

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

26 March 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 26th day of March, 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; Deputy T. Craze of the Harris County Sheriff's Department (the "Sheriff's Department"); Richard Barbour, representing the Georgetown Colony 2 Homeowners Association; Dick Yale, Will Yale, and David Green of Coats Rose, P.C. ("Coats Rose"), the District's Attorney; and Klint Kovar, a resident of the District.

Director Ward called the meeting to order.

Public Comments

The President recognized Mr. Barbour, who addressed the Board regarding security-related issues in the Georgetown Colony Subdivision ("Georgetown Colony"). Director Ward recommended that residents in Georgetown Colony contact the Sheriff's Department whenever they observe suspicious activities or persons.

Approval of Minutes

The Board considered approval of the minutes of the meeting of 26 February 2018. Mr. Green noted that pages 8 and 9 of the minutes would be revised pursuant to comments from the District's Engineer. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of 26 February 2018, as amended.

Security Patrol Report

Deputy Craze addressed the Board regarding security-related issues. A copy of the Security Patrol Report for February 2018 as prepared by the Sheriff's Department is attached hereto as an exhibit to these minutes. Director Ward expressed his view that the Sheriff's Department needed to conduct another traffic initiative in the District. 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 February 2018, as prepared by WCA. A copy of the Monthly Customer Issue Listing is attached hereto as an exhibit to these minutes. Then, after review, upon a motion duly made and seconded, the Board voted unanimously to accept the Monthly Customer Issue Listing.

Proposals for Collection of Residential Construction Debris

The Board then reviewed the proposals (the "Proposals") submitted by WCA and M. Marlon Ivy & Associates, Inc. ("Marlon") for the collection of residential construction debris in the District (the "Debris Collection"). Copies of the Proposals are attached hereto as exhibits to these minutes. The Board noted that WCA proposed to charge the District \$125 per operating hour for personnel and \$275 per hour for use of equipment for the Debris Collection, plus the posted gate rate for disposal at the local landfill. The Directors then noted that Marlon proposed to charge the District \$39 per cubic yard for the Debris Collection, for an estimated total of \$15,600 based on 400 cubic yards of construction debris. A discussion ensued regarding the Proposals. The Directors expressed their view that the Marlon Proposal was the most advantageous to the District. The Board then authorized the District's Attorney and Director Iken to obtain certain additional information from Marlon in connection with its Proposal. After further discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize Director Ward to accept the Marlon Proposal subject to the review by Director Iken and the District's Attorney.

Tax Assessor/Collector's Report

Ms. Brittain-Drew distributed the Tax Assessor/Collector's Report for the month of February 2018, a copy of which is attached hereto as an exhibit to these minutes. She stated that as of 28 February 2018, the District's 2017 tax levy was 95.1% collected. She noted that the District's Tax Account had a balance of \$432,444.05 as of the end of this reporting period (28 February 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 \$78,748.10. She noted that Assessments was requesting approval for seven checks written on the District's tax account, and two transfers by wire as follows: a transfer of \$177,294.45 in revenues from the tax for maintenance and operations to the District's Operating Fund and \$200,000.00 to the Debt Service Fund.

The Board then reviewed the Unpaid Accounts Report dated 22 March 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.

Operator's Report

Next, Ms. Hollingsworth distributed the Operator's Report prepared by MDS for the month of February 2018. She reviewed the Water Production portion of the Operator's Report in detail. Ms. Hollingsworth reported that the District had produced 2,039,000 gallons of water and had purchased 20,114,000 gallons of water from the West Harris County Regional Water Authority (the "Authority") during the period ending 15 February 2018, with an accountability rate of 98.8%. She reported that the District had provided 1,451,000 gallons of water to Harris County Municipal Utility District No. 250 during the reporting period. The District currently has 3,009 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 46.5% of design capacity during the February 2018 reporting period, with an average daily flow of 604,000 gallons per day ("gpd").

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 February 2018; and (2) charts depicting the influent and effluent testing results for February 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 10 February 2018 had an E. Coli count of 1,002 colony forming units per milliliter ("CFU/ml"), which exceeded the permitted limit of 197 CFU/ml. She reviewed with the Board the Noncompliance Notification that was filed by the District's Operator in connection with the permit excursion, a copy of which is included with the Operator's Report. She stated that the excursion was related to the use of the temporary effluent disinfection system at the Plant (the "Disinfection System").

A discussion ensued regarding the Disinfection System. In response to question from Director Scholler, Mr. Kurzy stated that it might be possible to amend the wastewater discharge permit for the Plant (the "Permit") in order for the Plant to be rated for a lower wastewater flow and accordingly the District would not be required to dechlorinate the Plant effluent. However, he continued, amending the Permit at this time for a lower maximum wastewater flow than 1,300,000 gpd might result in the Plant being subject to certain regulations that were promulgated in 2017.

Surface Water Supply / West Harris County Regional Water Authority

Next, Ms. Hollingsworth reported that earlier this month the Authority had temporarily suspended the delivery of surface water to the District and certain other water districts served by the Authority. She explained that the delivery of surface water had been suspended in order for the City of Houston (the "City") to make repairs to the 54-inch surface water transmission line that connects with the Authority's pump station. Ms. Hollingsworth stated that the District's water wells accounted for 100% of the District's water production during the outage.

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. Ms. Hollingsworth reported that the District's Operator was meeting periodically with FEMA representatives and had compiled the damage inventory assessment. 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 Disinfection System at the Plant.

District Facilities / Flooding Event on 18 April 2016

The Board then briefly 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. Ms. Hollingsworth reported that the District's Attorney and Operator had informed Horne, LLP, the FEMA auditor, of the Board's desire for the duplication of benefits paid to the District to date in connection with the 2016 Flooding Event (\$60,564.71) to be 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.

Service Accounts / Hurricane Harvey

Next, the Board discussed matters relating to the requests received from District customers since September 2017 for the Board to consider granting relief on water bills for those customers who were affected by the Hurricane Harvey flooding event (the "Relief Requests"). Ms. Hollingsworth stated that MDS had not received any Relief Requests from District customers during the past month. After discussion, the Board directed the District's Attorney to instruct Off Cinco to remove the announcement regarding Relief Requests from the District's internet website (the "Website").

Fire Hydrant Report

Next, the Board discussed the condition of the fire hydrants located in the District (the "Hydrants"). Ms. Hollingsworth reviewed with the Board the Annual Fire Hydrant Inspection Report (the "Inspection Report") dated 12 February 2018 as prepared by MDS regarding the condition of the Hydrants, and listing the recommended repairs for same (the "Hydrant Repairs"). A copy of the Inspection Report is attached hereto as an exhibit to these minutes. Ms. Hollingsworth stated that MDS had proposed to (1) perform the Hydrant Repairs at a cost of \$16,082.75; and (2) replace the reflectors on 152 Hydrants at a cost of \$1,748.00 (the "Reflector Replacement"), for a total project cost of \$17,830.75. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Operator to proceed with the Hydrant Repairs and the Reflector Replacement.

Texas Water Development Board / Water Conservation Plan and Water Audit Report

The Board briefly discussed matters relating to the District's Water Conservation Plan (the "Conservation Plan") and Water Audit Report. Ms. Hollingsworth reported that the District's Operator was preparing the Conservation Plan and 2017 Water Audit Report for submission to the Texas Water Development Board (the "TWDB") prior to the 1 May 2018 deadline date. Attached hereto as an exhibit to these minutes is a copy of a letter dated 16 February 2018 from the TWDB regarding the submission by the District of the Conservation Plan and the Water Audit Report.

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 28 February 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 \$1,000.81 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 February 2018 as prepared by AEI, a copy of which is attached hereto as an exhibit to these minutes. He noted that AEI had reminded SWS to repair the damage to the Waldron Estates Detention Pond outfall that was caused by vandalism. Mr. Kurzy also noted that SWS had cleaned the storm quality features in both of the Detention Ponds.

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 February 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 W. W. Payton Corp. had completed the recoating of the interior of the North HPT. He noted that the District's Engineer was awaiting the bacteriological testing results on the North HPT. Once the North HPT has been returned to service, he told the Board, the District's Engineer would proceed with the inspection of the 10,000-gallon south hydropneumatic tank at Water Plant No. 1.

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 submitted to and reviewed with the Board a memorandum dated 26 March 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 that the District's Engineer was completing the package to solicit bids for the 10-year inspection of the cleaning and rehabilitation of sanitary sewer lines in Area B – Phase II (the "10-year Inspection"). He added that the District's Engineer planned to present bids for the 10-year Inspection at the Board's meeting on 23 April 2018.

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") 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 submitted the BAR to the Commission earlier this month with a request for 45-day expedited review. He noted that the Commission confirmed receipt of the BAR on 23 March 2018.

Wastewater Treatment Plant / Effluent Basin

The Board discussed the proposed improvements to the effluent basin at the Plant (the "Basin"), 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 stated that AEI planned to present bids for the Conversion 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 February 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 \$4,873,714.08 as of this date. Mr. Russell informed the Board that the District had received a payment of \$18,950.84 from the City for the District's share of sales tax collections during December 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 \$218,823.13 and the balance of the District's Capital Projects Fund, including investments, totals \$219,692.52 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; and (5) the balance of deposits paid by developers for legal and engineering fees incurred by the District for their respective projects. Copies of these documents are included with the Bookkeeper's Report.

The Directors then discussed certain invoices from AT&T that were in excess of \$8,000 (the "Invoices"), as discussed at the Board's meeting on 26 March 2018. Mr. Kurzy stated that the AT&T Invoices pertained to the dedicated phone lines (the "Dedicated Lines") that were part of the communications network for the District's sanitary sewer lift stations (the "Network"). He remarked that the Network now uses a

wireless communications system and accordingly the use of the Dedicated Lines was not necessary.

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 Indemnifying Directors

Next, Mr. Yale presented the Board with copies of an annual RESOLUTION INDEMNIFYING DIRECTORS. Mr. Yale explained that pursuant to the Resolution, the Board agrees, to the extent allowed by law, to indemnify any Director against costs incurred by a Director for deductibles in connection with claims filed under the District's Directors and Officers Liability insurance policy that relate to actions taken by the Director within the scope of his official capacity with the District. Then, after discussion, upon a motion duly made and seconded, the Board voted unanimously to adopt the Resolution, a copy of which is attached hereto as an exhibit to these minutes.

Conflicts Disclosure Requirements

Mr. Yale then discussed with the Board the conflicts disclosure requirements for the Directors under Chapter 176 of the Texas Local Government Code ("Chapter 176"). He then submitted to each Director for review and execution a Certificate of Director Regarding Conflicts Disclosure (the "Certificate"), certifying the absence of facts that would require the Director to file a Conflicts Disclosure Statement pursuant to Chapter 176. The Directors then executed the Certificates, copies of which are attached hereto as exhibits to these minutes.

Insurance Coverage for the District's Consultants

Then Mr. Yale presented the Board with a table listing the amount and type of insurance coverage in effect for the District's consultants. A copy of the list, including copies of the certificates of insurance for the District's consultants, is attached hereto as an exhibit to these minutes.

Voluntary Water Conservation

Consideration was then given to authorizing the first mailing of the year to the District's customers of a letter from the Board to the District's customers pursuant to the District's Drought Contingency Plan, requesting that customers voluntarily observe certain water conservation measures for restricting outdoor water use at all times (the "Conservation Letter"). After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Operator to transmit the Conservation Letter to the District's customers.

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

The Board discussed matters relating to the request from Tie Deng of Seven Star Plus, Inc. ("Seven Star Plus") for utility service to a proposed development in a certain 2-acre tract of land located on Addicks-Satsuma Road, outside the boundaries of the District, in which the Bayou Sports Bar is located. Mr. Yale reported that the District's Attorney and Engineer were waiting for Seven Star Plus to submit the final plans for the proposed commercial development consisting of storage units to be constructed in the 2-acre tract that is adjacent Bayou Sports Bar tract.

West Harris County Regional Water Authority

Mr. Yale distributed copies of a memorandum from Coats Rose, regarding the 7 March 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 March 2018, a copy of which is attached hereto.

Internet Website

The Board next discussed matters relating to the Website. Mr. Yale reported that, to date, there were 778 electronic mail subscribers and 22 text message subscribers for the Website. The Directors then discussed the content of the Website. The Board directed the District's Attorney to notify Off Cinco to make the following revisions to the Website: (1) remove the information on the home page relating to the Christmas and New Year holiday schedule for the Service; (2) place a link on the home page to connect with the 2018 Holiday Schedule for the Service that is posted on the Garbage page of the Website; and (3) place a notice on the home page stating that hurricane season begins on 1 June 2018 and encouraging the District's customers to subscribe to the Website.

Landscaping Report

Director Ward reported on the status of landscaping activities in the District. He informed the Board that Arbor Care, Inc. had completed the trimming and pruning of approximately 97 trees in the medians on West Little York and Huffmeister in the District.

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.

Resignation of Director / David Scholler

Mr. Yale then submitted to and reviewed with the Board a letter dated 7 March 2018 from Director Scholler, expressing his intent to resign from the Board effective 1 April 2018. A copy of the letter is attached hereto as an exhibit to these minutes. The Directors expressed their appreciation for Director Scholler's 11 years of service on the Board.

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.



Asst. Secretary, Board of Directors



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

1. Visitor Attendance Sheet;
2. Security Patrol Report;
3. Monthly Customer Issue Listing;
4. Proposal for construction debris collection / M. Marlon Ivy & Associates;
5. Proposal for construction debris collection / Waste Corporation of Texas, L.P.
6. Tax Assessor/Collector's Report;
7. Operator's Report;
8. Annual Fire Hydrant Inspection Report;
9. Letter from Texas Water Development Board;
10. Engineer's Report;
11. Inspection Report for the Detention Pond Maintenance;
12. Memo from AEI / Status of SSOI Action Plan;
13. Bookkeeper's Report;
14. RESOLUTION INDEMNIFYING DIRECTORS;
15. Conflicts Disclosure Certificates for Directors Ward, Jordan, Scholler, Iken, and Moorman;
16. Consultant Insurance Certificates;
17. Coats Rose memo / WHCRWA;
18. P3 Newsletter; and
19. Letter of Resignation / David Scholler.