

LONGHORN TOWN UTILITY DISTRICT OF HARRIS COUNTY, TEXAS

Minutes of Meeting of Board of Directors October 6, 2022

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 October 6, 2022, 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, thus constituting a quorum.

Also present were: Justin Jenkins of McCall Gibson Swedlund Barfoot PLLC ("McCall"); Todd Elston of R.G. Miller Engineers, Inc. ("R.G. Miller"); Jordan Griffith of Storm Water Solutions, LP ("SWS"); Miranda Burks of Wheeler & Associates, Inc. ("Wheeler"); Michelle Giacona and Jacob Williams of H2O Innovation ("H2O"); Lisa Rickert and Cara Sliva of Artesian Financial Services, LLC ("Artesian"); 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 September 1, 2022. After review and discussion of the minutes presented, Director Crain moved that the minutes of the Board meeting held on September 1, 2022, be approved, as written. Director Hunsworth seconded said motion, which unanimously carried.

STORM WATER SOLUTIONS

Ms. Griffith presented to and reviewed with the Board a Storm Water Management Program dated October 2022, a copy of which is attached hereto as **Exhibit A**. No action was requested by the Board at this time.

Ms. Griffith exited the meeting at this time.

PUBLIC HEARING REGARDING ADOPTION OF THE DISTRICT'S 2022 TAX RATE

The Board conducted a hearing regarding the imposition of a proposed debt service tax rate and a maintenance tax rate for 2022. It was noted that no members of the public appeared at the hearing. After discussion and upon motion made by Director Crain, seconded by Director Hunsworth and unanimously carried, the hearing was closed.

LEVY OF THE DISTRICT'S 2022 TAX RATE AND ADOPTION OF AN ORDER

The Board then discussed the setting of the 2022 tax rate. Ms. Burks confirmed that the notice had been published in *The Houston Chronicle* in accordance with all legal requirements and as directed at the September Board meeting, and provided an Affidavit of Publication, attached hereto as **Exhibit B**, as confirmation. Ms. Blasio then presented to and reviewed with the Board an updated recommendation regarding the proposed 2022 debt service tax rate and maintenance tax rate prepared by the District's financial advisor, Masterson Advisors, LLC, a copy of which is attached hereto as **Exhibit C**, as requested. After an extensive discussion on the matter, Director Crain moved that: (i) the Board levy a 2022 maintenance tax rate of \$0.26 per \$100 of valuation, resulting in a 2022 total tax rate of \$0.26 per \$100 of valuation; and (ii) the Order Levying Taxes attached hereto as **Exhibit D** be adopted in connection therewith and that the President be authorized to execute and the Assistant Secretary to attest same on behalf of the Board and the District. Director Hunsworth seconded said motion, which carried unanimously.

AMENDMENT TO DISTRICT INFORMATION FORM

Ms. Blasio presented and discussed with the Board an Amendment to the Fourth Amended and Restated District Information Form relative to the District's tax rate. After discussion regarding said amendment, Director Crain moved that the Amendment to the Fourth Amended and Restated District Information Form be approved and that the Board members present be authorized to execute same on behalf of the Board and the District. Director Hunsworth seconded said motion, which carried unanimously.

AUDIT REPORT FOR FISCAL YEAR ENDED JUNE 30, 2022

Mr. Jenkins then presented and reviewed a draft of the District's audit report prepared for the fiscal year ended June 30, 2022, a copy of which is attached hereto as **Exhibit E**. In connection therewith, he presented the Board with a draft Management Letter prepared by McCall, concerning the Board's internal controls over financial reporting (the "Management Letter"), a copy of which is included in **Exhibit E**. Ms. Blasio further discussed the Management Letter with the Board and

discussed the proposed response to same prepared on behalf of the Board and the District, which is included with the Management Letter (the "Management Response"). After discussion, it was moved by Director Crain, seconded by Director Hunsworth and unanimously carried that (i) the audit report for the fiscal year ended June 30, 2022, be approved subject to review and comment of same by SPH, (ii) the President be authorized to execute the Annual Filing Affidavit on behalf of the Board and the District, (iii) such audit report and Annual Filing Affidavit be filed with the appropriate governmental authorities, including the Texas Commission on Environmental Quality, and (iv) the draft Management Response be approved as presented and that same be included in the final Management Letter.

STATUS OF CONTINUING DISCLOSURE REPORT

Ms. Blasio advised the Board that the Continuing Disclosure Report is due to be filed by December 31, 2022, and requested that the Board authorize its filing by the District's disclosure counsel, McCall, Parkhurst, and Horton, L.L.P. ("MPH"), once the District's audit has been filed. After discussion, Director Crain moved that MPH be authorized to file the District's continuing disclosure report once the District's audit has been filed. Director Hunsworth seconded the motion, which carried unanimously.

BOOKKEEPER'S REPORT

Ms. Rickert introduced herself to the Board. Ms. Sliva presented to and reviewed with the Board the bookkeeper's report dated October 6, 2022, a copy of which report is attached hereto as **Exhibit F**, 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 no. 8222, which was voided. Director Hunsworth seconded said motion, which unanimously carried.

A discussion ensued regarding amending the District budget for fiscal year ending June 30, 2023. After further discussion, the Board deferred taking action regarding same at this time.

COMPLIANCE WITH TEXAS GOVERNMENT CODE CHAPTER 2265 RELATIVE TO ENERGY REPORTING

The Board deferred consideration of the District's energy reporting at this time.

REVIEW OF ORDER ESTABLISHING POLICY FOR INVESTMENT OF DISTRICT FUNDS AND APPOINTING INVESTMENT OFFICER

The Board considered the annual review of its Order Establishing Policy for Investment of District Funds and Appointing Investment Officer (the "Investment Policy"), and the adoption of a Resolution in connection therewith. Ms. Blasio presented to and discussed with the Board an amended Investment Policy, and a Resolution Regarding Review of the Investment Policy (the "Resolution"), copies of which are attached hereto as **Exhibit G**. Ms. Blasio discussed the proposed amendments to the District's Investment Policy, including appointing Lisa Rickert of

Artesian as the District's Investment Officer. After discussion on the matter, Director Crain moved that the amended Investment Policy be approved to reflect the proposed changes as discussed, that the Board adopt the Resolution and that the President and Assistant Secretary be authorized to execute the Investment Policy and the Resolution on behalf of the Board and the District. Director Hunsworth seconded said motion, which unanimously carried.

TAX ASSESSOR-COLLECTOR REPORT

Ms. Burks presented to and reviewed with the Board the September 2022 Tax Assessor-Collector report, including the delinquent collections listings, a copy of which is attached hereto as **Exhibit H**. 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.

Ms. Blasio next presented to and reviewed with the Board the September 2022 Sales and Use Tax Administration Report, prepared by Sales Revenue Inc., a copy of said report is attached hereto as **Exhibit I**, 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 October 6, 2022, a copy of which report is attached hereto as **Exhibit J**, and discussed with the Board the matters contained therein. She noted that the District's water accountability for the reporting period was approximately 96.03%.

Ms. Giacona advised the Board that the District is currently on interconnect with Harris County Municipal Utility District No. 216 ("No. 216") in order to supply water to No. 216 due to No. 216 having a line break. It was also noted that the District went on interconnect with Harris County Municipal Utility District No. 345 ("No. 345") briefly for a few hours due to the District's water pressure dropping, but the District obtained a rental pump to address said pressure drop and the interconnect with No. 345 was promptly closed. Ms. Giacona then advised the Board that No. 216 is awaiting parts to fix its break, so will likely stay on interconnect with the District for approximately an additional two (2) weeks until its line break is resolved. No action was required by the Board regarding same at this time.

Ms. Giacona noted that one customer requested a three-month payment plan due to a high

water bill. After discussion, Director Crain moved that the District approve the three (3) month payment plan, as requested. Director Hunsworth seconded the motion, which unanimously carried.

Ms. Giacona advised the Board that H2O discovered a billing error while performing an internal audit of the District's files. She noted that the District amended its Rate Order in April 2022 in connection with an increase in the City of Houston's groundwater reduction plan fees, but H2O failed to implement that change internally, resulting in H2O overbilling the District in the amount of \$7,227. She advised that H2O has submitted a check to the District in the amount of \$7,227 to the District's bookkeeper. No action was required by the Board regarding same at this time.

ENGINEERING REPORT

The Board next considered the Engineer's Report, which Mr. Elston presented verbally. He advised the Board that No. 345 has received bids for the generator at the Wastewater Treatment Plant and award the contract to W-Industries in the total amount of \$312,144. The award letter is attached hereto as **Exhibit K**. The Board concurred with such award. Mr. Elston noted that the District's portion for said generator is expected to be approximately \$160,000.

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 then presented a proposed license agreement provided by U.S. Army Corps of Engineers, a copy of which is attached hereto as **Exhibit L**. The Board deferred taking action 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.

ATTORNEY'S REPORT

The Board next considered the attorney's report. Ms. Blasio advised she had nothing further to discuss with the Board of a legal nature which was not covered elsewhere on the agenda.

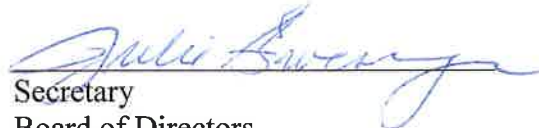
ITEMS FOR PLACEMENT ON FUTURE AGENDA

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 Hunsworth, the meeting was adjourned.




Secretary
Board of Directors

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A Storm Water Management Program dated October 2022
- Exhibit B Notice of Public Hearing on Tax Rate
- Exhibit C 2022 Tax Rate Analysis
- Exhibit D Order Levying Taxes
- Exhibit E Draft Audit Report for FYE 06/30/2022; Management Letter
- Exhibit F Bookkeeper's Report
- Exhibit G Order Establishing Policy for Investment of District Funds and Appointing Investment Officer; Resolution Regarding Review of the Investment Policy
- Exhibit H Tax Assessor-Collector Report
- Exhibit I September 2022 Sales and Use Tax Administration Report
- Exhibit J Operations Report
- Exhibit K Award of Contract of Wastewater Treatment Plant Emergency Generator to W-Industries
- Exhibit L License agreement provided by U.S. Army Corps of Engineers

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