

CNP UTILITY DISTRICT
Minutes of Board of Directors Meeting
January 18, 2024

The Board of Directors (“Board”) of CNP Utility District (“District”) met at 3700 Buffalo Speedway, Suite 830, Houston, Texas, on January 18, 2024, in accordance with the duly posted notice of meeting, and the roll was called of the duly constituted officers and members of said Board, as follows:

Renee Granberry, President
Keith Brown, Vice President
Ed Hudson, Secretary
Kirk O’Neal, Asst. Secretary
Gregory Koch, Asst. Secretary

and all said members were present, except Directors Granberry and Koch, thus constituting a quorum.

Also present were Bryan Chapline of Municipal District Services, LLC (“MDS”); Avik Bonnerjee of B&A Municipal Tax Services, LLC (“B&A”); Yaneth Cooper of Municipal Accounts and Consulting, L.P. (“MAC”); Sarah Richard and Ron Anderson of A&S Engineers, Inc. (“A&S”); Phil Halbert of Champions Hydro-Lawn (“Champions”); John Howell of The GMS Group, LLC; Brandon West of Touchstone District Services; Sergeant Labove of Harris County Sherriff’s Office (“HCSO”); Andrew People of Alliance Industrial Company; and David Marks and Brandi Eckersley of Marks Richardson PC.

In absence of the President, the Vice President called the meeting to order and declared it open for such business as might regularly come before it.

As the first order of business, the Board considered questions and comments from the public. Mr. Peoples introduced himself to the Board and stated that the Alliance North Freeway Business Park project is complete.

The Board next considered approval of the minutes of the Board of Directors meeting held on December 21, 2023. After discussion, Director O’Neal moved to approve the minutes of the Board of Directors meeting held on December 21, 2023, as written. Director Hudson seconded the motion, which passed unanimously.

The Board next considered the status of security patrol of the parks. Mr. Marks noted that the Constable reported that all has been quiet in the parks during the month.

The Board next considered the status of the contract patrol services from the HCSO. Sgt. Labove with the HCSO reviewed the contract patrol security stats for the month of December.

The Board next considered the attached report for the month of January from Champions regarding park maintenance and management. Mr. Halbert presented the attached pictures of the east park and the west park and stated that Champions has completed the maintenance per the contract. He stated that Champions received the replacement parts to repair the picnic table and the playground equipment.

Mr. Halbert next presented the attached pictures showing the conditions of the dog parks and soccer fields and stated that Champions has completed the maintenance per the contract.

Mr. Halbert next presented the attached pictures of the Interstate Commerce Center West detention pond and the Urban Southwest detention pond and noted that the fall overseed and fertilization was performed on November 27, 2023, and that the spring overseed and fertilization is scheduled for March/April 2024.

Mr. Halbert next presented pictures of the Cypress Trace Ditch and Cypress Station Reserve "G." He noted that the Cypress Trace Ditch was last serviced on January 2, 2024, and that Reserve "G" was last serviced on January 2, 2024. He stated that the next service for Reserve "G" is scheduled for April 2024.

The Board next considered the review and approval of a proposal for the installation of security cameras at the east and west parks. Mr. Halbert stated that Champions will be meeting at the parks with On-Site Protection, LLC ("On-Site") and Constable Herman on January 24, 2024, to walk the parks. He noted that On-Site will then put together a comprehensive proposal for review by the Board.

Mr. Bonnerjee next presented the attached report relative to the status of collection of taxes for the month of December. He reported that 16.13% of the District's 2023 taxes have been collected through December 31, 2023. After review and discussion of the reports presented, Director Hudson moved to approve the report and to authorize payment on the Tax Account of check nos. 2147 through 2149, inclusive, as identified in the reports. Director Brown seconded the motion, which passed unanimously.

The Board next discussed the status of the District's delinquent tax accounts. Mr. Bonnerjee discussed the attached District's Delinquent Collections Listing as of January 12, 2024, prepared by Ted A. Cox, P.C.

The Board next considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes. Mr. Marks 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 delinquent personal property taxes due to the District that became delinquent on or after February 1 of a year and that remain delinquent sixty (60) days after the date on which they become delinquent. After discussion, Director Hudson made a motion to adopt the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes and to authorize Cox to proceed with the collection of the District's 2024 delinquent personal property accounts following proper notice as provided in the Resolution, including the filing of lawsuits, as necessary. Director Brown seconded the motion, which unanimously carried.

The Board next deferred the status of the sales tax audit being performed by B&A.

The Board next considered a report on the District's water, sanitary sewer and storm sewer systems. Mr. Chapline presented the attached operation and maintenance report for the month of November 2023. He reported that 88.8% of the District's water that had been pumped by the District or supplied to the District by the North Harris County Regional Water Authority ("NHCRWA") had been billed during the month of November. Mr. Chapline further noted that all bacteriological samples were negative and that there were no permit excursions at the District's wastewater treatment plant during the month of December.

Mr. Chapline next reported that there were twenty-one (21) delinquent accounts for the month of December and that no appeal requests were received.

The Board next deferred the approval of an Out-of-District Service Contract with Spring Partners Licensing, LLC.

The Board next deferred the status of the Compliance Supplemental Environmental Project ("SED") in connection with the Proposed Agreed Order from the Texas Commission on Environmental Quality ("TCEQ") after Mr. Chapline stated that the SED is currently at the TCEQ for review.

The Board next considered the status of the NHCRWA. Ms. Richard stated she had nothing new to report.

The Board next considered the engineers' report, including the status of the design work relative to the replacement of the Motor Control Center at Water Plant No. 1. Ms. Richard reported that the design work is ongoing.

The Board next considered the status of the contract with Sustanite Support Services, LLC ("Sustanite") for maintenance and replacement work at the wastewater treatment plant (Phase I). Ms. Richard stated that Sustanite is demolishing the equipment in Clarifier No. 3. She then presented pay application no. 14 in the amount of \$421,798.05 and recommended that the Board approve the payment of same to Sustanite. After discussion, Director Hudson moved to approve pay application no. 14, as set out above. Director Brown seconded the motion, which passed unanimously.

The Board next considered the status of the contract with McDonald Municipal & Industrial for conversion of the generator at Water Plant No. 1 from diesel to natural gas. Ms. Richard stated that the project is complete and can be removed from the agenda.

The Board next considered the status of the contract with W.W. Payton Corporation for the WWTP and WP SCADA System replacement. Ms. Richard stated that the contractor is waiting on additional electrical equipment.

The Board next considered the status of the contract with WWPC for the Water Plant No. 1 Recoating and the Water Plant No. 2 Improvements, including status of the emergency repairs of the booster pumps at Water Plant No. 1. Ms. Richard stated that the final pay application for the project will be presented once the contractor submits the required documents. She previously noted that A&S received approval from the TCEQ relative to the emergency repair of the booster pumps at Water Plant No. 1.

The Board next considered the status of the contract between the developer and ISJ Underground Utilities, LLC (“ISJ”) for construction of the water main extension to serve the Alliance North Freeway Business Park. Ms. Richard stated that the project is complete and that the ICC Detention Pond is in good condition. She then presented pay application no. 1 in the amount of \$413,434.62, pay application no. 2 in the amount of \$26,721.13, pay application no. 3 in the amount of \$3,311.55, pay application no. 4 in the amount of \$70,001.00, and pay application no. 5 (final) in the amount of \$49,274.14, and recommended that the Board concur in the payment of pay applications no. 1 through 5 (final) to ISJ, by the developer. She also presented change order no. 1, which resulted in an increase of \$6,850.00, change order no. 2, which resulted in an increase of \$15,340.14 in the contract amount, change order no. 3, which resulted in an increase of \$7,500.00 in the contract amount, and change order no. 4, which resulted in an increase of \$70,001.00 in the contract amount, the executed Form 1295’s from ISJ, and recommended the Board concur in the approval same and accept the project as complete. After discussion, Director Hudson moved to concur in the approval of pay application nos. 1 through 5 (final) and change order nos. 1 through 4, by the developer, based on a finding by the Board that said change orders were necessary and beneficial to the District, and accept the project as complete, as set out above. Director Brown seconded the motion, which passed unanimously.

The Board next deferred the acceptance of site and/or easement conveyances for facilities constructed or to be constructed for the District.

Ms. Richard next reported on the status of the storm water quality permits. She stated that the Lents Park East and Lents Park West permit renewals are in place and that the next expiration date is October 17, 2024. She stated that the ICC permit renewal is in place and that the next expiration date is June 16, 2024. She also stated that the North 45 Commerce Park permit renewal is in place and that the next expiration date is October 20, 2024.

The Board next considered the status of platting the District’s facilities. Ms. Richard stated that A&S is waiting on survey proposals to proceed with the platting process.

The Board next considered the status of the proposed development in the District. Ms. Richard stated she had nothing new to report.

The Board next deferred the request for the issuance of utility commitments.

The Board next considered the review and approval of a Bond Application Report (“BAR”) relative to the District’s proposed Series 2024 Bonds, approval of an Order Authorizing Application to the Texas Commission on Environmental Quality (“TCEQ”) for Approval of Project and Bonds (“Order”) and authorizing the District’s consultants to file the Application with the TCEQ. Ms. Richard reviewed the draft BAR with the Board. Mr. Howell then reviewed and discussed the attached debt service cash flow analysis and the Rule G-23 letter with the Board. After discussion, Director O’Neal moved to approve the BAR and the Order and authorize the District’s consultants to file the Application with the TCEQ, pending finalization by the consultants. Director Brown seconded the motion, which passed unanimously.

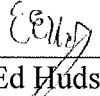
The Board next deferred the approval of a Resolution Authorizing Use of Surplus Construction Funds and Interest Earned on Construction Funds until the next meeting.

The Board next considered the financial and investment reports and invoices presented for payment. Ms. Cooper discussed the attached bookkeeping report, investment inventory report, and bills for payment. After review and discussion of the reports presented, Director Hudson moved to approve the report and to authorize the payment of invoices and wire transfers on the Operating Fund, the Capital Projects Fund at Central Bank, and the Lockbox Account, as identified in the attached report. Director O'Neal seconded the motion, which passed unanimously.

Mr. Marks next advised the Board that requirements in the Public Funds Investment Act require the Board of Directors of the District to review, revise and adopt at least annually a list of qualified brokers authorized to engage in investment transactions with the District. He then reviewed with the Board the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District ("Resolution"), and a list of financial institutions, brokers and dealers attached thereto as Exhibit "A." Mr. Marks recommended to the Board that if any of the directors have a relationship with any of the institutions shown on the list that could create a conflict of interest, then that institution(s) should be deleted from the list that the Board adopts. After discussion, Director O'Neal moved to approve the Resolution. Director Hudson seconded the motion, which passed unanimously.

The Board next considered a report relative to the District's website. Mr. West presented and reviewed the attached Communications Meeting Report with the Board.

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



Ed Hudson, Secretary

LIST OF ATTACHMENTS

January 18, 2024

1. Champions Report – January 2024
2. Tax Assessor Collector Report – December 2023
3. Delinquent Tax Roll
4. Ted Cox Report
5. Resolution Authorizing An Additional Penalty on Delinquent Personal Property Taxes
6. Operation and Maintenance Reports & related correspondence
7. Engineering Report and related correspondence
8. Debt Service Fund Cash Flow
9. Bookkeeping Report
10. Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions
11. Touchstone District Services Report