

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166
Minutes of Meeting of Board of Directors
January 19, 2024

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 166 (the "District") met in regular session, open to the public on January 19, 2024, in accordance with the duly posted Notice of Public Meeting, and the roll was called of the duly constituted officers and members of the Board, as follows:

Richard Love, President
Nano Cox, Vice President
Bill Grzanka, Secretary
Lisa Mendel, Assistant Secretary
Thomas C. Knickerbocker, Assistant Secretary

all of whom were present at the meeting with the exception of Director Grzanka, thus constituting a quorum.

Also attending the meeting were Mirna Bonilla-Odums of Inframark, LLC ("Inframark"); Odett Newman of Bob Leared Interests, Inc. ("BLI"); Eve Blakemore of IDS Engineering Group ("IDS"); Maxwell Lockhart of Municipal Accounts & Consulting, L.P. ("MA&C"); Suzanne Villarreal of McCall Gibson Swedlund Barfoot PLLC ("McCall"); and Eric Lai and Kris Eddlemon 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 the Board.

PUBLIC COMMENTS

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

MINUTES

The Board considered the minutes of its meeting held on December 15, 2023. After discussion, Director Cox moved that the minutes of the December 15, 2023, Board meeting be approved, as written. Director Knickerbocker seconded the motion, which unanimously carried.

AUDIT REPORT

The Board considered the approval of the District's Audit Report ("Report") prepared for the District's fiscal year ended September 30, 2023, and the execution of an audit affidavit in connection therewith. Ms. Villarreal presented and reviewed with the Board a draft of the Report prepared for the fiscal year ended September 30, 2023, a copy of which is attached hereto as **Exhibit A**. Ms. Villarreal then presented and reviewed with the Board the Management

Representation Letter prepared by McCall (the "Management Representation Letter"), a copy of which is included with the Report (**Exhibit A**). After discussion, it was moved by Director Cox, seconded by Director Knickerbocker and unanimously carried, that, subject to incorporation of any appropriate changes resulting from comments received from the District's consultants and the Board, the audit report for the fiscal year ended September 30, 2023, be approved, that the President be authorized to execute the Annual Filing Affidavit on behalf of the Board and the District, and that such audit report and Annual Filing Affidavit be timely filed with the appropriate governmental authorities, including the Texas Commission on Environmental Quality.

CONTINUING DISCLOSURE REPORT

The Board deferred review of the continuing disclosure report, until the next meeting.

TAX ASSESSOR-COLLECTOR REPORT

Ms. Newman presented to and reviewed with the Board the tax assessor-collector report for the month of November 2023, including the disbursements presented therein for payment from the District's tax account. A copy of the report is attached hereto as **Exhibit B**. After discussion, Director Cox moved that the tax assessor-collector report be approved and that the disbursements identified in the report be authorized for payment from the District's tax account. Director Knickerbocker seconded said motion, which unanimously carried.

DELINQUENT TAX COLLECTIONS ATTORNEYS' REPORT

The Board deferred review of the delinquent tax collections attorneys' report after noting that said report is presented on a quarterly basis, and that no report had been prepared for this Board meeting.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Mr. Lai 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 Cox moved that the District (i) grant a residential homestead exemption in the amount of 5%, but in no event less than \$5,000, (ii) grant an exemption for persons under a disability or sixty-five years of age or older from ad valorem taxes levied by the District during the calendar year 2024 in the amount of \$15,000, and (iii) that the Resolution attached hereto as **Exhibit C** relative to same be approved and adopted by the Board and the District. Director Knickerbocker seconded said motion, which carried unanimously.

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. Lai advised that the Board 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 the District on personal property taxes that remain delinquent 60 days after the date on which they become delinquent, which will be February 1, 2024, as more fully described in said Resolution. After discussion, it was moved by Director Cox, seconded by Director Mendel and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes, attached hereto as **Exhibit D**, be passed and adopted by the Board.

BOOKKEEPER'S REPORT

Mr. Lockhart then presented to and reviewed with the Board the Bookkeeper's Report, dated January 19, 2024, including the disbursements presented for payment. A copy of the report is attached hereto as **Exhibit E**. Following discussion, it was moved by Director Cox that the Bookkeeper's Report be approved, and that the disbursements identified in the report be approved for payment with the exception of check no. 7530, which was voided. Director Mendel seconded the motion, which unanimously carried.

RESOLUTION ADOPTING LIST OF QUALIFIED BROKERS

The Board next considered adopting a list of qualified brokers authorized to engage in investment transactions with the District. Mr. Lai advised that pursuant to the Public Funds Investment Act, the Board is required to review, and revise as necessary, such list at least annually. He presented to and reviewed with the Board the 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. Lai further 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. After discussion, Director Knickerbocker moved that 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 the President and Assistant Secretary be authorized to execute same. Director Mendel seconded said motion, which unanimously carried.

ENGINEERING REPORT

Ms. Blakemore next presented to and reviewed with the Board the Engineering Report prepared by IDS relative to the status of various projects within the District, a copy of which report is attached hereto as **Exhibit G**. No action was taken by the Board at this time.

UTILITY COMMITMENT(S)

Mr. Lai next reported that the District has not received any new requests for utility commitments.

DETENTION AND DRAINAGE FACILITIES REPORT

The Board deferred review of a detention and drainage facilities report.

OPERATIONS AND MAINTENANCE REPORT

Ms. Bonilla-Odums 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 H**. She requested that Inframark be authorized to transfer four (4) delinquent accounts listed on the Operations and Maintenance Report totaling \$325.55 to Collections Unlimited for collection purposes. After discussion on the matter, Director Knickerbocker moved that the Board authorize Inframark to transfer said accounts as listed on Inframark's report to Collections Unlimited for collection purposes. Director Cox seconded the motion, which unanimously carried.

CONSUMER CONFIDENCE REPORT

The Board next considered authorizing Inframark to provide required information to districts receiving water through an emergency interconnect relative to Consumer Confidence Reports. Mr. Lai advised the Board 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. After discussion on the matter, Director Cox moved that the Board authorize Inframark to provide the required information as set forth hereinabove. Director Knickerbocker seconded said motion, which carried unanimously.

REPORT BY REPUBLIC SERVICES, INC. ("REPUBLIC")

Mr. Lai advised that pursuant to communications with Ms. Nussa, that there were no service issues to report to the Board on behalf of Republic.

DEVELOPERS' REPORT(S)

The Board noted that no representatives of any District developers were in attendance at the meeting.

AUTHORIZE PREPARATION AND SUBMISSION OF DISTRICT INFORMATION TO TEXAS COMPTROLLER OF PUBLIC ACCOUNTS FOR INCLUSION IN THE 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, Director Cox moved that McCall be authorized to prepare the required information and submit same to the Comptroller for inclusion in the Special Purpose District Public Information Database. Director Knickerbocker seconded the motion, which unanimously carried.

RENEWAL OF DISTRICT INSURANCE POLICIES

The Board next considered authorizing solicitation of proposals for renewal of the District's insurance policies. Mr. Lai advised the Board that the District's current policies are provided through Arthur J. Gallagher & Co. ("AJG") and will expire on March 31, 2024. Following discussion, Director Cox moved that SPH be authorized to solicit a proposal for renewal of the District's insurance coverage from AJG, for review and consideration by the Board at its next meeting. Director Knickerbocker 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, he presented to and discussed with the Board a memorandum prepared by SPH, a copy of which is attached hereto as **Exhibit I**. Mr. Lai advised that Harris County will not offer joint election services to political subdivisions for the May 4, 2024 election, and therefore, the District will have to hold an independent election. He further discussed the challenges of administrating an independent election.

ACCESSIBLE VOTING SYSTEM

Mr. Lai 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. He 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 Cox, seconded by Director Knickerbocker 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

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 J** calling the Election to be held on May 4, 2024. It was noted that the terms of office of Directors Love and Mendel 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 Kris Eddlemon 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. He 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 Cox moved that said Order be passed and adopted, that the President and Assistant 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 Knickerbocker 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 Cox moved that the judges and clerks for the Election, including early voting clerks, be paid \$20.00 per hour. Director Love seconded said motion, which unanimously carried.

ATTORNEY'S REPORT

The Board next considered the attorney's report. Mr. Lai advised that he had nothing to report regarding legal matters other than those items which were previously addressed in the meeting.

EXECUTIVE SESSION

The Board determined it would not be necessary to enter into Closed Session pursuant to Texas Government Code, Section 551.071.

FUTURE AGENDA ITEMS

The Board next considered items for placement on future agendas. No specific agenda items, other than routine and ongoing matters, were requested.

ADJOURNMENT

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


Secretary

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LIST OF EXHIBITS TO MINUTES

- Exhibit A Draft Audit Report
- Exhibit B Tax Assessor Collector's Report
- Exhibit C Resolution Concerning Exemptions From Taxation
- 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 the District
- Exhibit G Engineer's Report
- Exhibit H Operations and Maintenance Report
- Exhibit I Memorandum prepared by Schwartz, Page & Harding, L.L.P.
- Exhibit J Order Calling Directors Election