

## **HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 370**

Minutes of Meeting of Board of Directors

January 8, 2024

The Board of Directors of Harris County Municipal Utility District No. 370 met in regular session, open to the public on January 8, 2024, at 1300 Post Oak Boulevard, Suite 2500, Houston, Harris County, Texas, in accordance with the duly posted notice of a public meeting, and the roll was called of the duly constituted members of said Board of Directors, as follows:

Steven G. Reyenga, President  
Harold Cobb, Vice President  
Mike Ecklund, Secretary  
Linda D. Myers, Assistant Secretary  
Chuck Werninger, Assistant Secretary

all of whom were present, thus constituting a quorum.

Also attending the meeting were: Phillip Dautrich of TNG Utility Corp. ("TNG"); Putri Tesalonika and Toto Ontowiryo of Municipal Accounts & Consulting, L.P. ("MAC"); Brian Chovanec of Benchmark Engineering Corporation ("Benchmark"); Nolan Poorbaugh of B&A Municipal Tax Service, LLC ("B&A"); Zach Halbert of Champions Hydro-Lawn, Inc. ("Champions"); Director Chuck Caughey, a member of the Board of Directors of the Lakes on Eldridge North Community LOEN CA, Inc. (the "LOEN CA"); Angie Hartwell of Touchstone District Services, LLC ("Touchstone"); and Gordon Cranner and Melia Berry 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 the Board.

### PUBLIC COMMENTS

The Board deferred consideration of comments from the public, as Mr. Caughey informed the Board that he had nothing to discuss with the Board and was present only to observe.

### APPROVAL OF MINUTES

The Board reviewed the minutes of its meeting held on December 11, 2023. After review and discussion of the minutes presented, Director Ecklund moved that such minutes be approved, as presented. Director Reyenga seconded said motion, which unanimously carried.

### SPECIAL PURPOSE DISTRICT PUBLIC INFORMATION DATABASE

Mr. Cranner next informed the Board that, pursuant to provisions of Chapter 403, Texas Government Code, and Chapter 203, Texas Local Government Code, the District is required to annually submit information to the Texas Comptroller of Public Accounts (the "Comptroller") for inclusion in the Special Purpose District Public Information Database, no later than April 1 of each year. Mr. Cranner recommended that Forvis, LLP ("Forvis"), the District's auditor, be authorized

to prepare and submit the required information. Following discussion, it was moved by Director Reyenga, seconded by Director Myers, and unanimously carried, that Forvis be authorized to prepare the required information and submit same to the Comptroller for inclusion in the Special Purpose District Public Information Database no later than April 1, 2024.

#### DETENTION POND MAINTENANCE AGREEMENT

Mr. Cranner reported on the status of the approval and execution of the Amended and Restated Detention Pond and Landscape Reserve Maintenance Agreement with Villages at Lakepointe ("VAL") (the "Agreement"). Director Werninger said he would contact the Board of Directors of VAL to confirm the status of the approval and execution of the Agreement.

In connection with the proposals from the LOEN CA for the completed landscaping repairs to landscaping damaged during Winter Storm Uri, Mr. Chovanec reported that several of the invoices are not reimbursable by the District. After discussion, the board concurred in the payment of the invoices, once such invoices are reviewed and approved by Benchmark and SPH. The Board further authorized Mr. Cranner to provide the payment instructions to MAC.

#### DETENTION POND AND WATER WELL MAINTENANCE

Mr. Chovanec reminded the Board that based on the dye tests from last month it has been determined that no repairs are needed on the pond located at the main entrance at the southeast corner of Ginder Ponds Drive and Catalina Shores Drive.

#### RESIDENTIAL SOLID WASTE PROPOSALS

Mr. Cranner advised the Board that Texas Pride Disposal has been notified of the District's intent not to renew the current Residential Solid Waste and Recycling Collection Agreement, which will end on February 29, 2024.

The Board next discussed various options to notify customers of the service provider change and the new collection days and the delivery schedule of the new carts and the collection schedule of the old carts. Director Ecklund presented to and reviewed with the Board a proposed Notice to Customers regarding the change in service, a copy of which is attached hereto as **Exhibit A**. After discussion, the Board concurred to revisit the discussion at the February Board meeting and authorized SPH to provide comments to Director Ecklund's proposed Notice to Customers.

#### TAX ASSESSOR-COLLECTOR'S REPORT

Mr. Poorbaugh presented to and reviewed with the Board the Tax Assessor-Collector Report for the period ending December 31, 2023, and the Delinquent Tax Roll as of December 29, 2023, copies of which are attached hereto as **Exhibit B**, including the disbursements presented for payment, as listed therein. Following discussion, it was duly moved by Director Reyenga, seconded by Director Cobb, and unanimously carried, that the Tax Assessor-Collector Report be approved and the disbursements identified therein be authorized for payment.

## DELINQUENT TAX REPORT

Mr. Cranner presented to and reviewed with the Board the Delinquent Tax Report dated January 3, 2024, prepared by Ted A. Cox, P.C. ("Cox"), the District's delinquent tax attorney, a copy of which is attached hereto as **Exhibit C**. It was noted that no Board action was required.

## ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES

Mr. Cranner advised the Board it is authorized pursuant to Section 33.11 of the Tax Code to impose, under certain conditions, an additional penalty not to exceed twenty percent (20%) of the total taxes, penalty and interest due the District on personal property that become delinquent after February 1 of a year and that remain delinquent sixty (60) days after said date, to defray the costs of collection of said delinquent taxes. The Board then considered the adoption of a resolution authorizing such additional penalty. After discussion, it was moved by Director Reyenga, seconded by Director Meyers, and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes, attached hereto as **Exhibit D**, be adopted.

## RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

The Board next considered granting exemptions from taxation for the 2024 tax year. Mr. Cranner 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. He 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 2024, 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 tax year 2024, 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, Director Reyenga moved that: (i) the District not grant a general residential homestead exemption; (ii) the District grant an exemption for persons under a disability or sixty-five years of age or older in the amount of \$10,000 from ad valorem taxes levied by the District during the tax year 2024; and (iii) the Resolution attached hereto as **Exhibit E** relative to same be approved and adopted by the Board and District. Director Cobb seconded said motion, which carried unanimously.

## BOOKKEEPER'S REPORT AND QUARTERLY INVESTMENT REPORT

Ms. Tesalonika presented to and reviewed with the Board the Bookkeeper's Report dated January 8, 2024, a copy of which is attached hereto as **Exhibit F**, including the disbursements presented for payment. Ms. Tesalonika additionally presented the Quarterly Investment Inventory Report for the period ended November 30, 2023, a copy of which is attached to the Bookkeeper's Report. After discussion, it was moved by Director Cobb, seconded by Director Reyenga, and unanimously carried, that the Bookkeeper's Report be approved and the checks presented therein be authorized for payment, and (ii) the Quarterly Investment Inventory Report be approved and the District's Investment Officer be authorized to execute same on behalf of the Board and District.

### RESOLUTION ADOPTING LIST OF QUALIFIED BROKERS

The Board considered adopting a list of qualified brokers authorized to engage in investment transactions with the District. Mr. Cranner advised that, pursuant to the Public Funds Investment Act, the Board is required to review such list at least annually. Mr. Cranner then presented and reviewed with the Board a Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, and a list of financial institutions, brokers and dealers attached thereto, together with a comparison of the list presented to the list previously adopted by the Board, copies of which are attached hereto as **Exhibit G**. Mr. Cranner further noted that the broker list presented is a list of 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 Reyenga moved that: (i) the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District be approved, and (ii) the President and Secretary be authorized to execute same on behalf of the Board and the District. Director Reyenga seconded said motion, which unanimously carried.

### REVIEW OF INTEREST INCURRED ON DISTRICT'S SERIES 2020 UNLIMITED TAX BONDS

The Board concurred to defer the discussion of the engagement of Arbitrage Compliance Specialists to prepare interim rebate reports, track liabilities and monitor the interest earned on the Series 2020 Bonds prior to the District's 5-year arbitrage reporting deadline until later in the meeting.

### AMENDMENT OF DISTRICT'S FISCAL YEAR END 2024 OPERATING BUDGET

Ms. Tesalonika asked the Board to defer the consideration to amend the District's FYE 2024 Operating Budget until a later Board meeting. After discussion the Board concurred with Ms. Tesalonika's request.

### STATUS OF CONTINUING DISCLOSURE REPORT (DUE FEBRUARY 28, 2024)

The Board next deferred consideration of the continuing disclosure report due February 28, 2024 until the February Board meeting.

### DETENTION AND DRAINAGE FACILITIES REPORT

Mr. Halbert next presented to and reviewed with the Board a Detention and Drainage Facilities Report dated January 8, 2024, a copy of which report is attached hereto as **Exhibit H**. There was no action required by the Board on this matter.

Director Werninger exited and re-entered the meeting during the discussion of the Detention and Drainage Facilities Report.

## COMMUNICATIONS REPORT

Ms. Hartwell next presented to and reviewed with the Board the Communications Report for the month of January 8, 2024, a copy of which is attached hereto as **Exhibit I**.

## ENGINEER'S REPORT

Mr. Chovanec's presented to and reviewed with the Board a written Report on Engineering dated January 8, 2024, a copy of which is attached hereto as **Exhibit J** relative to the status of various projects within the District.

Mr. Chovanec next presented to and requested approval for the payment of two pay requests from Champions totaling \$2,103.09 for storm quality maintenance work completed at Turkey Creek in Satsuma Lakes and for maintenance work completed at Turkey Creek in Addicks Reservoir; copies of the pay requests are attached to the Engineer's Report.

In connection with the Board's discussion last month regarding the preparation of a revised Capital Improvement Plan (the "CIP"), Mr. Chovanec reported that Benchmark is preparing a timeline for improvements and will present same at the next Board meeting.

After discussion, Director Reyenga moved that the Report on engineering and all action items listed therein be approved, including the approval of all pay estimates and change orders for District projects and all pay applications for the monthly maintenance of Turkey Creek. Director Myers seconded said motion, which unanimously carried.

## OPERATOR'S REPORT

Mr. Dautrich presented to and reviewed with the Board the Operations and Maintenance Report dated January 8, 2024, a copy of which is attached hereto as **Exhibit K**.

Mr. Dautrich next reported a nitrification problem at ten (10) different locations. TNG will begin flushing at each site tomorrow. He further reported that he will be meeting with representatives of Accu Pressure to discuss the use of pressure sensing hydraulics.

Mr. Dautrich then presented to and reviewed with the Board the Delinquent Accounts Listing (the "Listing") prepared by TNG and noted that the delinquent accounts identified in the Listing will be terminated if payment is not timely received, as per the District's Rate Order; a copy of the Listing is attached to the Operator's Report.

Mr. Dautrich next reported that TNG is continuing to follow-up on all water odor complaints.

## ISSUANCE OF UTILITY COMMITMENTS

The Board deferred consideration of utility commitment requests after noting that no new requests had been received.

## CONSUMER CONFIDENCE REPORT

The Board considered authorizing TNG to provide required information to districts that received water from the District during 2023 by April 1, 2024, in connection with preparation of Consumer Confidence Reports. After discussion on the matter, Director Reyenga moved that the Board authorize TNG to provide the necessary information to districts that received water from the District during 2023 prior to the April 1, 2024, deadline, if necessary. Director Ecklund seconded said motion, which unanimously carried.

## SOLICITATION OF PROPOSALS FOR RENEWAL OF DISTRICT INSURANCE COVERAGES

The Board considered authorizing the solicitation of proposals for renewal of the District's insurance coverages. Mr. Cranner reported that the District's current insurance coverages expire on March 31, 2024, and that the District's current policies were acquired through Arthur J. Gallagher & Co. ("AJG"). Following discussion, it was duly moved by Director Reyenga, seconded by Director Cobb, and unanimously carried, that SPH be authorized to request a renewal proposal for the District's insurance coverages from AJG and to request a proposal from McDonald Wessendorff for the policy term commencing April 1, 2024, for the Board's consideration at its next meeting.

Messrs. Halbert and Dautrich exited the meeting during the discussion of the insurance renewals.

## MATTERS RELATED TO MAY 4, 2024 DIRECTORS ELECTION

Mr. Cranner next reported on issues related to the District's Directors Election (the "Election") to be held on May 4, 2024. In connection therewith, Mr. Cranner presented to and discussed with the Board a memorandum prepared by SPH, a copy of which is attached hereto as **Exhibit L**, regarding administering an independent election or participating in the joint election with Harris County (the "County") if the County offers said services. In connection therewith, Mr. Cranner advised that the County has not yet decided whether it will administer a joint election with other entities. He further advised that due to timing, SPH recommends that the District call an independent election, but also authorize SPH to notify the County of the District's intent to participate in the joint Election if the County subsequently decides to offer joint election services. Following discussion, it was moved by Director Reyenga, seconded by Director Ecklund and unanimously carried that SPH be authorized to notify the County of the District's intent to participate in the joint Election if the County offers joint election services.

## SUPPLEMENTAL AGENDA

The Board next considered calling the Election in accordance with the requirements of the Texas Water Code. In connection therewith, Mr. Cranner discussed the Order Calling Directors Election (the "Order") calling the Election to be held on May 4, 2024. It was noted that the terms of office of Directors Ecklund, Myers and Werninger expire in May of this year. In reviewing the Order with the Board, Mr. Cranner advised that the Texas Water Code and the Texas Election Code authorize the Board to designate an agent to perform certain duties in connection with the

Election, and that the Order names Melia Berry as such agent (the "Election Agent"). Mr. Craner further advised the Board that notice of the Election must be given in accordance with the requirements of the Texas Election Code. Mr. Craner advised the Board that notice of the Election could be given by one or more of the following methods: (i) publishing the notice in a newspaper published in the territory of the District or of general circulation in the District at least ten (10) days before the election, but not more than thirty (30) days before the election; (ii) posting the notice at a public place in each election precinct that overlaps the District at least twenty-one (21) days before the election; or (iii) mailing the notice to each registered voter in the District at least ten (10) days before the election. He further advised that, in addition to the above, notice must be posted on the District's website at least twenty-one (21) days before the election. Following discussion of the options, the Board concurred that notice of the Election be given by posting same at a public place in each election precinct that overlaps the District and on the District's website. After discussion on the matter, Director Reyenga moved that said Order be passed and adopted, that the President and Secretary be authorized to execute the Order, and that the Election Agent be authorized and directed to make necessary arrangements for the Election in accordance with the Order. Director Myers seconded said motion, which unanimously carried. Mr. Craner advised the Board that if each candidate whose name is to appear on the ballot is unopposed as of 5:00 p.m. on February 20, 2024, the Board may thereafter cancel the Election in accordance with the Texas Election Code. The Order Calling Directors Election is attached hereto as **Exhibit M**.

The Board considered the establishment of fees to be paid to officials for the Election. Mr. Craner advised the Board that in accordance with the Texas Election Code, the rate of pay for judges and clerks shall be determined by the Board, but shall not be less than the federal minimum wage rate. After discussion on the matter, Director Reyenga moved that the judges and clerks for the Election, including early voting clerks, be paid \$25.00 per hour. Director Myers seconded said motion, which unanimously carried.

Mr. Craner advised that if the County offers joint election services, the District will need to amend and restate the Order at its next meeting to provide for the conduct of the Election by the County, jointly with elections of other political subdivisions, using County election officials, voting equipment, and polling locations.

#### ATTORNEY'S REPORT

The Board next considered the Attorney's Report. In connection therewith, Mr. Craner then reported the receipt of correspondence from the West Harris County Regional Water Authority (the "WHCRWA") that: (i) the District that it has a right to cast a vote during the 2024 director appointment process for the appointment of director positions for such precincts. After discussion, the Board concurred to decline participating in the appointment of Directors to the WHCRWA Board of Directors to represent Precinct 8; and (ii) the District authorize TNG to complete and submit a 2023 Water Usage Reporting Form (the "Reporting Form") on behalf of the Board and the District prior to March 1, 2024, a copy of the WHCRWA correspondence and Reporting Form are attached hereto as **Exhibit N**. After discussion, Director Reyenga moved to authorize TNG to complete and submit the Reporting Form to the WHCRWA prior to March 1, 2024. Director Cobb seconded said motion, which unanimously carried.

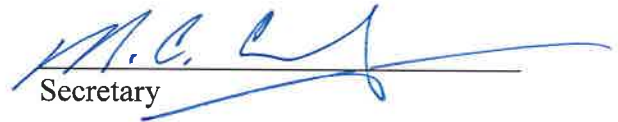
FUTURE AGENDAS

The Board considered items for placement on future agendas. After consideration on the matter, no specific agenda items, other than routine and ongoing matters and those discussed above, were requested.

ADJOURNMENT

There being no further business to come before the Board, upon motion made by Director Reyenga, seconded by Director Meyers, and unanimously carried, the meeting was adjourned.



  
Secretary



## LIST OF EXHIBITS

- Exhibit A Proposed Notice to Customers
- Exhibit B Tax Assessor-Collector Report
- Exhibit C Delinquent Tax Report
- Exhibit D Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes
- Exhibit E Resolution Concerning Exemptions from Taxation
- Exhibit F Bookkeeper's Report and Quarterly Investment Report
- Exhibit G Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District
- Exhibit H Detention and Drainage Facilities Report
- Exhibit I Communications Meeting Report
- Exhibit J Engineer's Report
- Exhibit K Operations and Maintenance Report
- Exhibit L Memorandum regarding Joint Elections with Harris County
- Exhibit M Order Calling Directors Election
- Exhibit N West Harris County Regional Water Authority 2023 Water Usage Reporting Form