

MINUTES OF REGULAR MEETING
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102
HARRIS COUNTY, TEXAS

26 September 2016

THE STATE OF TEXAS
COUNTY OF HARRIS

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 102 (the "District") of Harris County, Texas, met in regular session, open to the public, on the 26th day of September, 2016, at the regular meeting place thereof, at 15300 Falmouth, Harris County, Texas, inside the boundaries of the District, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Randal W. Ward	President
Douglas Jordan	Vice President
David Scholler	Secretary/Treasurer
Jason A. Iken	Assistant Secretary
Robert Moorman	Assistant Secretary/Treasurer and Investment Officer

and all of said persons were present with the exception of Director Ward, thus constituting a quorum.

Also present were: Bill Russell of Myrtle Cruz, Inc. the District's Bookkeeper; Cathy Brittain-Drew of Assessments of the Southwest, Inc. ("Assessments"), representing Thomas Lee, the District's Tax Assessor/Collector; David Smalling of Robert W. Baird & Company ("Baird"), the District's Financial Advisor; Debbie Gibson representing McCall Gibson Swedlund Barfoot, PLLC ("McCall"), the District's Auditor; Shannon Waugh of Off Cinco, the District's Webmaster; Dana Hollingsworth of Municipal District Services, L.L.C. ("MDS"), the District's Operator; Mike Kurzy, P.E., of AEI Engineering, L.L.C. ("AEI"), the District's Engineer; Trevor Royal representing Waste Corporation of Texas, L.P. ("WCA"), the District's Solid Waste Collector; and Will Yale and David Green of Coats Rose, P.C. ("Coats Rose"), the District's Attorney.

Director Jordan called the meeting to order.

Approval of Minutes

First, the Board considered approval of the minutes of the meeting of 22 August 2016. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of 22 August 2016, as written.

Public Comments

Next, the Directors reviewed an electronic mail message dated 20 September 2016 from District resident Nancy Johnson regarding the condition of a certain lot owned by the District located west of the District's Water Plant No. 2 in Reserve C in Colonies Commercial, Section 2 (the "District Lot"). A copy of the electronic mail message is attached hereto as an exhibit to these minutes. It was noted by the Board that Ms. Johnson had stated in the electronic mail message that there were certain hazards in the District Lot that had been caused by telecommunications contractors working the area. Ms. Johnson claimed in the electronic mail message that she had injured her ankle when stepping in a rut in the District Lot that had been caused by a contractor's vehicle. A discussion ensued regarding the District Lot. Mr. Yale stated that the District's Attorney had reviewed the District's potential liability with regard to potential injuries sustained by persons falling into ruts in the District Lot. He pointed out to the Board that the property owned by the District in Reserve C, Reserve D, and Reserve E in Colonies Commercial, Section 2, were covered by the District's liability insurance policies. Director Iken remarked that he had observed the ruts in the District Lot. He expressed his view that the ruts appeared to have been caused by a lawnmower, rather than a large vehicle.

Security Patrol Report

The Board then discussed security related issues. Mr. Yale presented the Board with copies of the Security Patrol Report for August 2016 as prepared by the Harris County Sheriff's Department. A copy of the Security Patrol Report is attached hereto as an exhibit to these minutes.

Solid Waste Collection Service

Next, the Directors discussed matters relating to the solid waste collection service (the "Service") being provided in the District by WCA. Mr. Yale distributed to the Board copies of the Monthly Customer Issue Listing for the Service for August 2016, as prepared by WCA. A copy of the Monthly Customer Issue Listing is attached hereto as an exhibit to these minutes.

Disaster Recovery Services / Storm Debris Collection

The Board then discussed matters relating to the Disaster Recovery Services (the "Recovery Services") performed by WCA for the collection of storm debris related to the major flooding event that occurred on 18 April 2016 in portions of Harris County (the "Flooding Event"). Mr. Yale reported that he had discussed with Director Ward the status of the invoices submitted by WCA to the District in the amount of \$212,691.50 in connection with the Recovery Services (the "Invoices"). He stated that Director Ward had proposed that the Board at this time authorize a partial payment (the "Partial Payment") of the Invoices, with payment of the balance of the Invoices to be considered at a future date following the report from the Federal Emergency Management Agency

(called "FEMA") in response to the Request for Public Assistance (the "RPA") that the District's Operator had filed with FEMA earlier this year for reimbursement of the District's costs incurred in response to the Flooding Event that were not covered by the District's insurance policies. In response to a question from Director Iken, Mr. Yale stated that the auditor engaged by FEMA was currently reviewing the District's RPA application, along with the Invoices and other documentation relating to the Recovery Services and repairs to the District's facilities that resulted from the Flooding Event. A discussion ensued regarding the Invoices. Director Moorman expressed his view that the Invoices and documentation provided to date by WCA were not satisfactory. Mr. Yale stated that the Directors could schedule a special meeting of the Board, as deemed necessary, in order to review the Invoices and documentation at length. Director Iken provided the District's Attorney with a list of questions to be presented to WCA with respect to the Invoice and Recovery Services.

After further discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize a Partial Payment to WCA in the amount of \$125,000.

Tax Assessor/Collector's Report

Ms. Brittain-Drew distributed the Tax Assessor/Collector's Report for the month of August 2016, a copy of which is attached hereto as an exhibit to these minutes. She stated that as of 31 August 2016, the District's 2015 tax levy was 98.9% collected. She noted that the District's Tax Account had a balance of \$38,678.91 as of the end of this reporting period (31 August 2016). After deducting the disbursements for payment at today's meeting and adding collections received to date, she added, the District's Tax Account ends with a balance of \$38,360.87. She noted that Assessments was requesting approval for six checks written on the District's tax account, said transfers including the transfer of \$3,302.22 in revenues from the tax for maintenance and operations to the District's Operating Fund.

The Board then reviewed the Unpaid Accounts Report dated 22 September 2016, a copy of which is included in the Tax Assessor/Collector's Report. Then, after review, upon a motion duly made and seconded, the Board voted unanimously to: (1) accept the Tax Assessor/Collector's Report; and (2) authorize payment of the checks listed therein.

Delinquent Tax Attorney's Report

Next, Ms. Brittain-Drew submitted to and reviewed with the Board the Delinquent Tax Attorney's Report dated 26 September 2016, as prepared by Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue"), the District's Delinquent Tax Attorney. A copy of the Delinquent Tax Attorney's Report is attached hereto as an exhibit to these minutes. Ms. Brittain-Drew reported that Perdue had prepared a list of delinquent tax accounts to which water service should be terminated if payment of delinquent taxes is not received by the deadline date (the "Tax Termination List"). After discussion, upon a

motion duly made and seconded, the Board voted unanimously to authorize termination of service to the delinquent tax accounts on the Tax Termination List.

Consider Setting Tax Rate for 2016

Next, the Board discussed the proposed tax rate for the 2016 tax year (the "Tax Rate"). Mr. Smalling submitted to and reviewed with the Board: (1) a letter dated 26 September 2016 from Baird; and (2) a copy of the 2016 Tax Rate Analysis as prepared by Baird. Copies of the aforementioned documents are attached hereto as exhibits to these minutes. Mr. Smalling recommended that the Board consider setting a debt service tax rate of \$0.35 per \$100 of assessed valuation for the 2016 tax year. He noted that a maintenance tax rate of \$0.29 per \$100 of assessed valuation would generate approximately \$1,278,345 in maintenance tax revenue. Mr. Yale then reviewed the procedures that the District would have to follow in setting the 2016 Tax Rate for the District. A discussion ensued regarding the Tax Rate. The Directors expressed their desire to levy a maintenance tax rate of \$0.29 per \$100 valuation.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize publication of the tax rate calculation showing a debt service rate of \$0.35 per \$100 valuation and a maintenance tax rate of \$0.29 per \$100 valuation for a combined tax rate of \$0.64 per \$100 valuation. The Board agreed that the tax rate hearing would be held on 24 October 2016.

Engage Auditor

Ms. Gibson presented to the Directors for their review two proposals from McCall to audit the financial statements of the District, as follows: (1) a proposal to audit the financial statements of the District for the fiscal year ending 30 September 2016 (the "Proposal"); and (2) a proposal to audit the financial statements of the District for each fiscal year, commencing with the fiscal year ending 30 September 2016 (the "Evergreen Proposal"). Copies of the Proposal and Evergreen Proposal are attached hereto as exhibits. A discussion ensued regarding the Proposal and Evergreen Proposal. Ms. Gibson stated that under the Evergreen Proposal, the Board would not be required to authorize McCall to prepare the Annual Financial Report every year. She explained that the Evergreen Proposal would be subject to termination by either McCall or the District, with or without cause, upon 30 days written notice. She pointed out to the Board that the Evergreen Proposal included a provision for the preparation by McCall of Agreed-Upon Procedures Reports in connection with the reimbursement by the District to developers of their eligible development costs. Ms. Gibson estimated the fees to be charged to the District for the audit of the financial statements for the fiscal year ending 30 September 2016 would range from \$14,000 to \$15,500. After discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the Evergreen Proposal. A copy of the Evergreen Proposal as executed by the Board is attached hereto as an exhibit to these minutes.

District Web Site

The Board then discussed matters relating to the District's internet web site (the "Web Site"). Ms. Waugh reported on the status of the transition of the Web Site hosting service from The Texas Network to Off Cinco and the redesign of the Web Site by Off Cinco. She stated that Off Cinco was working to obtain the ".org" internet address for the Web Site. She reviewed with the Directors a draft of the new Web Site. The Directors offered comments regarding the redesign of the Web Site to Ms. Waugh. It was noted by the Board that the Web Site would include an accumulated archive of the agendas for the Board's meetings. Director Iken proposed that the Web Site archive should also include copies of the approved minutes of the Board's meetings, moving forward from this date. The Board agreed. The Directors expressed their desire for the Web Site to include certain information explaining the purpose and function of municipal utility districts.

After further discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize Off Cinco to activate the new Web Site, pending (1) further review and comment from the District's consultants; and (2) acquisition by Off Cinco of the ".org" internet address for the Web Site.

Operator's Report

Next, Ms. Hollingsworth distributed the Operator's Report prepared by MDS for the month of August 2016. She reviewed the Water Production portion of the Operator's Report in detail. Ms. Hollingsworth reported that the District had produced 16,178,000 gallons of water and had purchased 30,776,000 gallons of water from the West Harris County Regional Water Authority (the "Authority") during the period of 15 July through 17 August 2016, with an accountability rate of 96.6%. She reported that the District had provided 3,160,000 gallons of water to Harris County Municipal Utility District No. 250 during the reporting period. The District currently has 3,003 service connections, she told the Board. Then Ms. Hollingsworth reviewed the Wastewater Treatment portion of the Operator's Report. She noted that the District's Wastewater Treatment Plant (the "Plant") operated at 47.1% of design capacity during the August 2016 reporting period, with an average daily flow of 634,000 gallons per day ("gpd").

The Board briefly discussed matters relating to the emergency water interconnection (the "Interconnection" between the District and Harris County Municipal Utility District No. 257 ("HCMUD 257")). Ms. Hollingsworth reported that the District's Operator had estimated that approximately 15,000,000 gallons of water had been supplied through the Interconnection to HCMUD 257 during the past two months. She stated that the water was reportedly used by the contractors working on the extension of Kentwick Drive.

Ms. Hollingsworth reviewed and discussed with the Board the repairs and maintenance performed on the District's water distribution system and wastewater collection system, as listed in the Operator's Report. She reviewed with the Board the

Preventive Maintenance Log for the District's facilities, a copy of which is included with the Operator's Report.

After review, upon a motion duly made and seconded, the Board voted unanimously to accept the Operator's Report, a copy of which is attached hereto and shall be considered to be a part of these minutes.

District Facilities / Flooding Event on 18 April 2016

The Directors then discussed the condition of the Plant, Water Plants Nos. 1 and 2, and the District's wastewater collection system in connection with the Flooding Event. Ms. Hollingsworth reported that the District's Operator had met with FEMA representatives on 8 August 2016 to discuss matters relating to the RPA and was compiling documents for submission to FEMA. She added that MDS was working to complete the filing of the insurance claim with the District's insurance agent for costs incurred relating to the Flooding Event. Ms. Hollingsworth noted that the documentation relating to the Recovery Services performed by WCA was submitted to FEMA on 23 September 2016.

Mr. Yale informed the Board that, in response to a request from FEMA, the District's Attorney had prepared and transmitted to FEMA a letter regarding the District's procurement policy (the "FEMA Letter"). The FEMA Letter, he told the Board, states that the District does not have a written procurement policy but instead follows the rules and regulations promulgated by the Texas Commission on Environmental Quality (the "Commission") with regard to contract procurement. A copy of the FEMA Letter is attached hereto as an exhibit to these minutes.

Lift Station No. 2 / Auxiliary Generator

The Board discussed the replacement of the auxiliary generator (the "Generator") at sanitary sewer Lift Station No. 2 by Neil Technical Services, Corp. ("NTS") as authorized at the Board's meeting on 23 May 2016. Ms. Hollingsworth reported that the replacement Generator and autodialing unit were on order and were expected to be delivered within four weeks.

Survey of Sanitary Sewer Line Manholes

Ms. Hollingsworth reported that the District's Operator was conducting a survey of the manholes on the District's sanitary sewer lines and would present a report at a future meeting of the Board.

Advanced Review of Compliance History

Next, Mr. Yale reviewed with the Board the TCEQ Advanced Review of Compliance History ("ARCH") report, a copy of which is attached hereto as an exhibit to these minutes. He explained that the Commission rates the compliance history of all

organizations under Title 30, Texas Administrative Code, Chapter 60, evaluates the compliance history of each site, and classifies each site as "High," "Satisfactory," "Unsatisfactory," or "Unclassified." He continued that authorized representatives of the regulated entities are able to register and review the entities' compliance histories online and submit comments and requests for corrections to the Commission prior to the information being made public. Mr. Yale noted that registration for the ARCH program is available during the month preceding the annual recalculation of ratings on 1 September of each year. Beginning on 15 September of each year, he told the Board, registered ARCH users can access their compliance history for 30 days and submit comments and requests for corrections. Mr. Yale stated that the District's Attorney had registered as an ARCH user for the District and had forwarded copies of the ARCH reports for the District to the District's Engineer and Operator.

Termination of Service

Consideration was then given to the termination of water and sewer service to certain delinquent accounts. The President recognized Ms. Hollingsworth, who advised the Board that the requisite notifications had been given to each customer and that each customer was advised of the date, time and place of the Board meeting which they could attend to discuss termination of service. The Board noted that there were no customers present to protest the utility billings.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the Operator to terminate the water and sewer service to those accounts listed on the termination list, attached hereto.

Customer Write-Off Report

Ms. Hollingsworth reviewed with the Board the Customer Write-Off Report dated 25 August 2016 as prepared by the District's Operator. A copy of the Customer Write-Off Report is included with the Operations Report. It was noted by the Board that there were three delinquent service accounts in the total amount of \$375.59 that would be written off and turned over to a collection agency. After review, upon a motion duly made and seconded, the Board voted unanimously to write-off the delinquent utility service accounts and direct the District's Operator to engage a collection agency to pursue collection of the amounts owed to the District by the delinquent utility service accounts listed in the Customer Write-Off Report.

Engineer's Report

Next, Mr. Kurzy presented the Engineer's Report for the Board's review. A copy of the Engineer's Report is attached hereto as an exhibit to these minutes.

Maintenance of Detention Ponds

The Directors then discussed matters relating to the maintenance (the "Detention Pond Maintenance") of the detention ponds (the "Detention Ponds") serving Waldron Estates Subdivision and Concord Colony Subdivision, Section 2, by Storm Water Solutions, L.P. (called "SWS"). Mr. Kurzy submitted to and reviewed with the Board the Inspection Report for the Detention Pond Maintenance for September 2016 as prepared by AEI, a copy of which is attached hereto as an exhibit to these minutes. He noted that the storm quality features in both of the Detention Ponds had been cleaned.

Mr. Kurzy then informed the Board that SWS had submitted two Pay Estimates, each in the amount of \$225.37, for the Detention Pond Maintenance. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize payment of the Pay Estimates.

Request for Service / Redeemed Christian Church of God – House of David

Next, the Board discussed matters relating to the request for service from the Redeemed Christian Church of God – House of David (the "Church") in connection with its intent to construct a community center (the "Community Center") in addition to the existing Church facilities in the District. Mr. Kurzy reported that, to date, the District's Engineer had not received the revised plans for the Community Center from the Church's engineer. He added that the District's Engineer had contacted the Church's engineer regarding the status of the plans.

Sanitary Sewer Overflow Initiative

The Directors next discussed the status of the District's participation in the Sanitary Sewer Overflow Initiative (the "SSO Initiative") being promulgated by the Commission. Mr. Kurzy reported that the District's Engineer was continuing work on the annual report to the Commission addressing the progress of the SSO Initiative (the "Annual Report"). He noted that the Annual Report must be submitted to the Commission by January 2017. He stated that information regarding the replacement of the clarifier drive unit at the Plant and the repair work on the District's sanitary sewer system was being included in the Annual Report. Mr. Kurzy stated that the District's Engineer was also compiling information from the televised inspection of certain sanitary sewer lines for inclusion in the Annual Report.

Mr. Kurzy then submitted to and reviewed with the Board a memorandum dated 26 September 2016 from the District's Engineer regarding the status of the SSO Initiative Action Plan. A copy of the memorandum is attached hereto as an exhibit to these minutes.

Proposed Inspection of Sanitary Sewer Lines in Area B – Phase 1

The Board then discussed matters relating to the contract with Magna Flow Environmental ("Magna Flow") to perform the 10-year post-rehabilitation televised inspection of sanitary sewer lines and inspection of manholes in Area B – Phase 1 (the "Area B Inspection"). Mr. Yale submitted for the Board's review a memorandum from the District's Attorney regarding the payment bond and insurance submitted by Magna Flow in connection with the Area B Inspection project. A copy of the memorandum is attached hereto as an exhibit to these minutes. Mr. Yale remarked that the payment bond and insurance submitted by Magna Flow were found to be in order.

Emergency Water Interconnections and Utilities / Adjacent Water Districts

Mr. Kurzy reported that the District's Engineer had completed a preliminary map (the "Map") denoting the location of (1) the District's existing emergency water interconnections with neighboring water districts; and (2) the utility lines for water districts adjacent to the District. Mr. Kurzy stated that he would distribute the Map to the Directors via electronic mail.

Wastewater Discharge Permit Renewal

The Board next discussed the status of the renewal application (the "Application") for the District's discharge permit to be submitted to the Commission by 1 November 2016. Mr. Kurzy reported that the District's Engineer was working to complete the Application and would present same for approval and execution at the Board's meeting on 24 October 2016.

Wastewater Treatment Plant / TPDES Multi-Sector General Permit

Mr. Kurzy then discussed with the Board the status of the District's TPDES Multi-Sector General Permit for stormwater run-off at the Plant site (the "MS4 Permit"). Mr. Kurzy stated that he would present the MS4 Permit at the Board's meeting on 24 October 2016 for approval and execution.

Business Plan and Capital Improvement Plan / Fact Sheet

Mr. Kurzy reported that, in response to a request from Director Moorman, the District's Engineer had updated the Fact Sheet that is included in the District's Business Plan and Capital Improvement Plan. He called the Board's attention to the revised Fact Sheet, a copy of which is included with the Engineer's Report.

Wastewater Treatment Plant / Proposed Conversion to Chlorine Disinfection

Next, the Board discussed matters relating to the proposed conversion of the Plant to a chlorine disinfection system (the "Conversion"). Mr. Kurzy called the Board's attention to a report titled "Disinfection Alternatives Other than UV and Chlorination" as

prepared by the District's Engineer and which is included with the Engineer's Report. He discussed with the Board the relative merits and disadvantages of (1) ozone; (2) peracetic acid; and (3) advanced oxidation processes (peracetic acid followed by ultraviolet or hydrogen peroxide followed by ultraviolet) as possible alternatives to the existing ultraviolet disinfection system at the Plant and the proposed chlorine disinfection system. Mr. Kurzy stated that the District's Engineer was coordinating with the Commission regarding the options for the Conversion. He expressed his view that chlorine disinfection followed by ultraviolet treatment (called "Chlorine-UV") would be the most advantageous disinfection method for the Conversion. He estimated the construction cost for the Conversion to Chlorine-UV at approximately \$500,000.

Bookkeeper's Report

Mr. Russell presented the Bookkeeper's Report, a copy of which is attached hereto and shall be considered to be part of these minutes. He reviewed the District's revenues and expenses for the month of August 2016 as well as the investments for each of the accounts maintained by the District. He reported that the District's Operating Fund checking account began this reporting period with a balance of \$10,391.25 and that there were total receipts of \$352,354.80 during the reporting period, less checks completed at or after the Board's last meeting and other disbursements, resulting in a balance for the Operating Fund checking account of \$359,527.41. Mr. Russell went on to say that this ending balance, as well as investments, less disbursements presented at this meeting, result in the District having total operating funds of \$3,607,033.90 available for the District as of 26 September 2016.

Mr. Russell informed the Board that the District had received a payment of \$16,927.80 from the City of Houston (the "City") for the District's share of sales tax collections during June 2016 pursuant to the Strategic Partnership Agreement with the City for limited purpose annexation of commercial property in the District.

Mr. Russell then reported that the balance of the District's Debt Service Fund, including investments, totals \$434,804.42 and the balance of the District's Capital Projects Fund, including investments, totals \$277,365.74 as of this date. The Board then reviewed: (1) the District's Operating Budget for the fiscal year ending 30 September 2016; (2) the Summary of Costs relating to the District's Series 2014 Bonds; (3) the table listing the District's power consumption and the amount billed to the District; (4) the Schedule of Investments; (5) the balance of deposits paid by developers for legal and engineering fees incurred by the District for their respective projects; and (6) the Pledged Security Report dated 1 September 2016. Copies of these documents are included with the Bookkeeper's Report.

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to: (1) accept the Bookkeeper's Report and (2) authorize payment of the checks listed therein.

Proposed Operating Budget for Fiscal Year ending 30 September 2017

Mr. Russell then reviewed with the Board the proposed Operating Budget for the fiscal year ending 30 September 2017 (the "2017 Budget"). A copy of the 2017 Budget is included with the Bookkeeper's Report. Mr. Russell stated that he would revise the Revenue item for the maintenance tax levied by the District to reflect a maintenance tax rate of \$0.29 for the 2016 tax year as proposed by the Board. After discussion, upon a motion duly made and seconded, the Board voted unanimously to adopt the 2017 Budget, as amended.

Formal Approval / 2016 Rate Schedule for Agreement for Engineering Services

The Directors then considered formal approval of their action at their meeting of 22 August 2016, at which they approved the 2016 Rate Schedule for District Engineering Services for the Agreement for Engineering Services between the District and AEI. After discussion, upon a motion duly made and seconded, the Board voted unanimously to formally approve said action.

Formal Approval / Web Site Service Agreement

Next, the Directors considered formal approval of their action at their meeting of 22 August 2016, at which they approved the Service Agreement between the District and Off Cinco for monthly hosting services for the Web Site. After discussion, upon a motion duly made and seconded, the Board voted unanimously to formally approve said action.

Emergency Water Supply Contract / Harris County Municipal Utility District No. 185

The Board next discussed matters relating to the request from Harris County Municipal Utility District No. 185 ("HCMUD 185") regarding proposed revisions to the Emergency Water Supply Contract dated 17 December 1981 between the District and HCMUD 185, as amended. Mr. Yale reported that the District's Attorney had transmitted the draft Amendment and Restatement of Emergency Water Supply Contract between the District and HCMUD 185 to the attorney for HMCUD 185 for review.

West Harris County Regional Water Authority

Mr. Yale distributed copies of a memorandum from Coats Rose, regarding the 14 September 2016 meeting of the Authority's board of directors. A copy of the memorandum is attached hereto as an exhibit to these minutes.

Power Supply Issues / Public Power Pool

Next, the Directors discussed matters pertaining to the aggregate purchase of electricity under the auspices of the Public Power Pool ("P3"). Mr. Yale distributed copies of a newsletter from P3 dated 13 September 2016, a copy of which is attached hereto.

Attorney's Report

Mr. Yale presented the Attorney's Report.

District Claim / AT&T and CenterPoint Energy

The Board discussed matters relating to the District's claim (the "District Claim") against AT&T, CenterPoint Energy, and certain subcontractors (JR Industrial & Consulting, H&H Utilities, Inc., MJ Sheridan, and GW Communications, hereinafter the "Subcontractors") in connection with damage caused to the District's water supply and sanitary sewer lines. Mr. Yale reviewed with the Board the status of the efforts by the District's Attorney and Operator to settle the District Claim with AT&T, CenterPoint Energy, and the Subcontractors.

Executive Session

The Board went into executive session, pursuant to the Open Meetings Act, Section 551.071, Government Code, at 8:44 p.m. to discuss matters relating to possible litigation. The Board returned to open session at 9:10 p.m.

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




Secretary, Board of Directors

Harris County Municipal Utility District No. 102
Meeting of 26 September 2016
Attachments

1. Email from Nancy Johnson;
2. Security Patrol Report;
3. Customer Issue Listing;
4. Tax Assessor/Collector's Report;
5. Delinquent Tax Attorney's Report;
6. Letter from Robert W. Baird & Company with 2016 Tax Rate Analysis;
7. Proposal from McCall Gibson Swedlund Barfoot, PLLC / audit of annual financial statements;
8. Operator's Report;
9. Coats Rose letter to FEMA;
10. TCEQ Advanced Review of Compliance History;
11. Engineer's Report;
12. Detention Pond Maintenance Report;
13. Memo from AEI / status of SSO Initiative action plan;
14. Coats Rose memo / payment bond and insurance;
15. Bookkeeper's Report;
16. Coats Rose memo / WHCRWA; and
17. P3 Newsletter.