

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

7 August 2017

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 special session, open to the public, on the 7th day of August, 2017, 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: Dana Hollingsworth of Municipal District Services, L.L.C., the District's Operator; Mike Kurzy, P.E., of AEI Engineering, L.L.C., the District's Engineer; David Smalling of Robert W. Baird & Company ("Baird"), the District's Financial Advisor; Will Yale, and David Green of Coats Rose, P.C. ("Coats Rose"), the District's Attorney; and Neysha Theys and Frank Wisniewski, residents of the District).

Director Ward called the meeting to order.

Review of Proposed Capital Improvement Projects

The Board conducted a review of proposed capital improvement projects in the District and discussed the possible future bond sales by the District. Mr. Kurzy reviewed with the Board the draft Capital Improvement Plan (the "CIP") as prepared by the District's Engineer. A copy of the draft CIP is attached hereto as an exhibit to these minutes. A lengthy discussion ensued regarding the prioritization of certain capital improvement projects as listed in the draft CIP.

With regard to the District's Wastewater Treatment Plant, Mr. Kurzy recommended that priority be given to the following projects: (1) repair or replacement of the bar screen; (2) conversion of the effluent disinfection system from ultraviolet (UV)

treatment to bleach and sodium bisulfate treatment; and (3) the installation of electrical quick-connect terminals for use with a mobile auxiliary generator (the "Quick Connects"). Mr. Kurzy then recommended that the Board consider the rehabilitation or replacement of the on-site Lift Station at the Plant (the "Plant Lift Station"). He recommended that the Plant Lift Station be configured to operate with wet pits and submersible lift pumps. Mr. Kurzy estimated the cost to replace the Plant Lift Station with a new facility at approximately \$1,380,000. Repairing and reconfiguring the Plant Lift Station to operate with wet pits and submersible lift pumps would cost approximately \$1,104,000, he told the Board. The Directors expressed their preference to rehabilitate and reconfigure the Plant Lift Station as described above, provided that the existing concrete in the Plant Lift Station is structurally sound.

The Board then discussed the proposed capital improvement projects for the District's wastewater collection system, including the District's sanitary sewer lift stations Nos. 1, 2, and 3 (the "Lift Stations"). With regard to the Lift Stations, Mr. Kurzy recommended the following improvements: installation of Quick Connects; installation of air systems in order to aerate the wastewater and breakup grease accumulations; the installation of an auxiliary generator at the Maple Trace Lift Station (Lift Station No. 3); and repairs to the grading and drainage at the Charlestown Lift Station site (Lift Station No. 1). Mr. Kurzy then recommended that priority be given to the rehabilitation of sanitary sewer lines and manholes in Area C Part 2 – South. He also discussed with the Board the possible installation of replacement sanitary sewer connections in Area A as part of the District's participation of the Sanitary Sewer Overflow Initiative promulgated by the Texas Commission on Environmental Quality.

The Board then discussed items in the CIP relating to the District's water distribution system. Mr. Kurzy remarked that there was no need at this time to consider the possible expansion of the Water Plant No. 3 site (Water Well No. 4). He explained that the expansion of Water Plant No. 3 would become necessary only if there was a sufficiently major development in the District that significantly increased the water demand. Likewise, he continued, there was no need at this time to consider construction of the proposed Water Well No. 7 ("Well No. 7"). He explained that Well No. 7 would be necessary in the event that both of the water wells currently providing water to Water Plant No. 1 were permanently removed from service.

After further review of the CIP and discussion by the Board, Mr. Kurzy stated that he would prepare a short list of prioritized projects from the CIP for review at a future meeting of the Board.

Review of Business Plan

The Directors then reviewed certain documents relating to the District's Business Plan.

Mr. Smalling reviewed with the Board the following charts related to the District's financial condition through 2017 as prepared by Baird: (1) Historical Year-End Debt

Service Reserve; (2) Historical Tax Rates; (3) Historical Assessed Valuation; (4) Historical Percent of Debt to Assessed Valuation; (5) Historical Outstanding Principal; and (6) Annual Debt Service. Copies of the charts are attached hereto as exhibits to these minutes. Mr. Smalling observed that the District's overall financial position was favorable. He remarked that the current market environment with respect to rates was favorable for the issuance of bonds by the District.

Next, Mr. Yale presented to the Board copies of the Historical Summary (for the period of 1 January 2012 through 30 June 2017) and the History of the Board of Directors as prepared by the District's Attorney. Copies of the Historical Summary and the History of the Board of Directors are attached hereto as exhibits to these minutes.

Mr. Yale then submitted to and reviewed with the Board a memorandum prepared by Coats Rose providing a summary update of legislation approved by the 85th Texas Legislature – Regular Session (2017) that could affect the manner in which the District conducts its business in the future. A copy of the memorandum is attached hereto as an exhibit to these minutes.

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 7 August 2017
Attachments

1. Visitor Sign-in Sheet;
2. Draft Capital Improvement Plan;
3. Charts / District's Financial Condition;
4. Historical Summary of the District (January 2012 – June 2017);
5. History of the Board of Directors; and
6. Coats Rose memo / 85th Texas Legislature.