM**

The Board next considered the approval and execution of an Amendment to the Fourth Amended and Restated District Information Form (the "Amendment"), reflecting a change in the form of Notice to Purchasers, a copy of which is attached hereto as **Exhibit D**. After discussion regarding same, Director Crain moved that the Amendment be approved and that all Board members present be authorized to execute same on behalf of the Board and the District. Director Hunsworth seconded said motion which carried unanimously.

## **BOOKKEEPER'S REPORT**

Ms. Sliva presented to and reviewed with the Board the Bookkeeper's Report dated July 6, 2023, a copy of which report is attached hereto as **Exhibit E**, including the checks therein for payment from the District's various accounts. In the future, Ms. Sliva advised she will contact two directors for authorization when making certain decisions regarding investing District funds, to which the Board concurred. After discussion, it was moved by Director Swearingen that the Board approve the Bookkeeper's Report, and authorize payment of the checks identified therein. Director Crain seconded said motion, which unanimously carried.

Ms. Sliva next presented to and reviewed with the Board the District's Quarterly Investment Inventory Report for the periods ended October 1, 2022 through December 31, 2022, and January 1, 2023 through March 31, 2023, copies of which are attached to the bookkeeper's report. After discussion, it was moved by Director Swearingen, seconded by Director Crain and unanimously carried that the Quarterly Investment Inventory Reports for the periods ended October 1, 2022 through December 31, 2022, and January 1, 2023 through March 31, 2023, as prepared by Artesian, be approved and that the District's Investment Officer be authorized to execute same on behalf of the Board and the District.

**RATIFY PRIOR APPROVAL OF THE ADOPTION OF THE RESOLUTION ADOPTING LIST OF QUALIFIED BROKERS AUTHORIZED TO ENGAGE IN INVESTMENT TRANSACTIONS WITH THE DISTRICT**

The Board next considered ratifying its prior action in connection adopting a list of qualified brokers authorized to engage in investment transactions with the District. After discussion, Director Crain moved to ratify and approve in all respects the Board's prior action regarding the adoption of the Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District. Director Swearingen seconded said motion, which unanimously carried.

**TAX ASSESSOR-COLLECTOR REPORT**

Ms. Burks presented to and reviewed with the Board the June 30, 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 Swearingen seconded the motion, which carried unanimously.

**SALES AND USE TAX ADMINISTRATION REPORT BY SALES REVENUE INC.**

Ms. Fischer next presented to and reviewed with the Board the July 2023 Sales and Use Tax Administration Report, prepared by Sales Revenue Inc., a copy of said report is attached hereto as **Exhibit G**, 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.

**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 July 6, 2023, a copy of which report is attached hereto as **Exhibit H**, and discussed with the Board the matters contained therein. In connection therewith, she updated the Board regarding the status of the proposed underground conduit project in connection with the generator at the water plant. Ms. Giacona reminded the Board that repairing the underground conduit would be very expensive because it would require the driveway to be removed then replaced. Alternatively, H2O's recommendation is to extend the pipe at the building from the sump pump to a nearby ditch and to install an additional sump pump in the building. She also noted the Board could consider raising the electrical boxes six inches within the building at the water plant. After discussion, Director Hunsworth moved to authorize H2O to obtain a proposal to extend the pipe at the building from the sump pump to a nearby ditch, to authorize Director Crain to approve such proposal and authorize H2O to proceed with the installation of said pipe and pump, as recommended. Director Swearingen seconded said motion, which unanimously carried. The Board concurred not to raise the electrical boxes at this time.

Ms. Giacona reminded the Board that H2O sent an invoice to Harris County Municipal Utility District No. 216 ("No. 216") in the amount of \$62,973.54, which is half of the amount owed to the District, and No. 216 has agreed to pay back 28,980,000 gallons of water "in-kind" relative to the water used by No. 216 from the shared interconnect with the District for the period of July 30, 2022 to February 14, 2023. She advised that No. 216 stated they will approve the District's invoice in the amount of \$62,973.54 at its July 10, 2023 Board meeting. However, Ms. Giacona further advised that No. 216's operator has requested that No. 216 delay paying the water "in-kind" back to the District until the Fall of this year due to various concerns with the Summer heat and related high usage. After discussion, the Board concurred that No. 216 may delay paying the water "in-kind" back to the District until the Fall of this year.

## **OPERATOR'S CHANGE IN ELECTRONIC PAYMENT PROGRAM VENDORS**

Ms. Giacona advised the Board that H2O will be changing the vendor for its electronic payment program and has selected Paymentech, LLC (collectively, "Paymentech"), a subsidiary of JP Morgan Chase Bank, N.A. ("JP Morgan"). She noted that, as part of this process, the District's current agreements with T-Tech, Inc and Global Payments Direct, Inc., HSBC Bank USA, N. A., Century Bankcard Services, Inc. and AVR, Inc. ("Prior Service Providers") will be terminated, a new Merchant Services Processing Agreement (the "Merchant Agreement") and an Attestation and Amendment of Agreement and ECP Addendum Terms (the "Attestation and Amendment") will be entered into with JP Morgan and Paymentech. She further advised that the District and H2O will need to approve an Addendum to Service Contract (the "Addendum") whereby H2O will assume certain District obligations under the program and responsibility for the program's compliance with applicable rules and regulations. In that regard, Ms. Blasio stated that SPH has reviewed the form of the Merchant Agreement, which includes amended terms for the District, the Attestation and Amendment, and the Addendum, and has no objection to such forms. Following discussion, it was moved by Director Crain, seconded by Director Hunsworth, and unanimously carried, that: (i) H2O be authorized to terminate the existing agreements with T-Tech, Inc and the Prior Service Providers, on behalf of District; (ii) the Merchant Agreement and associated

Attestation and Amendment with JP Morgan and Paymentech be approved; (iii) the Addendum with H2O be approved; (iv) SPH be authorized to accept and acknowledge the associated Texas Ethics Commission Form 1295 form(s), subject to the District's receipt of same from the applicable parties; and (v) the President and Secretary be authorized to execute the required program documentation on behalf of the Board and the District.

### **ENGINEERING REPORT**

The Board next considered the Engineer's Report, which Mr. Elston presented verbally. It was noted that no specific Board action was required at this time with respect to same.

### **DISCUSS LEAD AND COPPER REGULATION COMPLIANCE**

Mr. Elston advised that R.G. Miller and H2O will be meeting soon to discuss a plan to verify lead and copper piping within the District and how to comply with the required regulation.

### **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**

Ms. Blasio updated the Board regarding the Barker-Cypress sidewalk project by Harris County Municipal Utility District No. 346 ("No. 346"). She reminded the Board that the U.S. Army Corps of Engineers ("USACE") sent No. 346 an updated draft of the license agreement in which it accepted some of No. 346's comments but not all. She advised that No. 346 indicated they are reviewing the updated draft. Ms. Blasio followed up on the status of their review but has not received an update.

### **STORM WATER SOLUTIONS REPORT**

Ms. Blasio presented to and reviewed with the Board a Storm Water Management Program dated July 2023 prepared by Storm Water Solutions, 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**

The Board deferred action regarding the Blue Bonnet project, as Director Henry was not in attendance to give an update regarding same.

### **ATTORNEY'S REPORT**

The Board next considered the attorney's report. Ms. Blasio advised she had nothing to report at this time.

**ITEMS FOR PLACEMENT ON FUTURE AGENDA**

The Board considered items for placement on future agendas. No 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 Hunsworth, the meeting was adjourned.

(SEAL)

\_\_\_\_\_  
Secretary  
Board of Directors

677055

DRAFT

**LIST OF ATTACHMENTS TO MINUTES**

- Exhibit A Legislative Summary
- Exhibit B Resolution Authorizing Increase in Fees of Office and Expenses
- Exhibit C Code of Ethics Resolution
- Exhibit D Notice to Purchasers
- Exhibit E Bookkeeper's Report, Unclaimed Property Report 2022, Operating Budget 2024
- Exhibit F Tax Assessor-Collector Report
- Exhibit G Sales and Use Tax Administration Report, prepared by Sales Revenue Inc.
- Exhibit H Operations Report
- Exhibit I Storm Water Management Program dated July 2023

DRAFT