

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

26 February 2018

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 23rd day of February, 2018, 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"), the District's Tax Assessor/Collector; 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; Ernie Garcia, Attorney at Law; Izzat Nasser and Jerry Buck, representing Seven Star Plus, Inc. ("Seven Star Plus"); Will Yale and David Green of Coats Rose, P.C. ("Coats Rose"), the District's Attorney; and Klint Kover, a resident of the District.

Director Ward called the meeting to order.

### **Approval of Minutes**

The Board first considered approval of the minutes of the meeting of 22 January 2018. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of 22 January 2018, as written.

### **Security Patrol Report**

The Board then discussed security related issues. Mr. Yale presented the Board with copies of the Security Patrol Report for January 2018 as prepared by the Harris

County Sheriff's Department (the "Sheriff's Department"). A copy of the Security Patrol Report is attached hereto as an exhibit to these minutes. The Board then directed the District's Attorney to contact Sergeant Billy Johnson of the Sheriff's Department to request the attendance of a Deputy at each regular meeting of the Board. Then, after review, upon a motion duly made and seconded, the Board voted unanimously to accept the Security Patrol Report.

### **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 for January 2018, as prepared by WCA. A copy of the Monthly Customer Issue Listing is attached hereto as an exhibit to these minutes.

Director Moorman then commented that residential construction debris (the "Debris") had recently begun to accumulate in certain subdivisions in the District. After discussion, the Board directed the District's Attorney to solicit proposals from three solid waste collection contractors for a one-time collection of the Debris.

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to accept the Solid Waste Collection Report.

### **Solid Waste Collection / Notification of Rate Increase**

Next, Mr. Yale submitted for the Board's review a letter dated 6 February 2018 from WCA regarding the annual adjustment to the compensation rate for solid waste collection in the District, pursuant to Section 2 of the Residential Solid Waste Collection Contract. A copy of the letter is attached hereto and shall be considered to be a part of these minutes. Mr. Yale noted that according to the letter, the monthly rate charged to the District per service connection would be increased from \$13.90 to \$14.18, effective 1 May 2018. The increase in the Base Rate constitutes a 2.0% increase, he told the Board, and is based on the percentage change in the Consumer Price Index – All Urban Consumers.

### **Tax Assessor/Collector's Report**

Ms. Brittain-Drew distributed the Tax Assessor/Collector's Report for the month of January 2018, a copy of which is attached hereto as an exhibit to these minutes. She stated that as of 31 January 2018, the District's 2017 tax levy was 83.3% collected. She noted that the District's Tax Account had a balance of \$889,545.47 as of the end of this reporting period (31 January 2018). 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 \$418,227.48. She noted that Assessments was requesting approval for 12 checks written on the District's tax account, and two transfers

by wire as follows: a transfer of \$402,543.40 in revenues from the tax for maintenance and operations to the District's Operating Fund and \$400,000.00 to the Debt Service Fund.

The Board then reviewed the Unpaid Accounts Report dated 23 February 2018, 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.

### **Uncollectible Accounts**

Consideration was then given to moving certain delinquent tax accounts involving personal property to the Uncollectible Tax Roll. Ms. Brittain-Drew called the Board's attention to a list of 13 delinquent tax accounts involving personal property for the 2005 through 2014 tax years that Assessments desires to transfer to the list of uncollectible accounts. A copy of the list is attached hereto as an exhibit to these minutes. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the transfer of 13 delinquent tax accounts involving personal property to the list of uncollectible accounts.

### **Resolution Concerning Tax Exemptions for 2018**

Next, the Board considered the 2018 residence homestead exemptions for the District. Mr. Yale reported that for 2017, the Board granted a \$40,000.00 exemption for individuals who are disabled or sixty-five years of age or older but no general residential homestead exemption. He stated that allowing the general residential homestead exemption was generally not recommended for a water district that does not have a significant portion of its assessed valuation from commercial property. After discussion, upon a motion duly made and seconded, the Board voted unanimously to grant the following exemptions for 2018 and to adopt a RESOLUTION CONCERNING EXEMPTION OF RESIDENCE HOMESTEADS FROM TAXATION: (1) \$40,000.00 exemption for individuals who are disabled or sixty-five years of age or older; and (2) no general residential homestead exemption. A copy of the Resolution is attached hereto and shall be considered to be part of these minutes.

### **Agreement for Delinquent Tax Collection Services**

Mr. Yale then explained that the Board could impose a statutory charge (the "Collection Charge") of 20% on all 2017 taxes, penalties, and interest delinquent on 1 July 2018 for real property (and on 1 April 2018 for personal property), said Collection Charge to be used to finance the costs of collection of the delinquent taxes. In order to do so, he continued, the Board must first confirm its agreement (the "Agreement") for delinquent tax attorney services with Perdue, Brandon, Fielder, Collins & Mott, L.L.P. He explained further that under the Agreement, the amount paid by the District to the District's Delinquent Tax Attorney for the collection of delinquent 2017 taxes would be

equal to the additional Collection Charge as approved by the Board on all 2017 taxes, penalties, and interest delinquent on the applicable dates, up to the statutory maximum of 20%, pursuant to Sections 33.07, 33.08, and 33.11 of the Texas Tax Code. After discussion, upon a motion duly made and seconded, the Board voted unanimously to confirm its Agreement with the District's Delinquent Tax Attorney.

### **Collection Charge on all Delinquent 2017 Taxes, Penalties, and Interest**

Consideration was then given to imposing the Collection Charge as described above. After discussion, upon a motion duly made and seconded, the Board voted unanimously to impose a 20% Collection Charge on all 2017 taxes, penalties, and interest that are due and remain delinquent as of the applicable dates, pursuant to Sections 33.07, 33.08, and 33.11 of the Texas Tax Code. A copy of the CERTIFICATE OF BOARD ACTION related to this matter is attached hereto as an exhibit to these minutes.

### **Operator's Report**

Next, Ms. Hollingsworth distributed the Operator's Report prepared by MDS for the month of January 2018. She reviewed the Water Production portion of the Operator's Report in detail. Ms. Hollingsworth reported that the District had produced 1,794,000 gallons of water and had purchased 23,976,000 gallons of water from the West Harris County Regional Water Authority (the "Authority") during the period ending 17 January 2018, with an accountability rate of 94.6%. She reported that the District had provided 1,823,000 gallons of water to Harris County Municipal Utility District No. 250 during the reporting period. The District currently has 3,006 active 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 43.2% of design capacity during the January 2018 reporting period with an average daily flow of 561,000 gallons per day ("gpd"), and operated at 65.5% of design capacity during the 12-month period ending 31 January 2018.

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. The Board then reviewed (1) charts depicting the monthly groundwater pumpage from the District's active water wells during the period of 1 January 2012 to December 2017; and (2) charts depicting the influent and effluent testing results for January 2018 at the Plant, copies of which are 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.

## **Wastewater Treatment Plant / Permit Excursion**

Ms. Hollingsworth next reported that a grab sample taken from the Plant effluent on 26 January 2018 had an E. Coli count of 240 colony forming units per milliliter ("CFU/ml"), which exceeded the permitted limit of 197 CFU/ml. She stated that the excursion was related to the use of the temporary effluent disinfection system at the Plant.

## **District Facilities / Hurricane Harvey**

The Board then discussed the status of the District's Request for Public Assistance ("RPA") that was filed with the Federal Emergency Management Agency ("FEMA") for reimbursement of the District's costs incurred in response to the Hurricane Harvey flooding event in August 2017 that were not covered by the District's insurance policies (the "Reimbursement"). Ms. Hollingsworth reported that the District's Operator was meeting periodically with FEMA representatives to review the claims processing timeline and the required documentation for the Reimbursement. She noted that the District's claims filed in connection with the Hurricane Harvey flooding event total approximately \$200,000. Ms. Hollingsworth added that the District's Operator would continue to provide updated information to FEMA, including the invoices related the temporary effluent disinfection system at the Plant.

Ms. Hollingsworth then submitted for the Board's review a proposed Grant Agreement between the District and the Texas Department of Public Safety/Texas Division of Emergency Management. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Grant Agreement and authorize Director Ward to execute same. A copy of the Grant Agreement is attached hereto as an exhibit to these minutes.

## **District Facilities / Flooding Event on 18 April 2016**

The Board then discussed matters relating to the District's RPA filed with FEMA in 2016 for reimbursement from FEMA of the District's costs incurred in response to the major flooding event that occurred on 18 April 2016 (the "2016 Flooding Event") that were not covered by the District's insurance policies. Mr. Yale reviewed with the Board an electronic mail message dated 1 February 2018 from Bukky Akorede of Horne, LLP ("Horne"), the FEMA auditor, a copy of which is attached hereto as an exhibit to these minutes. According to Ms. Akorede, he told the Board, the Duplication of Benefits Analysis as prepared by Horne (the "Analysis") indicated that \$60,564.71 of the benefits paid to the District to date in connection with the 2016 Flooding Event were in fact a duplication of benefits (the "Overpayment"). A copy of the Analysis is included with the electronic mail message. Accordingly, he continued, the District could either (1) authorize payment to the Texas Department of Emergency Management in the amount of the Overpayment; or (2) have the amount of \$60,564.71 deducted from the balance of the reimbursement due to the District in connection with the costs incurred for storm debris cleanup following the 2016 Flooding Event (the "2016

Reimbursement"). After discussion, the Directors expressed their desire for the Overpayment to be deducted from the 2016 Reimbursement.

### **Service Accounts / Hurricane Harvey**

Next, the Board discussed matters relating to the requests received from District customers in 2017 year for the Board to consider granting relief on water bills for those customers who were affected by the Hurricane Harvey flooding event. Ms. Hollingsworth recalled that the District's Operator had transmitted letters (the "Letters") to the District's customers whose service accounts were delinquent for the December 2017 billing period, reminding them to contact MDS if they had experienced flood damage at their residence related to the Hurricane Harvey flooding event and were in need of assistance. She stated that MDS had not received any requests for relief from District customers related to the Hurricane Harvey flooding event during the past month. The Board directed Ms. Hollingsworth to continue transmitting the Letters as described above for one more billing cycle.

### **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 29 January 2018 as prepared by the District's Operator. A copy of the Customer Write-Off Report is included with the Operations Report. The Board noted that there were four delinquent service accounts in the total amount of \$564.75 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.

### **Request for Service / 2-acre Tract on Addicks-Satsuma Road / Bayou Sports Bar**

The Board discussed matters relating to the request from Seven Star Plus for utility service to a proposed development in a certain 2-acre tract of land located on Addicks-Satsuma Road (the "Seven Star Plus Tract"), outside the boundaries of the

District, in which the Bayou Sports Bar is located. The President recognized Mr. Garcia, who addressed the Board regarding the Seven Star Plus Tract and the proposed Agreement for Out-of-District Service between the District and Seven Star Plus (the "Service Agreement") as prepared by the District's Attorney. Mr. Garcia stated that in addition to utility service for the Seven Star Plus Tract, Seven Star Plus was also seeking out-of-District service for a certain adjoining 2-acre tract of land on Addicks-Satsuma Road (the "Adjoining Tract") upon which Seven Star Plus desires to construct a commercial development consisting of storage units (the "Storage Facility"). Accordingly, he continued, Seven Star Plus desires to revise the proposed Service Agreement so that out-of-District service would be provided to the Adjoining Tract as well as to the Seven Star Plus Tract. In response to a question from Director Moorman, Mr. Nasser stated that the Storage Facility was the sole development that was under consideration for the Adjoining Tract.

After discussion, the Directors expressed no objection to the District providing out-of-District service to the proposed Storage Facility in the Adjoining Tract, provided that (1) the proposed development in the Adjoining Tract would not result in increased vehicular traffic on Addicks-Satsuma Road or cause excessive noise issues for the adjacent subdivisions; and (2) the final plans for the proposed Storage Facility in the Adjoining Tract (the "Plans") were submitted to the District's Attorney and Engineer for review. Mr. Garcia stated that he would forward the Plans to the District's Attorney. Messrs. Garcia, Nasser, and Buck then departed from the meeting. The Directors discussed matters relating to the Service Agreement and Adjoining Tract again later in the meeting.

### **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 discussed matters relating to the maintenance (the "Detention Pond Maintenance") of the detention ponds (the "Detention Ponds") serving Waldron Estates Subdivision ("Waldron Estates") and Concord Colony Subdivision, Section 2 ("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 January 2018 as prepared by AEI, a copy of which is attached hereto as an exhibit to these minutes. Mr. Kurzy reported that SWS had cleaned the outfall in the Waldron Estates Detention Pond. He noted that the damage to the Waldron Estates Detention Pond that was caused by vandalism had not been repaired as of this date. The estimated cost to replace the rebar in the outfall was \$325, he told the Board. Mr. Kurzy then reported that the estimated cost to clean the pilot channel in the Section 2 Detention Pond was \$950; and the estimated cost to clean the Stormceptor in the Section 2 Detention Pond was \$3,677. He recommended that the District's Operator look into using a vactor truck to clean the Stormceptor.

Mr. Kurzy then informed the Board that SWS had submitted a Pay Estimate in the amount of \$225.37 for Detention Pond Maintenance performed during January 2018. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize payment of the Pay Estimate.

### **Water Plant No. 1 / 10,000-Gallon North Hydropneumatic Tank**

The Board next discussed the condition of the 10,000-gallon north hydropneumatic tank (the "North HPT") at Water Plant No. 1. Mr. Kurzy reported that the District's Engineer had notified the contractor, W. W. Payton Corp. ("Payton"), to move forward with the recoating of the interior of the North HPT (the "Recoating"). He stated that Payton will commence work on the Recoating when weather conditions are conducive for an extended period.

### **Federal Emergency Management Agency / Hurricane Harvey**

Mr. Kurzy reported that the District's Engineer was awaiting a meeting with FEMA personnel to discuss specific items that need to be completed prior to applying for the FEMA grant.

### **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 annual report to the Commission addressing the progress of the SSO Initiative had been submitted on 31 January 2018. He then submitted to and reviewed with the Board a memorandum dated 26 February 2018 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. Mr. Kurzy then informed the Board of the need to perform the 10-year inspection of the cleaning and rehabilitation of sanitary sewer lines in Area B – Phase II, which was completed in 2008.

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

Next, the Directors discussed matters relating to the proposed development by Schellite, LLC of a 10-acre tract located at 6010 Addicks-Satsuma Road (the "Schellite Tract"). Mr. Kurzy stated that he had nothing new to report in regard to the Schellite Tract.

### **Bond Application Report / Series 2018 Bonds**

The Directors discussed the status of the bond application report ("BAR") being prepared by the District's Engineer in connection with the proposed sale of the District's Series 2018 Bonds to fund the Priority 1 Projects in the Capital Improvement Plan as prepared by the District's Engineer. Mr. Kurzy reported that AEI was continuing the

preparation of the BAR and anticipated submission of the BAR to the Commission within the next four weeks.

### **Wastewater Treatment Plant / Effluent Basin**

The Board discussed the proposed improvements to the effluent basin at the Plant, to consist of permanently converting the disinfection system in the Basin to operate with bleach instead of the ultraviolet disinfection system (the "Conversion"). Mr. Kurzy reported that the plans for the Conversion project were complete and had been submitted for agency review. He stated that AEI anticipates advertising for bids on the Conversion project on 28 March 2018, with bids to be presented at the Board's meeting on 23 April 2018.

### **Sanitary Sewer Lift Stations / Proposed Flood-Hardening**

The Directors then discussed the proposed flood-hardening of the District's sanitary sewer lift stations (the "Flood-Hardening"). Mr. Kurzy reported that the District's Engineer was awaiting a response from FEMA with regard to the Flood-Hardening project.

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to accept the Engineer's Report.

### **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 January 2018 as well as the investments for each of the accounts maintained by the District. He reported that the balance of the District's Operating Fund, including the collections account, checking account, and investments, totals \$4,969,756.26 as of this date. Mr. Russell informed the Board that the District had received a payment of \$11,477.76 from the City of Houston (the "City") for the District's share of sales tax collections during November 2017 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 \$1,635,181.78 and the balance of the District's Capital Projects Fund, including investments, totals \$221,505.38 as of this date. The Board then reviewed: (1) the District's Operating Budget for the fiscal year ending 30 September 2018; (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. Copies of these documents are included with the Bookkeeper's Report.

A discussion ensued regarding an invoice from AT&T in excess of \$8,000 for service provided at Water Plant No. 1. Mr. Russell noted that AT&T had submitted an invoice in the amount of \$9,097.57 for the previous billing period. The Board directed the District's Bookkeeper, Operator, and Engineer to review the invoice from AT&T and identify the service being rendered to the District by AT&T at Water Plant No. 1.

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.

### **Resolution Establishing Additional Office and Meeting Places Outside the Boundaries of the District**

Next, Mr. Yale submitted for the Board's review and approval a RESOLUTION ESTABLISHING ADDITIONAL OFFICE AND MEETING PLACES OUTSIDE THE BOUNDARIES OF THE DISTRICT. He explained to the Board that later this year the Houston office of Coats Rose, P.C. would be relocated to 9 Greenway Plaza, Suite 1000, Houston, Texas 77046. Mr. Yale added that the Resolution would also establish the following locations as meeting places of the Board outside the boundaries of the District: (1) the Boardroom located between 8 and 12 Greenway Plaza, Houston, Texas 77046; and (2) the Café Express at 3800 Southwest Freeway #124, Houston Texas 77046. After discussion, upon a motion duly made and seconded, the Board voted unanimously to adopt the Resolution, a copy of which is attached hereto and shall be considered to be a part of these minutes.

### **Resolution Authorizing Application to the Texas Commission on Environmental Quality for Approval of Project and Bonds**

Next, Mr. Yale submitted for the Board's review and approval a RESOLUTION AUTHORIZING APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR APPROVAL OF PROJECT AND BONDS. After discussion, upon a motion duly made and seconded, the Board voted unanimously to adopt the Resolution, a copy of which is attached hereto and shall be considered part of these minutes.

### **Insurance Coverage for the District's Consultants**

Then Mr. Yale reported that the District's Attorney was working to collect insurance certificates from the District's consultants as authorized by the Board at the 22 January 2018 meeting.

### **Proposal for Insurance Coverage**

Next, the Board reviewed the Proposal for Insurance Coverage (the "Proposal") for the policy term of 20 March 2018 through 20 March 2019 as submitted by Arthur J. Gallagher & Co. ("Gallagher"). Mr. Yale reviewed with the Board a memorandum from the District's Attorney that summarizes certain changes between the Proposals

submitted by Gallagher for the policy term ending 20 March 2018 and the policy term ending 20 March 2019. A copy of the memorandum is attached hereto as an exhibit to these minutes. The Board noted that the pricing for the insurance coverage to be provided under the Proposal had increased from \$42,451 for the policy term ending 20 March 2018 to \$46,351 for the policy term ending 20 March 2019. After discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the Proposal. A copy of the Proposal as accepted by the Board is attached hereto and shall be considered to be a part of these minutes. Mr. Yale noted that the insurance policies being provided to the District under the Proposal would be forwarded to the District's Attorney at a later date.

### **Request for Service / 2-acre Tract on Addicks-Satsuma Road / Bayou Sports Bar, continued**

The Directors returned to their earlier discussion regarding request from Seven Star Plus for utility service to the proposed developments in the Seven Star Plus Tract and the Adjoining Tract. The Board discussed the rates to be charged by the District to Seven Star Plus for out-of-District water and sanitary sewer service under the proposed Service Agreement (the "Out-of-District Service Rates"). Mr. Kurzy suggested that the Board consider requiring a Payment in Lieu of Taxes ("PILOT") from Seven Star Plus as a possible alternative to adjusting the Out-of-District Service Rates in the proposed Service Agreement. After discussion, the Board directed the District's Operator, Attorney, and Bookkeeper to investigate the PILOT as proposed by the District's Engineer.

### **West Harris County Regional Water Authority**

Mr. Yale distributed copies of a memorandum from Coats Rose regarding the 14 February 2018 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 February 2018, a copy of which is attached hereto.

Director Ward then informed the Board that he had received from P3 a ballot (the "P3 Ballot") for the election of a non-CUC member to the P3 board of Directors (the "P3 Board"). He noted that Clay Deaton, a Director of Rolling Creek Utility District, had been nominated for the non-CUC member position on the P3 Board. Director Ward stated that he had completed the P3 Ballot casting a vote in favor of candidate Clay Deaton, and had submitted the P3 Ballot to P3.

**Internet Web Site**

The Board briefly discussed matters relating to the District's internet web site (the "Web Site"). Ms. Hollingsworth reported that, to date, there were 762 electronic mail subscribers and 20 text message subscribers for the Web Site.

**Proposal for Tree Pruning Services**

Mr. Yale then submitted to and reviewed with the Board a proposal dated 7 February 2018 from Arbor Care, Inc. ("Arbor Care") to prune approximately 97 trees in the medians on West Little York and Huffmeister in the District (the "Tree Trimming"), at a total cost of \$25,300. After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) accept the Arbor Care proposal; (2) authorize Director Ward to execute the Arbor Care proposal; and (3) authorize the District's Attorney to notify Arbor Care to proceed with the Tree Trimming. A copy of the executed Arbor Care proposal is attached hereto as an exhibit to these minutes.

**Attorney's Report**

Mr. Yale presented the Attorney's Report.

**Continuing Disclosure**

Mr. Yale reported that the District's consultants were preparing the necessary materials to fulfill the continuing disclosure requirements of the Securities and Exchange Commission ("SEC") pursuant to SEC Rule 15c2-12 prior to the deadline of 30 March 2018.

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to accept the Attorney's Report.

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

*[Handwritten signature]*  
\_\_\_\_\_  
Secretary, Board of Directors



Harris County Municipal Utility District No. 102  
Meeting of 26 February 2018  
Attachments

1. Visitor Attendance Sheet;
2. Security Patrol Report;
3. Solid Waste Collection Report;
4. Letter from WCA / rate adjustment;
5. Tax Assessor/Collector's Report;
6. List of Uncollectible Personal Property Tax Accounts;
7. RESOLUTION CONCERNING EXEMPTION OF RESIDENCE HOMESTEADS FROM TAXATION;
8. CERTIFICATE OF BOARD ACTION / Collection Charge on all Delinquent 2017 Taxes, Penalties, and Interest;
9. Operator's Report;
10. FEMA Grant Agreement;
11. Email from B. Akorede of Horne, LLP;
12. Engineer's Report;
13. Inspection Report for the Detention Pond Maintenance;
14. Memo from AEI / Status of SSOI Action Plan;
15. Bookkeeper's Report;
16. RESOLUTION ESTABLISHING ADDITIONAL OFFICE AND MEETING PLACES OUTSIDE THE BOUNDARIES OF THE DISTRICT;
17. RESOLUTION AUTHORIZING APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR APPROVAL OF PROJECT AND BONDS;
18. Coats Rose memo / insurance proposal;
19. Proposal for Insurance Services / Arthur J. Gallagher & Co.;
20. Coats Rose memo / WHCRWA;
21. P3 newsletter; and
22. Proposal from Arbor Care, Inc.