

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 321

February 18, 2025

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 February, 2025, 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 Olsen	President
Jeff Stein	Vice President
John Vassar	Assistant Vice President
Brad Beauchamp	Secretary
Dane Turner	Assistant Secretary

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

Also present at the meeting were: Brian Krueger of Forvis Mazars, LLP ("Forvis"); Marissa Iguess of Myrtle Cruz, Inc.; Chip Patronella of Champions Hydro-Lawn ("Champions"); Drew Tiffany of BGE, Inc. ("BGE"); Calvin Browne of Municipal District Services ("MDS"); Kristen Scott of Bob Leared Interests ("BLI"); and Robert A. Seale, Rachel Beeton, and Alyssa Peruchini of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENTS

There were no public comments.

APPROVE MINUTES

The Board considered approving the minutes of the December 17, 2024, regular meeting. After review and discussion, Director Beauchamp moved to approve the minutes as presented. Director Stein seconded the motion, which passed by unanimous vote.

AUDIT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2024

Mr. Krueger presented and reviewed a draft audit for the District's fiscal year ended September 30, 2024. Following review and discussion, Director Beauchamp made a motion to approve the audit, subject to final attorney review, and direct that it be filed with the Texas Commission on Environmental Quality and maintained in the District's official records. Director Stein seconded the motion, which carried unanimously.

ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") WINTER CONFERENCE, APPROVE REIMBURSEMENT OF ELIGIBLE EXPENSES, AND AUTHORIZE ATTENDANCE AT SUMMER CONFERENCE

The Board noted that no directors had attended the AWBD winter conference and discussed attendance at the AWBD summer conference. After review and discussion, Director Beauchamp moved authorize all interested directors to attend the AWBD summer conference. Director Stein seconded the motion, which carried by unanimous vote.

ARBITRAGE REBATE REPORT FOR SERIES 2019 BONDS

The Board reviewed the Arbitrage Rebate Report for the District's Series 2019 Bonds, prepared by Omnicap Group LLC. Mr. Seale stated no payment is owed to the Internal Revenue Service.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

The Board reviewed a proposal from Brown & Brown Lone Star Insurance Services ("Brown & Brown") for the renewal of District's insurance policies. Following review and discussion, Director Beauchamp moved to approve the proposal presented by Brown & Brown, for the renewal of the insurance policies and direct that the proposal be filed appropriately and retained in the District's official records. 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. Ms. Iguess reviewed proposed amendments to the District's budget for fiscal year end September 30, 2025, for capital expenditures related to water plant nos. 1 and 2 and the lift station on Ella Boulevard, in connection with the District's Capital Improvement Plan. Following review and discussion, Director Beauchamp moved to (1) approve the bookkeeper's report and payment of the bills; and (2) adopt the amended budget for fiscal year end September 30, 2025. Director Stein seconded the motion, which passed by unanimous vote.

ACCEPT ANNUAL DISCLOSURE STATEMENTS FOR INVESTMENT OFFICER AND BOOKKEEPER

Mr. Seale stated that in accordance with the District's Investment Policy, Ms. Iguess, as the District's bookkeeper and Ms. Mary Jarmon, as the District's Investment Officer, are required to execute Disclosure Statements that disclose any relationships with banks and brokers who seek to sell investments to the District. He added that the

Disclosure Statements will be filed with the Texas Ethics Commission. After review and discussion, Director Beauchamp moved to accept the Disclosure Statements pursuant to the District's Investment Policy and the Public Funds Investment Act and direct that the statements be filed appropriately and retained in the District's official records. Director Stein seconded the motion, which carried unanimously.

CONDUCT ANNUAL REVIEW OF INVESTMENT POLICY AND ADOPT RESOLUTION REGARDING ANNUAL REVIEW OF INVESTMENT POLICY

The Board conducted an annual review of the District's Investment Policy and concurred that no updates were necessary at this time. Following review and discussion, Director Beauchamp moved to adopt a Resolution Regarding Annual Review of Investment Policy reflecting that the current policy will remain in effect and direct that the Resolution be filed appropriately and retained in the District's official records. Director Stein seconded the motion, which passed by unanimous vote.

REVIEW, REVISE, AND ADOPT RESOLUTION ESTABLISHING THE AUTHORIZED DEPOSITORY INSTITUTIONS AND ADOPTING LIST OF QUALIFIED BROKER/DEALERS WITH WHOM THE DISTRICT MAY ENGAGE IN INVESTMENT TRANSACTIONS

Mr. Seale reviewed a Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions. Following review and discussion, Director Beauchamp moved to adopt the Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions and direct that the Resolution be filed appropriately and retained in the District's official records. Director Stein seconded the motion, which passed by unanimous vote.

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 2024 taxes were 92.7% collected as of January 31, 2025. She updated the Board on payment matters related to the aerial photograph of the District and Harris County Municipal Utility District No. 406 ("MUD 406"). After review and discussion, Director Beauchamp 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.

ADOPT RESOLUTION REGARDING DEVELOPMENT STATUS FOR 2025 TAX YEAR

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 Developed District for the 2025 tax year.

Following review and discussion, Director Beauchamp moved to adopt a Resolution Regarding Development Status for 2025 Tax Year establishing the District as a Developed District for the 2025 tax year, pursuant to Section 49.23602, 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 by unanimous vote.

ADOPT RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Mr. Seale presented and reviewed a resolution concerning optional exemptions from taxation, including a general residential homestead exemption and a homestead exemption for disabled persons or persons over 65 years of age. After review and discussion, Director Beauchamp moved to adopt a Resolution Concerning Exemptions from Taxation reflecting that the Board of Directors rejects all of the optional exemptions and to direct that the Resolution be filed appropriately and retained in the District's official records. Director Stein seconded the motion, which passed by unanimous vote.

OPERATOR'S REPORT

Mr. Browne 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 92.61%. Mr. Browne updated the Board on the maintenance of District facilities and customer account matters.

Mr. Browne updated the Board on the opening of the emergency interconnect with Fallbrook Utility District ("Fallbrook UD"), noting that Fallbrook UD has paid back the District in kind for the water previously taken by Fallbrook UD.

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

HEARING ON TERMINATION OF SERVICE

The Board conducted a hearing on the termination of utility service. Mr. Browne reported that the residents on the termination list provided to the Board were mailed written notice prior to the meeting in accordance with the District's Rate Order,

notifying them of the opportunity to appear before the Board to explain, contest, or correct the utility service bill, and to show reason why utility service should not be terminated for reason of nonpayment. Following review and discussion, Director Beauchamp moved that since the residents on the termination list were neither present at the meeting nor had presented any statement on the matter, utility service should be terminated in accordance with the procedures set forth in the District's Rate Order, as appropriate. Director Stein seconded the motion, which passed unanimously.

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

Mr. Seale updated the Board on matters with Buckhead Meat & Seafood.

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

Mr. Patronella reviewed the report on the maintenance of detention ponds and District facility sites, a copy of which is attached. He reviewed a proposal for the repair and installation of certain bollards along the B10 pond, as well as debris removal, in an amount not to exceed \$10,000.00, of which \$5,000.00 would be the District's share, pursuant to the Joint Facilities Agreement between the District and MUD 406. Director Beauchamp moved to (1) approve the report on the maintenance of detention ponds and District facility sites; and (2) approve the proposal for pond B10 improvements, in the total amount not to exceed \$10,000.00, of which \$5,000.00 is the District's share. Director Stein seconded the motion, which carried unanimously.

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 water well no. 3 water line extension project. He reviewed and recommended approval of Pay Estimate Nos. 2 and 3, in the amounts of \$250,175.70 and \$54,971.10, respectively, payable to Bull-G Construction, LLC ("Bull-G").

Mr. Tiffany updated the Board on the construction of water plant no. 1 rehabilitation to ground storage tank nos. 1 and 2 and hydropneumatic tank nos. 1 and 2. He reviewed and recommended approval of Pay Estimate Nos. 2 and 3, in the amounts of \$70,048.53 and \$128,472.30, respectively, payable to D&M Tank, LLC ("D&M"). Next, Mr. Tiffany reviewed and recommended approval of Change Order No. 1 to increase the contract in the amount of \$14,634.00. The Board determined that Change Order No. 1 is beneficial to the District.

Mr. Tiffany updated the Board on the construction of water well no. 3.

Mr. Tiffany distributed and reviewed the capital improvement plan prepared for the District's water and wastewater facilities for 2025-2034.

After review and discussion, Director Beauchamp moved to (1) approve the engineer's report; (2) approve Pay Estimate Nos. 2 and 3, in the amounts of \$250,175.70 and \$54,971.10, respectively, payable to Bull-G, for the construction of water well no. 3 water line extension project; and (3) approve Pay Estimate Nos. 2 and 3, in the amounts of \$70,048.53 and \$128,472.30, respectively, and approve Change Order No. 1 in the amount of \$14,634.00, as an increase to the contract with D&M, based upon the Board's finding that the Change Order is beneficial to the District and the engineer's recommendation, for the construction of water plant no. 1 rehabilitation to ground storage tank nos. 1 and 2 and hydropneumatic tank nos. 1 and 2. Director Stein seconded the motion, which carried unanimously.

DEVELOPMENT MATTERS

There was no update on development matters.

ANNUAL REPORT REGARDING POST-ISSUANCE COMPLIANCE POLICY

Mr. Seale reported on the District's compliance activities during the prior calendar year related to bond financings. He stated that no corrective action is required at this time.

ADOPTION OF COVERED APPLICATIONS POLICY

Mr. Seale discussed legislation enacted by the Texas Legislature that requires all governmental entities to adopt a policy prohibiting the use of certain social media applications and services on government-owned or -leased devices. He stated that a model policy was developed by the Texas Departments of Public Safety and Information Resources for use by governmental entities. He reviewed the proposed Covered Applications Policy with the Board. After review and discussion, Director Beauchamp moved to adopt a Resolution Adopting Covered Applications 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.

MEETING SCHEDULE AND ITEMS FOR INCLUSION ON THE NEXT AGENDA

The Board concurred to hold its next regular meeting on March 18, 2025, 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 black ink, consisting of a stylized 'M' followed by a cursive flourish.

Secretary, Board of Directors

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