

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 321

July 18, 2023

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 321 (the "District") met in regular session, open to the public, on the 18th day of July, 2023, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2400, Houston, Texas, outside the boundaries of the District, and the roll was called of the members of the Board:

Kimberly Butler	President
Jeff Stein	Vice President
John Vassar	Assistant Vice President
Brad Beauchamp	Secretary
Matthew May	Assistant Secretary

and all of the above were present, except Directors Beauchamp and Vassar, thus constituting a quorum.

Also present at the meeting were: Francine Stefan of Post Oak Municipal Advisors ("POMA"); Mike Terechenok of Pinto Realty Development, Inc. ("PRDI"); Mike Scott of Champions Hydro-Lawn ("Champions"); Drew Tiffany of BGE, Inc. ("BGE"); Marissa Iguess of Myrtle Cruz, Inc. ("MCI"); Howard Wilhite of H2O Innovation; Kristen Scott of Bob Leared Interests ("BLE"); and Robert A. Seale, Sandra Staine, and Alyssa Ollwerther of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENTS

There were no public comments.

APPROVE MINUTES

The Board considered approving the minutes of the June 20, 2023, regular meeting. After review and discussion, Director May moved to approve the minutes as presented. Director Stein seconded the motion, which passed by unanimous vote.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Iguess reviewed the bookkeeper's report, including the investment report and list of checks presented for payment, a copy of which is attached. She reviewed two additional checks: (i) check no. 1386, for Pay Estimate No. 8 in the amount of \$226,433.77, payable to PLD Construction, LLC ("PLD"), noting that this amount has been advanced by PRDI, and (ii) check no. 1387, for payment to Omnicap, in the amount of \$5,000.00, for the preparation of the Arbitrage Rebate Report on the Series

2018 Bonds (the "Report"). Following review and discussion, Director May moved to approve the bookkeeper's report and payment of the bills, including the additional checks. Director Stein seconded the motion, which passed by unanimous vote.

Mr. Seale stated that OmniCap Group LLC has completed the Report. He added that the Report reflects that no yield reduction payment is due to the Internal Revenue Service. After review and discussion, Director May moved to accept the Report and direct that the Report be filed appropriately and retained in the District's official records. Director Stein seconded the motion, which passed by unanimous vote.

BUDGET FOR FISCAL YEAR END SEPTEMBER 30, 2024

Ms. Iguess stated that MCI is continuing to prepare the budget for fiscal year end September 30, 2024.

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Scott reviewed the tax assessor/collector's report, a copy of which is attached. She stated that the District's 2022 taxes were 98.8% collected as of June 30, 2023. After review and discussion, Director May moved to approve the tax assessor/collector's report and the checks presented for payment. Director Stein seconded the motion, which passed by unanimous vote.

RESOLUTION REGARDING DEVELOPMENT STATUS FOR TAX YEAR 2023

The Board generally discussed the District's 2023 tax rate. Mr. Seale discussed the "truth-in-taxation" property tax calculations and tax levy process for water districts and stated that Chapter 49 of the Texas Water Code establishes three main categories for water districts, based on a district's development status and/or tax rate. He reviewed the definitions for each of the three categories and said the Board must annually determine the District's category for that tax year and follow the associated notice and levy provisions in the Texas Water Code.

Discussion ensued regarding the District's development status. After fully considering relevant data, information, and statutory definitions, the Board determined that the District is a Developing District for the 2023 tax year.

Following review and discussion, Director May moved to adopt a Resolution Regarding Development Status for 2023 Tax Year establishing the District as a Developing district for the 2023 tax year, pursuant to Section 49.23603, Texas Water Code, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Stein seconded the motion, which passed unanimously.

OPERATOR'S REPORT

Mr. Wilhite reviewed the operator's report, a copy of which is attached, and discussed operational matters in the District. He stated water accountability for the previous month was 99.01%. Mr. Wilhite reported on a failure from the laboratory used to test the District's facilities.

After review and discussion, Director May approve the operator's report. Director Stein seconded the motion, which passed by unanimous vote.

HEARING ON TERMINATION OF SERVICE

There were no accounts to consider for termination of utility service.

THE CITY OF HOUSTON (THE "CITY") INDUSTRIAL USER PERMITTING MATTERS

Mr. Seale updated the Board on industrial user matters.

MAINTENANCE OF DETENTION PONDS AND DISTRICT FACILITY SITES, INCLUDING PROPOSALS FOR ADDITIONAL WORK

Mr. Scott reviewed the report on the maintenance of detention ponds and District facility sites, a copy of which is attached.

DEVELOPMENT MATTERS

Mr. Terechenok reported on development matters in the District.

ENGINEER'S REPORT

Mr. Tiffany reviewed the engineer's report, a copy of which is attached.

Mr. Tiffany updated the Board on the construction of Greens Crossing Detention Basin Expansion. He reviewed and recommended approval of Pay Estimate No. 8, in the amount of \$226,403.77, payable to PLD. He reported that the detention basin will be maintained by Champions.

Mr. Tiffany updated the Board on the construction of water well no. 3, water well no. 3 driveway, and water well no. 3 water line extension projects.

Mr. Tiffany updated the Board on the status of 2023 Capital Improvement Plan facility improvements and coordination with H2O on same.

Mr. Tiffany reviewed a proposal submitted by BGE for lead and copper rule revision inventory related work, in an amount not to exceed \$30,000.00.

Mr. Tiffany updated the Board on pre-purchase inspection of facilities in connection with bond application no. 11.

After review and discussion, Director May moved to (1) approve the engineer's report; (2) approve Pay Estimate No. 8, in the amount of \$226,403.77, payable to PLD, for the construction of Greens Crossing Detention Basin Expansion; and (3) approve the proposal for lead and copper rule revision inventory related work, in an amount not to exceed \$30,000.00. Director Stein seconded the motion, which carried unanimously.

\$2,950,000 UNLIMITED TAX BONDS, SERIES 2023

APPROVE PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL NOTICE OF SALE

Ms. Stefan reviewed the Preliminary Official Statement and Official Notice of Sale for the District's \$2,950,000 Unlimited Tax Bonds, Series 2023 (the "Series 2023 Bonds") with the Board. Following review and discussion, Director May moved to approve the Preliminary Official Statement and Official Notice of Sale. Director Stein seconded the motion, which passed unanimously.

ENGAGE RATING COMPANY TO PERFORM CREDIT RATING ANALYSIS

The Board considered engaging Moody's Investors Services to perform a credit rating analysis for the Series 2023 Bonds. After review and discussion, Director May moved to engage Moody's Investors Services to perform a credit rating analysis for the Series 2023 Bonds. Director Stein seconded the motion, which passed by unanimous vote.

APPOINT PAYING AGENT/REGISTRAR

The Board discussed appointing The Bank of New York Mellon Trust Company, N.A. as the Paying Agent/Registrar for the Series 2023 Bonds. After review and discussion, Director May moved to appoint The Bank of New York Mellon Trust Company, N.A., as the Paying Agent/Registrar for the Series 2023 Bonds. Director Stein seconded the motion, which passed by unanimous vote.

AUTHORIZE ADVERTISEMENT FOR SALE OF THE SERIES 2023 BONDS AND SCHEDULE BOND SALE

After discussion, Director May moved to authorize advertisement for the sale of the Series 2023 Bonds and schedule the bond sale for August 15, 2023, at 11:00 a.m. Director Stein seconded the motion, which passed unanimously.

ENGAGE AUDITOR TO PREPARE DEVELOPER REIMBURSEMENT REPORT

The Board reviewed an engagement letter from Forvis, LLP (“Forvis”) for preparation of a developer reimbursement report for the Series 2023 Bonds. After review and discussion, Director May moved to engage Forvis to prepare the developer reimbursement report for the Series 2023 Bonds. Director Stein seconded the motion, which passed unanimously.

AUTHORIZE ENGINEER TO REQUEST TEXAS COMMISSION ON ENVIRONMENTAL QUALITY (“TCEQ”) INSPECTION OF FACILITIES

The Board received an update from Mr. Tiffany related to BGE’s efforts to schedule a TCEQ inspection of facilities for projects included to be financed by the Series 2023 Bonds proceeds.

CAPITAL BUDGETS, LETTER FINANCING AGREEMENTS, SITE DEVELOPMENT AGREEMENTS, AND INFRASTRUCTURE WORK LETTER AGREEMENTS

The Board did not take any action on this agenda item.

REPORT REGARDING LEGISLATIVE MATTERS

Mr. Seale reviewed a report prepared by ABHR regarding legislative matters pertaining to the 88th Regular Session of the Texas Legislature.

RESOLUTION ESTABLISHING DIRECTOR FEES OF OFFICE AND DISTRICT REIMBURSEMENT POLICY

Mr. Seale stated that House Bill No. 2815, which became effective on June 18, 2023, sets the maximum water district director fees of office at the per diem amount set by the Texas Ethics Commission for members of the legislature. He noted that, pursuant to House Bill No. 2815, the current maximum amount for director fees of office is \$221.00, and going forward, the maximum amount automatically will be indexed for inflation.

The Board then considered adopting a Resolution Establishing Director Fees of Office and District Reimbursement Policy to reflect that directors’ fees of office shall be paid at the maximum rate allowed by law, noting that this would replace the previously adopted Resolution. After review and discussion, Director May moved to adopt a Resolution Establishing Director Fees of Office and District Reimbursement Policy and direct that the Resolution be filed appropriately and retained in the District’s official records. Director Stein seconded the motion, which passed unanimously.

EXECUTION OF AMENDMENT TO INFORMATION FORM

Mr. Seale reported on legislation passed by the Texas Legislature to update the language for the Notice to Purchasers form that must be provided by persons proposing to sell or convey real property located in a water district. He said water districts that are required to maintain a website or have access to a website under Section 26.18, Tax Code, are also now required to post their Notice to Purchasers on the applicable website. The Board then considered authorizing execution of an Amendment to Information Form reflecting the District's new form of Notice to Purchasers attached thereto. Mr. Seale explained that the District is required to file the Amendment to Information Form in the Official Public Records of Real Property of Harris County and with the Texas Commission on Environmental Quality ("TCEQ"). After review and discussion, Director May moved to authorize execution of the Amendment to Information Form and to authorize filing with Harris County and the TCEQ. Director Stein seconded the motion, which passed unanimously.

MEETING SCHEDULE AND ITEMS FOR INCLUSION ON THE NEXT AGENDA

The Board concurred to hold its next regular meeting on August 15, 2023, at 11:00 a.m., at the offices of ABHR.

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



A handwritten signature in blue ink, consisting of stylized initials.

Secretary, Board of Directors

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