

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 36,
OF HARRIS COUNTY, TEXAS**

Minutes of Meeting of Board of Directors
January 11, 2024

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 36, of Harris County, Texas (the "District"), convened in regular session, open to the public, on January 11, 2024, at 12:00 noon, at 1300 Post Oak Boulevard, Suite 2500, Houston, Texas, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Chris Mayeu, President
Gina Angulo, Vice President
Rose Mary Bundscho, Assistant Secretary
Mark Carter, Assistant Secretary

and all of said persons were present, except Director Angulo, thus constituting a quorum.

Also present were Kayla Crigger of Municipal Accounts & Consulting, L.P. ("MAC"); Sherri Greenwood of FORVIS, LLP ("FORVIS"), who entered later in the meeting, as noted herein; Chris Davy of Ad Valorem Appraisals, Inc. ("Ad Valorem"); Keith Arrant and Ryan Vaughan of Municipal Operations & Consulting, Inc. ("MOC"); Eric Johnson of IDS Engineering Group ("IDS"); Steven Mathias, a prospective Director; and Eric Lai and Melanie Walsh 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

There were no comments received from the public.

MINUTES OF MEETING

The Board considered approval of the minutes of its meeting held on November 9, 2023. After review of the draft minutes were presented, Director Bundscho moved that the minutes of the meeting held on November 9, 2023, be approved as revised. Director Carter seconded said motion, which unanimously carried.

ACCEPTANCE OF STATEMENT OF APPOINTED OFFICER, AFFIDAVIT OF CURRENT DIRECTOR, OATH OF OFFICE, OFFICIAL BOND, AND ELECTION NOT TO DISCLOSE CERTAIN INFORMATION

The Board next considered the appointment of a Director to fill the existing vacancy on the Board. In connection therewith, Mr. Mathias presented his Statement of Appointed Officer and Affidavit of Current Director and took his Oath of Office. Mr. Mathias also presented his Official Bond to the Board and the Board found said Bond to be in proper form. After discussion on the matter, it was moved by Director Mayeu, seconded by Director Bundscho and unanimously carried, that the Board approve said Bond, accept said Statement of Appointed Officer, Affidavit of Current Director, and Oath of Office and declare Steven Mathias to be a duly appointed and qualified Director of the District. Director Mathias then participated in the

remainder of the meeting.

Mr. Lai then advised the Board that, pursuant to Section 552.024 of the Texas Government Code, as amended, Directors may elect to withhold public access to certain information in the custody of the District relating to home addresses, home telephone numbers, social security numbers and information regarding family members by submittal of an appropriate disclosure form. In that regard, Mr. Lai presented the Election Not to Disclose Certain Information form ("Election Not to Disclose") submitted by Director Mathias for the District's records. It was then moved by Director Mayeu, seconded by Director Bundscho and unanimously carried, that the Board accept Director Mathias's Election Not to Disclose.

Ms. Greenwood entered the meeting during the above discussion.

ELECTION OF OFFICERS OF THE BOARD OF DIRECTORS

The next item to be considered was the reorganization of the Board, if necessary. The Board considered the election of a Secretary of the Board. After discussion, Director Mathias was nominated as Secretary of the Board. Upon motion made by Director Mayeu, seconded by Director Bundscho and unanimously carried, Director Mathias was elected as Secretary of the Board.

DISTRICT REGISTRATION FORM

The Board next considered approving an updated District Registration Form and the filing of same with the Texas Commission on Environmental Quality (the "TCEQ"). Mr. Lai explained that, in accordance with the Texas Water Code, municipal utility districts are required to file names, mailing addresses, officer positions and terms of new directors with the TCEQ within thirty days after an election or appointment. He advised that, with the Board's approval, SPH will complete the updated District Registration Form to reflect the term of office and mailing address for Director Mathias, and will file the form with the TCEQ. After further discussion of the matter, Director Mayeu moved that the Board authorize SPH to complete the updated District Registration Form as discussed and file same with the TCEQ. Director Bundscho seconded said motion, which unanimously carried.

LOCAL GOVERNMENT OFFICERS LIST

Mr. Lai advised the Board that the District is required to maintain a list of Local Government Officers, which includes the members of the Board and the District's Investment Officers in connection with conflict of interest disclosure requirements. After discussion on the matter, Director Mayeu moved that SPH be authorized to update the District's list of Local Government Officers as required by law. Director Bundscho seconded said motion, which unanimously carried.

DIRECTOR TRAINING REQUIREMENTS

Mr. Lai next discussed with Director Mathias the training requirements for public officials. He advised that public officials, including directors of a municipal utility district, must complete separate training courses regarding the Texas Open Meetings Act ("OMA") and the Texas Public Information Act ("PIA") within ninety (90) days of assuming their official duties. He noted that the Texas Attorney General has prepared an online course which satisfies the training requirements for both the OMA and PIA. Mr. Lai further noted that it is the

responsibility of each Director to ensure that they complete their training by the applicable deadline.

DISCUSSION OF CONFLICTS DISCLOSURE REPORTING REQUIREMENTS

Mr. Lai next presented a Memorandum prepared by SPH and a questionnaire regarding conflict of interest disclosure reporting and discussed same with Director Mathias. Director Mathias presented his completed conflict of interest questionnaire.

BOOKKEEPER'S REPORT

Ms. Crigger presented to and reviewed with the Board a Bookkeeper's Report dated January 11, 2024, including checks presented for payment, a copy of which is attached hereto as **Exhibit A**. Ms. Crigger additionally presented to and reviewed with the Board a Quarterly Investment Inventory Report ("Investment Report"), prepared by MAC, for the reporting period ended September 30, 2023, a copy of which is included in the Bookkeeper's Report. Director Mayeu then recommended that MAC investigate opportunities to transfer a portion of the District's assets currently held in a money market fund with Texas Class into certificates of deposit. Following discussion, it was moved by Director Bundscho, seconded by Director Carter, and unanimously carried, that: (i) the Bookkeeper's Report be approved and the disbursements identified therein be approved for payment, including additional check no. 6797 payable to Director Mathias for his fees of office for today's Board meeting; (ii) the Investment Report be approved and the District's Investment Officer be authorized to execute same on behalf of the Board and the District; and (iii) MAC be authorized to investigate opportunities to transfer District funds into certificates of deposit with a 5.25% interest rate or higher and to communicate with Director Mayeu for approval prior to the transfer of any funds.

RESOLUTION ADOPTING LIST OF QUALIFIED BROKERS AUTHORIZED TO ENGAGE IN INVESTMENT TRANSACTIONS WITH DISTRICT

The Board considered adopting a list of qualified brokers authorized to engage in investment transactions with the District. In connection therewith, Mr. Lai advised that, pursuant to the Public Funds Investment Act ("PFIA"), the Board is required to review such list at least annually. He then presented to and reviewed with the Board (i) a Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, which includes a list of financial institutions, brokers and dealers attached thereto, and (ii) a comparison of the list proposed for adoption and the list previously adopted by the Board, copies of which are attached hereto as **Exhibit B**. Mr. Lai 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. Following discussion, Director Bundscho moved that: (i) the Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District be approved by the Board and the District, as presented, and (ii) the President and Secretary be authorized to execute same. Director Carter seconded said motion, which unanimously carried.

APPROVAL OF AUDIT REPORT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2023 AND AUTHORIZE EXECUTION OF ANNUAL FILING AFFIDAVIT

The Board considered the approval of the District's Audit Report ("Audit") prepared for the District's fiscal year ended September 30, 2023, and the execution of an Annual Filing

Affidavit in connection therewith. Ms. Greenwood presented to and reviewed with the Board a draft of the Audit prepared for the fiscal year ended September 30, 2023, a copy of which is attached hereto as **Exhibit C**.

Ms. Greenwood then presented the Board with a draft of the Management Representation Letter, as prepared by FORVIS, concerning the Board's internal controls over financial reporting (the "Management Representation Letter"), a copy of which is included in **Exhibit C**. In that regard, Ms. Greenwood advised the Board that the Management Representation Letter is being submitted in connection with the requirements of the Statement on Auditing Standards No. 115, and includes Management's Response to said letter. Ms. Greenwood additionally presented the Board with correspondence prepared by FORVIS, which summarizes various information that FORVIS is required to communicate to the Board as part of its audit of the District's financial statements. A copy of said correspondence is also included in **Exhibit C**.

Following review and discussion of the materials presented, it was moved by Director Bundscho, seconded by Director Carter and unanimously carried, that (i) the Audit for the District's fiscal year ended September 30, 2023, be approved, (ii) the President be authorized to execute the Annual Filing Affidavit on behalf of the Board and the District, and (iii) the Audit, Management Representation Letter and Annual Filing Affidavit be filed with the appropriate governmental authorities, including the Texas Commission on Environmental Quality, as required.

CONTINUING DISCLOSURE REPORT DUE MARCH 31, 2024

The Board next considered authorizing the preparation of the District's annual Continuing Disclosure Report due March 30, 2024. Mr. Lai advised the Board that, once the District's Audit Report for the fiscal year ended September 30, 2023, has been finalized, the District's Continuing Disclosure Counsel, McCall, Parkhurst & Horton L.L.P. ("McCall Parkhurst"), will prepare and file the annual Continuing Disclosure Report with the appropriate repositories prior to the due date of March 30, 2024. After discussion on the matter, it was moved by Director Bundscho, seconded by Director Carter and unanimously carried, that McCall Parkhurst be authorized to prepare the District's annual Continuing Disclosure Report for the fiscal year ended September 30, 2023, and file same with the appropriate repositories prior to the due date of March 30, 2024.

TAX ASSESSOR-COLLECTOR'S REPORT

Mr. Davy presented to and reviewed with the Board a written Tax Collector's Report regarding tax collections within the District for the period November 1, 2023 through December 31, 2023, including a list of bills and charges to be paid out of the District's Tax Account, a copy of which is attached hereto as **Exhibit D**. Following discussion, Director Bundscho moved that the Tax Collector's Report and the disbursements reflected therein be approved, as presented. The motion was seconded by Director Carter and unanimously carried.

DELINQUENT TAX COLLECTIONS REPORT

In connection with the District's delinquent tax collections, Mr. Lai presented to and reviewed with the Board a written Delinquent Tax Report provided by Perdue, Brandon, Fielder, Collins, & Mott, L.L.P., dated December 14, 2023, a copy of which is attached hereto as **Exhibit E**. He noted that there were no items on the report requiring action by the Board at this time.

RESOLUTION AUTHORIZING ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES

The Board considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes. In connection therewith, Mr. Lai advised that the Board is authorized to impose on April 1, 2024, under certain conditions, an additional penalty not to exceed twenty percent (20%) of personal property taxes, penalty and interest due the District on taxes that become delinquent as of February 1, 2024, and remain delinquent sixty (60) days after the date on which they become delinquent. Following discussion, Director Bundscho moved that that the Resolution Adopting an Additional Penalty on Delinquent Personal Property Taxes, attached hereto as **Exhibit F**, be adopted by the Board and District, and that the District's delinquent tax attorney be authorized to collect such delinquent personal property taxes in accordance therewith. Director Carter seconded said motion, which carried unanimously.

EXEMPTIONS FROM TAXATION FOR 2024

The Board considered granting exemptions from taxation for 2024, and the adoption of a Resolution in connection therewith. Mr. Lai outlined for the Board the various tax exemptions provided for under the Texas Constitution and the Texas Tax Code, including for all residential homesteads and for 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. Mr. Lai reminded the Board that, historically, the District has granted a 20% general residential homestead tax exemption, and has not granted any additional residential homestead exemption for those persons under a disability or sixty-five years of age or older. Following discussion, it was moved by Director Bundscho, seconded by Director Carter, and unanimously carried, that the District (i) grant a 20% residential homestead exemption, and (ii) grant an exemption for persons under a disability or sixty-five years of age or older in the amount of \$30,000 from ad valorem taxes levied by the District during the calendar year 2024, and that the Resolution Concerning Exemptions from Taxation reflecting same, which is attached hereto as **Exhibit G**, be approved and adopted by the Board and the District.

SPECIAL PURPOSE DISTRICT PUBLIC INFORMATION DATABASE

Mr. Lai 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 Texas Comptroller of Public Accounts (the "Comptroller") for inclusion in the Special Purpose District Public Information Database. Following discussion, it was moved by Director Bundscho, seconded by Director Carter and unanimously carried, that FORVIS, the District's auditor, be authorized to prepare the required information and submit same to the Comptroller for inclusion in the Special Purpose District Public Information Database.

OPERATIONS REPORT

Mr. Arrant presented to and reviewed with the Board a written Operations Report for the month of November 2023, a copy of which is attached hereto as **Exhibit H**. Mr. Arrant next reported that the District's water accountability for the month of November 2023 was 93%. Mr. Arrant then reported that Accurate Meter & Backflow, LLC ("Accurate") completed testing of approximately 90 commercial water meters measuring 1.5-inches and larger located throughout the District and has identified a number of water meters to be recalibrated, as previously authorized by the Board. After discussion, the Board noted that no action was necessary on its

part in connection with the Operations Report at this time.

CONSUMER CONFIDENCE REPORTS

The Board considered authorizing its operator to provide required information to districts receiving water through an emergency interconnect relative to Consumer Confidence Reports. Mr. Lai explained that, pursuant to Consumer Confidence Report requirements promulgated by the United States Environmental Protection Agency, the District is required to provide by April 1, 2024, a report containing various information regarding the District's water supply to any other water supplier which has received water from the District through an interconnect during 2023. After discussion, Director Mayeu moved that the operator be authorized to provide such information to entities that received water from the District via interconnect in 2023. The motion was seconded by Director Bundscho and carried by unanimous vote.

ENGINEER'S REPORT

The Board next considered the Engineer's Report. In connection therewith, Mr. Johnson presented to and reviewed with the Board a written Engineer's Report dated January 11, 2024, concerning engineering projects within the District, a copy of which is attached hereto as **Exhibit I**. Following review and discussion, it was noted that no action was required by the Board in connection with the Engineer's Report.

REPORT ON THE DISTRICT'S GENERATOR

Director Mayeu advised that he had nothing new to report to the Board at this time in connection with the District's receipt of revenue for operation of the District's generator at its Water Plant.

DEVELOPER REPORT

The Board deferred discussion of the Developer Report, as no developer was present at the meeting.

RENEWAL OF DISTRICT'S INSURANCE COVERAGES AND AUTHORIZE SOLICITATION OF PROPOSALS FOR SAME

The Board considered authorizing solicitation of proposals for renewal of the District's insurance coverages. In connection therewith, Mr. Lai advised the Board that the District's current coverage is with Arthur J. Gallagher & Co. ("AJG") and will expire on March 31, 2024. After discussion, Director Mayeu moved that SPH be authorized to solicit a proposal for renewal of the District's insurance coverage from Gallagher for review and consideration by the Board at its next meeting. Director Bundscho seconded the motion, which unanimously carried.

MATTERS RELATED TO MAY 4, 2024 DIRECTORS ELECTION

Mr. Lai reported on issues related to the District's Directors Election (the "Election") to be held on May 4, 2024. In connection therewith, Mr. Lai presented to and discussed with the Board a memorandum prepared by SPH, a copy of which is attached hereto as **Exhibit J**, 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. Lai advised that the County has decided it will not offer joint election services to political

subdivisions for the May 4, 2024 election. Mr. Lai then further discussed the challenges of administrating an independent election. Following discussion, it was moved by Director Mayeu, seconded by Director Bundscho and unanimously carried, that the District conduct an independent Directors Election.

ATTORNEY'S REPORT

The Board considered the attorney's report. In connection therewith, Mr. Lai advised that he had nothing further of a legal nature to discuss with the Board at this time.

SUPPLEMENTAL AGENDA

The Board next considered calling the Election in accordance with the requirements of the Texas Water Code. In connection therewith, Mr. Lai presented the Order Calling Directors Election (the "Order") attached hereto as **Exhibit K** calling the Election to be held on May 4, 2024. It was noted that the terms of office of Directors Mayeu, Carter and Mathias expire in May of this year. In reviewing the Order with the Board, Mr. Lai 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 named Melanie Walsh as such agent (the "Election Agent"). Mr. Lai further advised the Board that notice of the Election must be given in accordance with the requirements of the Texas Election Code. Mr. Lai 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 Mayeu 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 Bundscho seconded said motion, which unanimously carried. Mr. Lai 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 Board considered the establishment of fees to be paid to officials for the Election. Mr. Lai 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 Mayeu moved that the judges and clerks for the Election, including early voting clerks, be paid \$20.00 per hour. Director Bundscho seconded said motion, which unanimously carried.

CLOSED SESSION

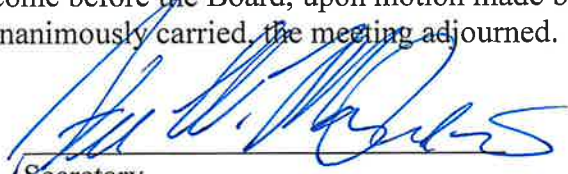
The Board determined that it was not necessary to enter into Closed Session.

FUTURE AGENDA ITEMS

The Board next considered items for placement on future agendas and scheduling of future meetings. Except as may be reflected above, there were no additional agenda items requested other than routine, and ongoing matters.

ADJOURNMENT

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



Secretary,
Board of Directors

(SEAL)

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**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 36,
OF HARRIS COUNTY, TEXAS**

January 11, 2024

LIST OF ATTACHMENTS

- Exhibit A: Bookkeeper's Report; Quarterly Investment Report
- Exhibit B: Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District
- Exhibit C: Draft Audit Report for Fiscal Year Ended September 30, 2023; Management Representation Letter and Board Correspondence prepared by FORVIS, LLP
- Exhibit D: Tax Assessor-Collector Report
- Exhibit E: Delinquent Tax Report
- Exhibit F: Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes
- Exhibit G: Resolution Concerning Exemptions from Taxation
- Exhibit H: Operations Report
- Exhibit I: Engineer's Report
- Exhibit J: Memorandum regarding Independent and Joint Elections with Harris County
- Exhibit K: Order Calling Directors Election

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