

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

28 November 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 28th day of November, 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, 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; James Coursey 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; Deputy Robert Appleberry of the Harris County Sheriff's Department (the "Sheriff's Department"); and Will Yale and David Green of Coats Rose, P.C. ("Coats Rose"), the District's Attorney.

Director Ward called the meeting to order.

Approval of Minutes

First, the Board considered approval of the minutes of the meeting of 24 October 2016. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of 24 October 2016, as written.

Security Patrol Report

Deputy Appleberry addressed the Board regarding security related issues. A copy of the Security Patrol Report for October 2016 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 Waste Corporation of Texas, L.P. ("WCA"), the District's Solid Waste Collector. Mr. Yale distributed to the Board copies of the Monthly Customer Issue Listing for the Service (the "Issue Listing") for October 2016, as prepared by WCA. A copy of the Issue Listing is attached hereto as an exhibit to these minutes. A discussion ensued regarding the Service. Mr. Yale informed the Board that the District's Attorney was reviewing the Issue Listings for the past two years and was preparing a spreadsheet to categorize the Service issues.

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 recalled that he had spoken with an official at the Federal Emergency Management Agency ("FEMA") regarding the status of 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. Mr. Yale stated that the District's Attorney had recently received verbal confirmation from a FEMA official that a majority of the \$212,691.50 invoiced to the District by WCA for the Recovery Services had been approved for reimbursement.

District Facilities / Flooding Event on 18 April 2016

Mr. Coursey reported that Dana Hollingsworth of MDS had met with FEMA representatives on 17 November 2016 to finalize the RPA. An exit briefing was completed and FEMA will perform a final audit before releasing the reimbursement to the District, he told the Board. He noted that the claims submitted in response to damage to the District's facilities in connection with the Flooding Event totaled \$76,166.44 for the Wastewater Treatment Plant; \$30,800 for Lift Station No. 2; and \$19,521.50 for Water Well No. 4; as well as \$212,691.50 for the Recovery Services.

Tax Assessor/Collector's Report

Ms. Brittain-Drew distributed the Tax Assessor/Collector's Report for the month of October 2016, a copy of which is attached hereto as an exhibit to these minutes. She stated that as of 31 October 2016, the District's 2015 tax levy was 99.2% collected.

She noted that the District's Tax Account had a balance of \$25,642.35 as of the end of this reporting period (31 October 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 \$55,737.61. She noted that Assessments was requesting approval for four checks written on the District's tax account, said checks including the transfer of \$1,389.36 in revenues from the tax for maintenance and operations to the District's Operating Fund.

The Board then reviewed the Unpaid Accounts Report dated 21 November 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.

Operator's Report

Next, Mr. Coursey distributed the Operator's Report prepared by MDS for the month of October 2016. He reviewed the Water Production portion of the Operator's Report in detail. Mr. Coursey reported that the District had produced 6,819,000 gallons of water and had purchased 25,724,000 gallons of water from the West Harris County Regional Water Authority (the "Authority") during the period of 15 September through 15 October 2016, with an accountability rate of 96.1%. He reported that the District had provided 2,929,000 gallons of water to Harris County Municipal Utility District No. 250 during the reporting period. The District currently has 3,001 active service connections, he told the Board. Then Mr. Coursey reviewed the Wastewater Treatment portion of the Operator's Report. He noted that the District's Wastewater Treatment Plant (the "Plant") operated at 48.1% of design capacity during the October 2016 reporting period, with an average daily flow of 581,000 gallons per day ("gpd").

Mr. Coursey 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. He 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.

Water Well Performance Testing

Next, Mr. Coursey reviewed with the Board the Performance Testing Reports dated 24 October 2016 as prepared by G-M Services in connection with testing conducted on 5 October 2016 on the District's Water Well Nos. 1, 2, 4, and 6 (the "Water Wells"). Copies of the Performance Testing Reports are included in the Operator's Report. Mr. Coursey remarked that Water Well No. 6 was operating in good

condition and that Water Well Nos. 1, 2, and 4 appear to be operating in satisfactory condition. A discussion ensued regarding the condition of the Water Wells. It was noted by Board that the static water level in Water Well Nos. 1 and 4 had declined by approximately 20 feet since June 2015.

Wastewater Treatment Plant / E. Coli Summary

Mr. Coursey called the Board's attention to a table that lists the permit excursions at the Plant during 2016 that resulted from grab samples taken from the Plant effluent having an E. Coli count that exceeded the permitted level of 197 colony forming units per milliliter. A copy of the table is included with the Operator's Report. He noted that, to date, there had been nine permits excursions this at the Plant that were related to the E. Coli count.

Insurance Claim / Fire Hydrant

Mr. Coursey mentioned to the Board that the District's Operator had received a payment in the amount of \$4,895.70 in response to a claim filed with the insurance carrier of a motorist whose vehicle had damaged a fire hydrant in the District on 1 August 2016.

Survey of Sanitary Sewer Line Manholes

Mr. Coursey reported on the status of the survey of the manholes on the District's sanitary sewer lines (the "Manhole Survey") being performed by the District's Operator. He noted that, to date, the Manhole Survey was 90% complete. Mr. Coursey added that the District's Operator would present a report on the Manhole Survey at a future meeting of the Board.

Termination of Service

Consideration was then given to the termination of water and sewer service to certain delinquent accounts. The President recognized Mr. Coursey, 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.

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

Next, the Directors 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 November 2016 as prepared by AEI, a copy of which is attached hereto as an exhibit to these minutes.

Mr. Kurzy then informed the Board that SWS had submitted two Pay Estimates, each in the amount of \$225.37, for Detention Pond Maintenance performed during September and October 2016. 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. According to the Church, he continued, the Church's engineer is working to obtain agency approval for the revised 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 Texas Commission on Environmental Quality (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 added that AEI was awaiting certain final information from the District's Operator before the Annual Report would be finalized and transmitted to the Commission.

Televised Inspection of Sanitary Sewer Lines in Area A / Baxter Avenue

The Board discussed the status of the follow-up televised inspection (the "Televised Inspection") of the sanitary sewer line on Baxter Avenue (the "Baxter Line") by CleanServe, LLC (called "CleanServe"). Mr. Kurzy recalled that the Televised Inspection was an alternate item to the contract with CleanServe earlier this year to perform the televised inspection of the sanitary sewer lines in Area A. He then reported that CleanServe had completed the Televised Inspection. Mr. Kurzy remarked that the

video from the Televised Inspection indicated that the application of Razorooter II herbicide in the Baxter Line by Duke's Root Control, Inc. had been very effective, as there was no visible regrowth of tree roots in the Baxter Line.

Mr. Kurzy then reported that CleanServe had submitted Pay Estimate No. 1 and FINAL in the amount of \$3,915.20 in connection with the Televised Inspection. A copy of Pay Estimate No. 1 and FINAL is attached hereto as an exhibit to these minutes. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize payment of Pay Estimate No. 1 and FINAL.

Inspection of Sanitary Sewer Lines in Area B – Phase 1

The Board then discussed matters relating to the contract with Magna-Flow Environmental, Inc. ("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. Kurzy reported that the Notice to Proceed for the Area B Inspection had been issued to Magna-Flow and that work had commenced on 17 October 2016.

Wastewater Treatment Plant / Cleaning of Onsite Lift Station

Mr. Kurzy reported that the District's Engineer was present for the cleaning of the onsite lift station at the Plant (the "Lift Station"). He reviewed with the Board several photographs of the Lift Station, copies of which are included with the Engineer's Report. Mr. Kurzy stated that the District's Engineer would review the findings from the cleaning of the Lift Station and will present a report at a future meeting of the Board.

Water Plant No. 2 Expansion and Improvements

The Directors next discussed the contract with W. W. Payton Corp. ("Payton") for the Water Plant No. 2 Expansion and Improvements (the "Water Plant No. 2 Improvements"). Mr. Kurzy informed the Board that the one-year warranty for the Water Plant No. 2 Improvements (the "Warranty") expired on 29 October 2016. He stated that the District's Engineer conducted an inspection of the Water Plant No. 2 Improvements prior to the expiration of the Warranty and had noted the discoloration of the external coating system on the Elevated Storage Tank at Water Plant No. 2 (the "EST Coating System"). Payton is looking into the condition of the EST Coating System, he told the Board.

Request for Service / 10-acre Tract / Schellite, LLC

Next, the Directors discussed matters relating to the proposed development by Schellite, LLC ("Schellite") of a 10-acre tract located at 6010 Addicks-Satsuma Road (the "Schellite Tract"). Mr. Kurzy reported that AEI had provided the engineer who is responsible for the site design of the proposed improvements on the Schellite Tract with

a copy of the feasibility report that was prepared by the District's Engineer in connection with the request from Schellite for service to the Schellite Tract.

Wastewater Discharge Permit Renewal

Then Mr. Kurzy 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 had submitted the Application to the Commission prior to the deadline date.

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"). He informed the Board that the new MS4 Permit with the requisite documentation had been forwarded to the Commission for review and approval.

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 October 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 \$168,966.15 and that there were total receipts of \$260,228.70 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 \$20,919.13. 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 \$3,378,674.46 available for the District as of 28 November 2016.

Mr. Russell informed the Board that the District had received a payment of \$9,010.97 from the City of Houston (the "City") for the District's share of sales tax collections during August 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 \$435,024.86 and the balance of the District's Capital Projects Fund, including investments, totals \$272,434.61 as of this date. The Board then reviewed: (1) the District's Operating Budget for the fiscal year ending 30 September 2017; (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 31 October 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.

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 attorney for HCMUD 185 was reviewing the Amendment and Restatement of Emergency Water Supply Contract between the District and HCMUD 185.

West Harris County Regional Water Authority

Mr. Yale distributed copies of a memorandum from Coats Rose, regarding the 9 November 2016 meeting of the Authority's board of directors (the "Authority Board"). A copy of the memorandum is attached hereto as an exhibit to these minutes.

Mr. Yale then called the Board's attention to a letter dated 16 November 2016 from the Authority (the "Authority Letter"), a copy of which is attached hereto. He noted that the Authority Board had approved the proposed increase in its groundwater pumpage fee (the "Pumpage Fee") and surface water fee (the "Surface Water Fee") at its meeting on 9 November 2016. Effective 1 January 2017, he continued, the Pumpage Fee will be increased to \$2.45 per 1,000 gallons ("k/gal") of groundwater pumped, and the Surface Water Fee will be increased to \$2.85 per k/gal. A discussion ensued regarding the Pumpage Fee and the Surface Water Fee. The Board then directed the District's Attorney to post the Authority Letter on the District's internet web site (the "Web Site").

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 8 November 2016, a copy of which is attached hereto.

Mr. Yale then submitted for the Board's review the revised Forward Budget Report for the period of January 2016 through December 2019 as prepared by P3 to assist the District in anticipating its future budgetary needs with respect to the cost for electric service. A copy of the revised Forward Budget Report is attached hereto as an exhibit to these minutes.

Landscaping Report

Director Ward reported on the status of landscaping activities in the District. He informed the Board that all of the red tip photinias (the "Photinias") at the Charlestown Colony Lift Station had died, apparently through the application of chemicals by persons unknown. Director Ward stated that he had authorized Venture Landscape Systems, L.L.C., to replace the Photinias at a cost of \$293.

District Web Site

The Board discussed matters relating to the District's Web Site. The Directors expressed their desire for the Web Site to include an internet link to the "Patty Potty / No Wipes in the Pipes" informational video on YouTube.com regarding the proper disposal of personal care products.

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. He reported that the Release and Settlement of Claim Agreement (the "Settlement Agreement") as received from The Hartford, under which the District would be paid \$18,539.40 in connection with the District Claim against JR Industrial & Consulting, had been finalized and transmitted to The Hartford. Mr. Russell confirmed that the District had received a check from The Hartford in the amount of \$18,539.40. Mr. Yale stated that the District Claim against MJ Sheridan was outstanding. He recalled that earlier this year Paul Craig of MJ Sheridan had requested backup documentation to the invoices that were provided by the District's Operator. Mr. Yale stated that the District's Attorney had made unsuccessful attempts to contact Mr. Craig in recent months to discuss this matter. After discussion, the Board directed the District's Attorney to forward a demand letter to MJ Sheridan regarding the District Claim.

Water Well No. 6 Site

The Board briefly discussed matters relating to the remote Water Well No. 6 site (the "Well Site"). Mr. Kurzy confirmed to the Board that the wooden fence (the "Fence") located just outside the Well Site belonged to the District. He noted that the Fence had been repaired.

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





Secretary, Board of Directors
Assistant Secretary

Harris County Municipal Utility District No. 102
Meeting of 28 November 2016
Attachments

1. Security Patrol Report;
2. Monthly Customer Issue Listing;
3. Tax Assessor/Collector's Report;
4. Operator's Report;
5. Engineer's Report;
6. Detention Pond Maintenance Report;
7. Pay Estimate No. 1 and FINAL / CleanServe;
8. Bookkeeper's Report;
9. Coats Rose memo / WHCRWA;
10. Letter from WHCRWA / Groundwater Fee and Surface Water Fee;
11. P3 Newsletter; and
12. P3 Revised Forward Budget Report.