

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 122

Minutes of Meeting of Board of Directors

January 24, 2024

The Board of Directors ("Board") of Harris County Municipal Utility District No. 122 ("District") met in regular session at 1300 Post Oak Boulevard, Suite 2500, Houston, Harris County, Texas on January 24, 2024, in accordance with the duly posted notice of public meeting, and the roll was called of the duly constituted officers and members of said Board of Directors, as follows:

Joycelyn Barnes Reese, President
Ronald F. Bennett, Vice-President
James H. Ragan, Jr., Secretary
John Hoxie, Assistant Secretary
John R. Marshall, Assistant Secretary

all of said persons were present, thus constituting a quorum.

Also present were Patty Rodriguez of Bob Leared Interests, Inc. ("BLI"); Sabrina Alaquinez of Inframark, LLC ("Inframark"); Yaneth Cooper of Municipal Accounts & Consulting, L.P. ("MAC"); Robert Dazey and Rebecca Watkins of Quiddity Engineering LLC ("Quiddity"); and Abraham Rubinsky and Charlotte Griffiths 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 COMMENTS

The Board began by opening the meeting for public comments. There being no comments from the public, the Board continued to the next item of business.

APPROVAL OF MINUTES

The Board considered the review and approval of the minutes of its meeting held on December 20, 2023. After discussion, Director Marshall moved that the minutes of the Board's meeting held on December 20, 2023, be approved, as written. Director Ragan seconded said motion, which carried unanimously.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Rodriguez presented to and reviewed with the Board the Tax Assessor/Collector's Report for the period ended December 31, 2023, which is attached hereto as **Exhibit A**, including the disbursements presented for payment from the Tax Account. After discussion, Director Marshall moved that the Tax Assessor/Collector's Report be approved and the disbursements identified in said report be approved for payment from the Tax Account. Director Hoxie seconded said motion, which unanimously carried.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Mr. Rubinsky 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 calendar 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 Ragan moved that the District (i) grant the residential homestead exemption of 2.38%, but not less than \$5,000, (ii) grant an exemption for persons under a disability or sixty-five years of age or older in the amount of \$7,250.00 from ad valorem taxes levied by the District during the calendar year 2024, and (iii) the Resolution attached hereto as **Exhibit B** relative to same be approved and adopted by the Board and District. Director Hoxie seconded said motion, which carried unanimously.

REPORT AND LEGAL ACTION TAKEN BY THE DISTRICT'S DELINQUENT TAX COLLECTIONS ATTORNEY

Mr. Rubinsky presented to and reviewed with the Board a Delinquent Tax Report received from Perdue, Brandon, Fielder, Collins & Mott, LLP ("PBFCM") dated January 24, 2024, a copy of which is attached hereto as **Exhibit C**. After discussion, Director Marshall moved that Inframark be authorized to terminate water service to the account recommended by PBFCM as identified in the report on January 30, 2024. Director Ragan seconded said motion, which unanimously carried.

RESOLUTION AUTHORIZING AN ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES

The Board considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes. Mr. Rubinsky advised the Board that it is authorized pursuant to Section 33.11 of the Texas Tax Code, as amended, to impose, under certain conditions, an additional penalty not to exceed twenty percent (20%) of the total taxes, penalty and interest due to the District on personal property accounts that become delinquent after February 1 of a year and that remain delinquent sixty (60) days after said date, as more fully described in said Resolution. After discussion, it was moved by Director Ragan, seconded by Director Bennett and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes, which is attached hereto as **Exhibit D**, be adopted by the Board, and that PBFCM be authorized to proceed with the collection of the District's 2024 delinquent personal property accounts following proper notice as provided in said Resolution, including the filing of lawsuits, as necessary.

BOOKKEEPER'S REPORT

Ms. Cooper presented to and reviewed with the Board the Bookkeeper's Report dated January 24, 2024, a copy of which attached hereto as **Exhibit E**. Director Ragan requested that MAC provide the effective dates of the interest rates on various possible types of investments listed in the Bookkeeper's Report as he does not believe the rates reflected are current. Ms. Cooper advised that she would research same and report back to the Board at its next regular meeting. After discussion, Director Marshall moved that the Bookkeeper's Report be approved and the disbursements listed therein be approved for payment, except check no. 10010 be held until the payee's full name is provided. Director Ragan seconded said motion, which unanimously carried.

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. Rubinsky advised that, pursuant to the Public Funds Investment Act and the terms of the District's Investment Policy, the Board is required to review such list at least annually. He presented to and reviewed with the Board the attached 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 submitted and the list previously adopted by the Board, copies of which are attached hereto as **Exhibit F**. Mr. Rubinsky noted that the broker list presented is a list of potential institutions with which the District may engage in investment transactions, and that the list was compiled with the input of the District's Investment Officers, but that it is ultimately the Board's decision as to where the District's funds are actually placed. After discussion, Director Hoxie moved that: (i) the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District be approved by the Board and the District, and (ii) the President and Secretary be authorized to execute said Resolution on behalf of the Board and the District. Director Bennett seconded said motion, which carried with Directors Reese, Bennett, Hoxie and Marshall voting "aye" and Director Ragan abstaining.

SUBMISSION OF DISTRICT INFORMATION TO TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

Mr. Rubinsky reminded the Board that, pursuant to provisions of Chapter 403, Government Code, and Chapter 203, Local Government Code, the District is required to submit certain information to the Texas Comptroller of Public Accounts (the "Comptroller") on an annual basis for inclusion in the Special Purpose District Public Information Database. He then advised the Board that FORVIS, LLP ("Forvis"), the District's auditor, has included this work in its engagement letter previously approved by the Board. He then recommended that Forvis be authorized to prepare and submit the required information on behalf of the District prior to the deadline of April 1, 2024. Following discussion, Director Marshall moved that Forvis be authorized to prepare the required information and submit same to the Comptroller for inclusion in the Special Purpose District Information Database by the applicable deadline. Director Reese seconded said motion, which unanimously carried.

STATUS OF CONTINUING DISCLOSURE REPORT

Mr. Rubinsky reminded the Board that the District's annual continuing disclosure report is due February 29, 2024 and that the Board had authorized Coats Rose, P.C., the District's continuing disclosure counsel, to prepare and file the report with the appropriate entities on behalf of the District by the February 29, 2024 deadline. Mr. Rubinsky noted that SPH would continue to monitor the status of said filing and that no action was required of the Board at this time in connection therewith.

OPERATIONS AND MAINTENANCE REPORT

Ms. Alaquez presented to and reviewed with the Board the Operations and Maintenance Report for the month of December 2023, a copy of which is attached hereto as **Exhibit G**, and discussed with the Board the various matters contained therein. Ms. Alaquez advised the Board that Inframark completed the survey of fire hydrants in the District during the prior month and that she will present their findings to the Board at the next meeting. Ms. Alaquez next reviewed with the Board the delinquent accounts for the prior month. After discussion, Director Ragan moved that Inframark be authorized to pull the meter on account 122-00331-04 with a past due balance totaling \$748.67 if such account is terminated following today's meeting. Director Marshall seconded said motion, which unanimously carried.

AUTHORIZE INFRAMARK TO PROVIDE REQUIRED INFORMATION TO DISTRICTS RECEIVING WATER FROM THE DISTRICT RELATIVE TO CONSUMER CONFIDENCE REPORTS

The Board considered authorizing Inframark to provide certain required information to any district that received water from the District during the 2023 calendar year relative to the annual Consumer Confidence Reports. Mr. Rubinsky 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 during the prior calendar year. After discussion on the matter, it was moved by Director Reese, seconded by Director Marshall and unanimously carried, that Inframark be authorized to provide the required information as set forth hereinabove.

ENGINEERING REPORT

Ms. Watkins presented to and reviewed with the Board a written Engineering Report dated January 24, 2024, a copy of which is attached hereto as **Exhibit H**, relative to the status of engineering and construction projects within the District. Ms. Watkins advised the Board that the Texas Commission on Environmental Quality had pushed the deadline for submittal of the Notice of Intent ("NOI") to be covered by the City of Missouri City's Storm Water Management Plan to February 2025. Therefore, completion of the NOI approved at the last meeting will be postponed. Ms. Watkins noted no action was required by the Board at this time.

RENEWAL OF INSURANCE COVERAGES

Mr. Rubinsky addressed the Board concerning the solicitation of proposals in connection with the renewal of the District's insurance coverages that expire on March 31, 2024. He advised the Board that the District's current insurance broker is Arthur J. Gallagher & Co. and inquired as to whether the Board wished to solicit proposals for insurance coverage from any other companies for review prior to the expiration of the current policies. Following discussion, Director Reese moved that SPH be authorized to solicit written proposals from Arthur J. Gallagher & Co. and McDonald & Wessendorff Insurance for the Board's review and consideration at next month's Board meeting. Director Ragan seconded the motion, which carried unanimously.

DEVELOPER'S REPORT

The Board deferred consideration of the Developer's Report, as no representative of any developer within the District was present at the meeting.

REQUESTS FOR UTILITY COMMITMENTS

Mr. Rubinsky noted that there had been no requests for utility commitments and, therefore, no action is required of the Board at this time in connection with same.

MATTERS RELATED TO MAY 4, 2024 DIRECTORS ELECTION

Mr. Rubinsky reported on issues related to the District's Directors Election (the "Election") to be held on May 4, 2024. In connection therewith, Mr. Rubinsky presented to and discussed with the Board a Memorandum prepared by SPH, a copy of which is attached hereto as **Exhibit I**, regarding independent elections. Mr. Rubinsky advised that Harris County will not offer joint election services to political subdivisions for the May 4, 2024 election and, therefore, the District will hold an independent election. He further discussed the challenges of administering an independent election.

ACCESSIBLE VOTING SYSTEM

Mr. Rubinsky noted that Section 49.111, Texas Water Code, provides an exemption from the requirement to provide certain electronic voting systems at the Election if the District's previous directors election was canceled as uncontested or if fewer than 250 voters voted in the District's previous directors election. Mr. Rubinsky reported that the District is exempt from said requirement because the District's previous directors election was canceled. Following discussion, it was moved by Director Ragan, seconded by Director Hoxie and unanimously carried that SPH be authorized to provide notice of the District's intent not to provide electronic voting systems for said Election by publication in a newspaper of general circulation in an area that includes the District.

SUPPLEMENTAL AGENDA CALLING DIRECTORS ELECTION

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

ATTORNEY'S REPORT

The Board next considered the Attorney's Report. In connection therewith, Mr. Rubinsky presented to and reviewed with the Board correspondence from The GMS Group regarding its annual disclosure requirements pursuant to Municipal Securities Rule Board Rule G-10, a copy of which is attached hereto as **Exhibit K**. After discussion, the Board concurred to formally acknowledge receipt of said disclosure.

Mr. Rubinsky advised he had nothing further of a legal nature that was not covered under another agenda item.

CLOSED SESSION

The Board determined it would not be necessary to enter into Closed Session at this time.

FUTURE AGENDA ITEMS

There were no additional matters requested for placement on the agenda for the Board's next meeting that had not already been discussed.

ADJOURNMENT

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


Secretary

(SEAL)



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List of Attachments to
Harris County Municipal Utility District No. 122
Minutes of Meeting of January 24, 2024

- Exhibit A Tax Assessor-Collector's Report
- Exhibit B Resolution Concerning Exemptions from Taxation
- Exhibit C Delinquent Tax Collections Attorney's Report
- Exhibit D Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes
- Exhibit E Bookkeeper's Report
- Exhibit F Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions, with lists of qualified brokers
- Exhibit G Operator's Report
- Exhibit H Engineer's Report
- Exhibit I Memorandum regarding Independent Elections in Harris County
- Exhibit J Order Calling Directors Election
- Exhibit K Correspondence from The GMS Group regarding MSRB Rule G-10 Disclosure