

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 370
Minutes of Meeting of Board of Directors
August 12, 2024

The Board of Directors of Harris County Municipal Utility District No. 370 met in regular session, open to the public on August 12, 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, except for Director Cobb and Director Werninger.

Also attending the meeting were: Stephanie Preto, the President of the Lakes on Eldridge North Community LOEN Community Association, Inc. (the "LOEN CA"); Dane Turner of Best Trash, LLP ("Best Trash"); Phillip Dautrich of TNG Utility Corp. ("TNG"); Putri Tesalonika 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"); Robert Garcia of Champions Hydro-Lawn, Inc. ("Champions"); Angie Hartwell and Daenon "Dee" Russell of Touchstone District Services, LLC ("Touchstone"); and Gordon Cranmer and Sabrina Ernst of Schwartz, Page & Harding, L.L.P. ("SPH"). Melissa Vasquez of Forvis Mazars, LLP ("Forvis") entered later during the meeting, as noted herein.

The President called the meeting to order and declared it open for such business as might regularly come before the Board.

PUBLIC COMMENTS

Ms. Preto informed the Board that LOEN CA has been in discussion with Villages at Lakepointe Community Association ("VAL") regarding shared security services. She requested the Board to consider either removing the cap on the amount of funds that LOEN CA and VAL can be reimbursed for security services or increasing the cap amount. After discussion, the Board concurred to defer the matter until the September Board meeting and request that LOEN CA and VAL submit to the Board a proposed cost estimate for the structure and 2025-2026 contracting period prior to the September Board meeting.

APPROVAL OF MINUTES

The Board reviewed the minutes of its meeting held on June 10, 2024. After review and discussion of the minutes presented, Director Reyenga moved that such minutes be approved, as presented. Director Meyers seconded said motion, which unanimously carried.

FINANCIAL ADVISOR'S RECOMMENDATION CONCERNING THE DISTRICT'S PROPOSED 2024 TAX RATE

The Board deferred consideration of a 2024 tax rate recommendation until its next meeting after noting that the Harris Central Appraisal District has not yet released the 2024 certified tax rolls.

DETENTION POND MAINTENANCE AGREEMENT

Mr. Cranner presented to and reviewed with the Board a revised Amended and Restated Detention Pond and Landscape Reserve Maintenance Agreement with VAL (the "Agreement"). He reported receipt of the numbers from VAL required to complete Section 7 of the Agreement pertaining to the initial invoices and noted other revisions to the Agreement. After discussion, Director Ecklund moved to reapprove the Agreement as revised. Director Reyenga seconded the motion, which unanimously carried. A copy of the Agreement is attached hereto as **Exhibit A**.

TAX ASSESSOR-COLLECTOR'S REPORTS

Mr. Poorbaugh presented to and reviewed with the Board the Tax Assessor-Collector Reports for the period ending June 30, 2024, and July 31, 2024, and the Delinquent Tax Rolls as of June 30, 2024, and July 31, 2024, 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 Ecklund, seconded by Director Reyenga, and unanimously carried, that the Tax Assessor-Collector Reports 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 August 6, 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.

OPERATOR'S REPORTS

Mr. Dautrich presented to and reviewed with the Board the Operations and Maintenance Reports dated July 8, 2024, and August 12, 2024, copies of which is attached hereto as **Exhibit D**.

Mr. Dautrich next reported that the smart meters are scheduled to arrive on September 2, 2024, and then discussed the schedule for the installation. He noted that residents will not have access to water for approximately 45 minutes to an hour during the installation of the smart water meters, and that TNG will be in communication with residents regarding the schedule of installation at their properties.

Mr. Dautrich then requested Board authorization to schedule mosquito sprayings in the District.

Mr. Dautrich next requested Board approval to purchase a pressure sensor to install on the District's hydrants in order to better identify any instances of low pressure, in the District. He advised the Board that a cost estimate for the purchase and installation for the sensors will be presented to the Board for consideration at the September Board meeting.

After discussion, it was moved by Director Ecklund, seconded by Director Reyenga and unanimously carried to approve the Operations and Maintenance Reports and, to authorize TNG to schedule mosquito control sprayings.

3M AND DUPONT CLASS ACTION SETTLEMENTS ("PFAS CLASS ACTION LITIGATION")

Mr. Cranner discussed the PFAS class action litigation with the Board. Mr. Cranner informed the Board that SPH, in consultation with TNG, timely filed the required claim form, and will respond to any requests for revision, clarification, or additional information as required.

FIRST AMENDMENT TO RESIDENTIAL SOLID WASTE COLLECTION CONTRACT

Mr. Cranner then presented to and reviewed with the Board a proposed First Amendment to Residential Solid Waste Collection Contract between the District and Best Trash (the "First Amendment") and noted that the First Amendment will be effective as of July 1, 2024. After discussion, Director Reyenga moved to approve the First Amendment as discussed. Director Ecklund seconded said motion, which carried unanimously. A copy of the First Amendment is attached hereto as **Exhibit E**.

Mr. Turner then responded to questions from the Board and complaints from residents related to storm debris collection and grass clipping collection.

Mr. Dautrich exited the meeting and Ms. Vasquez entered the meeting during the discussion of the First Amendment to Residential Solid Waste Collection Contract. Mr. Turner and Ms. Preto exited the meeting following the discussion.

RATE ORDER AMENDMENT

In connection with the approval of the First Amendment, Mr. Cranner recommended the Board consider amending the District's Rate Order to reflect a residential monthly residential sanitary sewer service rate of \$40.33. He presented to and reviewed with the Board a redline of the proposed changes to the Rate Order, a copy of which is attached hereto as **Exhibit F**. After discussion, Director Reyenga moved to amend the District's Rate Order to be effective as of August 1, 2024. Director Ecklund seconded said motion, which carried unanimously. A copy of the Rate Order is attached hereto as **Exhibit G**.

ENGAGEMENT OF AUDITOR

The Board considered the engagement of an auditor to prepare the District's audit report for the fiscal year ending August 31, 2024. In connection therewith, Ms. Vazquez presented to and reviewed with the Board a proposal prepared by Forvis, a copy of which is attached hereto as **Exhibit H**. She then advised that Forvis' fee for conducting the audit and the preparation of said audit report is estimated at \$23,000, plus an administrative fee of \$1,100 to cover items such as report production, copies, postage and delivery charges, and technology related costs. Additionally, a fee ranging from \$2,500 - \$3,000 will be charged for review of a Preliminary Official Statement and Official Statement, reproduction of the audit opinion in the Official Statement, related to any new bond sale during the fiscal year. After discussion on the matter, Director Reyenga moved that Forvis be engaged to prepare the District's audit report for the fiscal year ending August 31, 2024, in accordance with the terms of the proposal presented and that the Texas Ethics Commission Form 1295 related to same be accepted and acknowledged. Director Meyers seconded said motion, which unanimously carried.

BOOKKEEPER'S REPORT AND QUARTERLY INVESTMENT REPORT

Ms. Tesalonika presented to and reviewed with the Board the Bookkeeper's Report dated August 12, 2024, a copy of which is attached hereto as **Exhibit I**, including the disbursements presented for payment. Ms. Tesalonika additionally presented the Quarterly Investment Inventory Report for the period ended May 1, 2024, a copy of which is attached to the Bookkeeper's Report. Ms. Tesalonika next presented to and reviewed with the Board the annual Senate Bill 622 Itemization of Certain Public Notice Expenditures, a copy of which Report is attached to the Bookkeeper's Report. After discussion, it was moved by Director Reyenga, seconded by Director Ecklund, and unanimously carried, that the Bookkeeper's Report be approved and the checks presented therein be authorized for payment.

ADOPTION OF OPERATING BUDGET

The Board considered the adoption of a proposed operating budget for the District's fiscal year ending August 31, 2025, a copy of which is included with **Exhibit J**, prepared by MAC. It was noted that an amended budget for the District's fiscal year ending August 31, 2025 would be presented next month to include the new auditor's fees, and the proposed 2024 tax rate. After discussion on the matter, Director Reyenga moved that the presented budget for the District's fiscal year ending August 31, 2025, be adopted by the Board and District, as presented. Director Ecklund seconded said motion, which unanimously carried.

SURPLUS FUNDS RESOLUTION FOR SMART METER INSTALLATION PROJECT

Mr. Cranner reported that the TCEQ has approved the District's surplus funds resolution to utilize the remaining Series 2022 Unlimited Tax Bonds to reimburse the District's general operations fund for the installation of smart meters.

DETENTION AND DRAINAGE FACILITIES REPORT

Mr. Garcia next presented to and reviewed with the Board a Detention and Drainage Facilities Report dated August 12, 2024, a copy of which report is attached hereto as **Exhibit K**.

Mr. Garcia next presented to and reviewed with the Board: (i) Champions proposal No. 20755 to desilt the channel north of West Little York in the amount of \$14,902.50; (ii) Champions proposal No. 20768 to desilt North Turkey Creek Channel in the amount of \$24,150; and (iii) Champions proposed Annual Maintenance Budget for the 7.3 acre-tract located on North Turkey Creek and the 1.7 acre-tract of Satsuma Lakes Amenity Lakes (collectively, the "Annual Maintenance Budget") in the amount of \$18,230.50. Copies of the two proposals and the proposed Annual Maintenance Budget are attached hereto as **Exhibit L**. Following discussion, Director Reyenga moved to approve Proposal No. 20755 in the amount of \$14,902.50, decline Proposal No. 20768, and approve the Annual Maintenance Budget as presented. Director Ecklund seconded said motion which unanimously carried.

COMMUNICATIONS REPORT

Ms. Hartwell introduced Ms. Russell and informed the Board that Ms. Russell will be the District's consultant beginning next month. She then presented to and reviewed with the Board the Communications Report for the month of August 12, 2024, a copy of which is attached hereto as **Exhibit M**.

Mr. Garcia exited the meeting during the discussion of the Communications Report.

ENGINEER'S REPORT

Mr. Chovanec's presented to and reviewed with the Board a written Report on Engineering dated August 12, 2024, a copy of which is attached hereto as **Exhibit N** 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 \$3,250.59 for storm quality maintenance work completed, copies of the pay requests are attached to the Engineer's Report. After discussion, Director Reyenga moved to approve the two pay requests from Champions totaling \$3,250.59. Director Meyers seconded said motion, which unanimously carried.

ISSUANCE OF UTILITY COMMITMENTS

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

EMERGENCY RESPONSE MEASURES

The Board concurred to remove this item from the agenda as the matter has been addressed.

RECORDS RETENTION

Mr. Cranner presented to and reviewed with the Board a memorandum from SPH, which is attached hereto as **Exhibit O**, regarding the legal requirements to electronically store District records and destroy the paper copies of such records. In this regard, he recommended that the Board approve the Resolution Adopting Records Retention Schedules and Policies and Procedures for Electronic Storage of District Records attached hereto as **Exhibit P** (the "Records Resolution"). After discussion, Director Reyenga moved to approve the Records Resolution. Director Meyers seconded the motion, which unanimously carried.

Mr. Cranner reported that the District's Records Retention Schedules adopted in connection with its Records Management Program require that records of the District be retained only for specific periods of time based on the type of record. As an example, he explained that notes taken during meetings and which are used to prepare the official minutes of Board meetings are to be retained for ninety days after approval of such minutes by the Board. he next presented a request from the Records Management Officer for approval to destroy certain records (which will not be scanned in and stored electronically) in accordance with the District's Records Retention Schedules, a copy of which request is attached hereto as **Exhibit Q** (the "Request"). After discussion, Director Reyenga moved that SPH be authorized to destroy the records described in the Request. Director Meyers seconded said motion, which carried unanimously.

ATTORNEY'S REPORT

The Board next considered the Attorney's Report. In connection therewith, Mr. Cranner then reviewed with the Board correspondence from the Texas Department of Public Safety dated June 26, 2024 regarding potential cyberattacks to water and wastewater sectors, a copy of which is attached hereto as **Exhibit R**. It was noted the Board did not take any action regarding this matter.

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 Ecklund, and unanimously carried, the meeting was adjourned.




Secretary

LIST OF EXHIBITS

- Exhibit A Amended and Restated Detention Pond and Landscape Reserve Maintenance Agreement
- Exhibit B Tax Assessor-Collector Reports
- Exhibit C Delinquent Tax Report
- Exhibit D Operations and Maintenance Reports
- Exhibit E First Amendment to Residential Solid Waste Collection Contract
- Exhibit F Proposed Rate Order Redline
- Exhibit G Rate Order
- Exhibit H Forvis Mazars, L.L.P. Engagement Letter
- Exhibit I Bookkeeper's Report and Quarterly Investment Report
- Exhibit J 2025 Approved Operating Budget
- Exhibit K Detention and Drainage Facilities Report
- Exhibit L Champions Proposal No. 20755, Champions Proposal No. 20768, and Champions Annual Maintenance Budget for the 7.3 acre-tract located on North Turkey Creek and the 1.7 acre-tract of Satsuma Lakes Amenity Lakes
- Exhibit M Communications Meeting Report
- Exhibit N Engineer's Report
- Exhibit O Memorandum Regarding Electronic Storage of District Records
- Exhibit P Resolution Adopting Records Retention Schedules and Policies and Procedures for Electronic Storage of District Records
- Exhibit Q Records Destruction Request
- Exhibit R Correspondence from Texas Department of Public Safety re: Cyber Security