

SPANISH COVE PUBLIC UTILITY DISTRICT

Minutes of Meeting of Board of Directors

January 3, 2023

The Board of Directors ("Board") of Spanish Cove Public Utility District met at 102-A Spanish Cove Dr., Crosby Texas 77532 on January 3, 2023 in accordance with the duly posted notice of said meeting, with the following members present as following:

Eldon Gizinski, President
Doyle Bowers, Vice President
Tommy Curry, Secretary

and the following absent:

David Hilditch, Treasurer
Don Houseley Jr., Director.

Also present were Ms. Debbie Arellano, tax assessor-collector for the District; Ms. Suzanne Villareal, auditor for the District; Mr. John Davis, operator for the District, and Ms. Jennifer B. Seipel, attorney for the District.

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

1. The Board first considered approval of the minutes of the meeting held on December 6, 2022. Upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

2. There was no public comment.

3. Ms. Arellano presented the tax assessor-collector's report, copy attached. The report showed the District's 2022 taxes as being 28.9% collected. The Board also discussed termination of water service to the one remaining unpaid account. Mr. Davis stated that he would do so in accordance with the letter issued to the taxpayer, but he expects payment to be made prior to termination. Upon motion duly made, seconded and unanimously carried, the Board approved the tax assessor-collector's report and the checks listed thereon.

4. It was reported to the meeting that under the provisions of Article VIII, Section 1-b(e) of the Constitution of Texas, the District may exempt from ad valorem taxation by its own action up to twenty percent (20%) of the market value of each residence homestead owned by an adult and taxable by the District for the year 2023, but not producing an exemption of less than \$5,000 when such percentage is applied to a particular homestead. Those present discussed the various points for or against the adoption of the exemption by the District. After the discussion, it was duly moved, seconded and unanimously carried, the Board adopted the attached order providing for a homestead exemption in the amount of twenty percent (20%) of

the market value of residence homesteads for the year 2023.

5. It was further reported to the meeting that under the provisions of Article VIII, Section 1-b of the Constitution of Texas, this District may exempt by its own action not less than \$3,000 of the assessed value of the residence homesteads of persons 65 years of age or older or disabled from all ad valorem taxes thereafter levied by the District. Those present discussed the various points for or against the adoption of the exemption by the District. After the discussion, upon motion duly made, seconded and unanimously carried, the Board adopted the attached Order providing a \$60,000 homestead exemption for residents of the District 65 years of age or older or disabled for the year 2023.

6. Ms. Seipel noted that, for several reasons, including approval of the audit being presented at the meeting, the District must update the transparency report required by Tax Code § 26.18. Upon unanimous vote, the Board authorized the attorney to update the compliance document and post it on the internet.

7. Ms. Villareal approached the Board to review the District's audit for the fiscal year ended September 30, 2022. She stated that her office was issuing a clean opinion for the audit, and the District continues to have healthy fund balances. Subject to that discussion, the Board unanimously approved the audit in substantially the form presented and authorized its filing with all appropriate entities.

8. There was presented the attached Resolution Affirming Review of Investment Policy, Strategies and Objectives. The attorney noted that pursuant to the Public Funds Investment Act, the District is annually required to review its investment policy to assure its compliance with Texas law. The attorney recommended no revisions at this time to the investment policy, and the auditor's report noted no deficiencies with respect to how the District's investments are handled. Upon unanimous vote, the Board adopted the resolution as presented.

9. The Board discussed the required review of the District's investments and qualified brokers list in compliance with Senate Bill 253 and other Texas law. It was noted that the District's investments were in compliance with the list promulgated by the State Comptroller, which is monitored periodically to prevent violations of the law.

10. The Board reviewed the bookkeeper's report, copy attached. Upon motion duly made, seconded and unanimously carried, the Board approved the bookkeeper's report as presented.

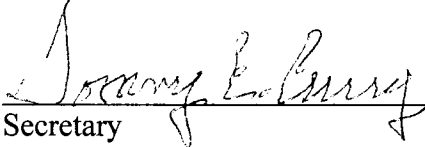
11. Mr. Davis presented the operator's report, copy attached. He reported that he continues to look for internet service for the alarms at the District's well. Subject to that discussion, the Board approved the operator's report as presented.

12. Ms. Seipel then noted that, pursuant to Senate Bill 3 adopted by the Texas State Legislature during the 2021 regular session, the District is required to send its customers a one-time notice related to the rights of customers during "extreme weather emergencies," as defined by the Texas Public Utility Commission. Ms. Seipel stated that these rights include the

right to continued water service and an option to participate in a payment plan. The attorney noted that such deadline for the notice is January 31, 2023, and the operator confirmed that the requisite notice was included in the January bills.

13. The Board then considered its Rate Order. The Board discussed whether to bill its customers on a monthly, rather than quarterly, basis. After some discussion, the Board voted to keep its current billing schedule in place.

There being no further business to come before the Board, the meeting was adjourned.


Secretary