

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

25 June 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 25th day of June, 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
Vacant	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: Amy Symmank of Myrtle Cruz, Inc. the District's Bookkeeper; Cathy Brittain-Drew of Assessments of the Southwest, Inc. ("Assessments"), the District's Tax Assessor/Collector; Stephen Eustis of Robert W. Baird & Company ("Baird"), the District's Financial Advisor; 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"); Will Yale and Renae Ely of Coats Rose, P.C. ("Coats Rose"), the District's Attorney; and the following residents of the District: Klint Kovar and Rick Barbour.

Director Ward called the meeting to order.

### **Approval of Minutes**

The Board first considered approval of the minutes of the meeting of 21 May 2018. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of 21 May 2018, as written.

### **Security Patrol Report**

Mr. Yale presented the Board with copies of the Security Patrol Report for May 2018 as prepared by the Sheriff's Department. A copy of the Security Patrol Report is

attached hereto as an exhibit to these minutes. Deputy Craze then discussed security-related matters with 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 May 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.

### **Election of Officers**

The Directors next considered reconstituting the Board of Directors in view of the resignation from the Board earlier this year of former Director David Scholler, who had served as the District's Secretary/Treasurer. The Directors expressed their desire for Director Iken to serve as the Secretary for the Board. After discussion, upon a motion duly made and seconded, the Board voted unanimously to elect the Directors to the offices indicated:

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

Then, upon a motion duly made and seconded, the Board voted unanimously to authorize Coats Rose to prepare a revised District Registration Form and file same with the Texas Commission on Environmental Quality (the "Commission").

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

Ms. Brittain-Drew distributed the Tax Assessor/Collector's Report for the month of May 2018, a copy of which is attached hereto as an exhibit to these minutes. She stated that as of 31 May 2018, the District's 2017 tax levy was 97.8% collected. She noted that the District's Tax Account had a balance of \$42,729.53 as of the end of this reporting period (31 May 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 \$47,586.93. She noted that Assessments was requesting approval for eight checks written on the District's tax account, said checks including the transfer of \$4,483.66 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 June 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.

### **Sale of Series 2018 Bonds**

The Board discussed matters related to the proposed sale of the District's \$4,300,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2018 (the "Bonds"). Mr. Yale stated that the Order approving the sale of the Bonds been received from the Commission on 19 June 2018.

Mr. Eustis submitted to and reviewed with the Board the Draft Preliminary Official Statement (the "Draft POS"). A copy of the Draft POS is filed in the permanent records of the District. He reviewed with the Board the contents of the Draft POS, and explained the schedule of events pertaining to the sale of the Bonds. He called attention to the Notice of Sale and the bid forms. He noted that the proposed sale would be submitted for a rating and for bond insurance. Mr. Eustis reviewed the Selected Financial Information in detail. He noted that the debt-to-value ratios for the District after the proposed sale of the Bonds were favorable. The numbers demonstrate that the District does not require any growth in assessed valuation to amortize its outstanding bonds and the proposed Bonds, Mr. Eustis told the Board. He called the Board's attention to a certain statement in the Investment Considerations regarding the widespread rain and flood damage that occurred in the Houston area, including a portion of the District, as a result of the landfall of Hurricane Harvey along the Texas Gulf Coast on 25 August 2017.

Mr. Eustis recommended that the District have ZB, National Association d/b/a Amegy Bank serve as the paying agent/registrant for the Bonds. He then recommended that Orrick, Herrington & Sutcliffe, LLP serve as the disclosure counsel for the issue. The Directors agreed to review the bids for the sale of the Bonds at the Board's meeting on 23 July 2018. Mr. Eustis stated that the closing on the sale of the Bonds would be scheduled for 28 August 2018.

Mr. Yale informed the Board that the letter agreement (the "DTC Agreement") that was entered into between the District and the Depository Trust Company in connection with the sale of the District's Series 2003-A Bonds and relating to principal and income payment guidelines, would also be in effect for the Series 2018 Bonds. Then Mr. Yale presented for the Board's review and approval the RESOLUTION ADOPTING OFFICIAL NOTICE OF SALE, PRELIMINARY OFFICIAL STATEMENT, AND BID FORM; AUTHORIZING DISTRIBUTION THEREOF; AND AUTHORIZING PUBLICATION OF NOTICE OF SALE.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) approve the Draft POS subject to further review by the District's

consultants; and (2) adopt the RESOLUTION ADOPTING OFFICIAL NOTICE OF SALE, PRELIMINARY OFFICIAL STATEMENT, AND BID FORM; AUTHORIZING DISTRIBUTION THEREOF; AND AUTHORIZING PUBLICATION OF NOTICE OF SALE. A copy of the Resolution is attached hereto and shall be considered to be part of these minutes.

### **Operator's Report**

Next, Ms. Hollingsworth distributed the Operator's Report prepared by MDS for the month of May 2018. She reviewed the Water Production portion of the Operator's Report in detail. Ms. Hollingsworth reported that the District had produced 3,025,000 gallons of water and had purchased 26,645,000 gallons of water from the West Harris County Regional Water Authority (the "Authority") during the period ending 15 May 2018, with an accountability rate of 95.5%. She reported that the District had provided 2,318,000 gallons of water to Harris County Municipal Utility District No. 250 ("HCMUD No. 250") during the reporting period. The District currently has 3,016 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 39.4% of design capacity during the May 2018 reporting period, with an average daily flow of 512,000 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 January 2012 to May 2018; and (2) charts depicting the influent and effluent testing results for May 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 11 June 2018 had an E. Coli count of 4,840 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.

## **Water Well No. 4 Site / Perimeter Fence**

Next, Ms. Hollingsworth discussed with the Board the need to replace the perimeter fence at the Water Well No. 4 site. She noted that the perimeter fence was in poor condition. Ms. Hollingsworth reviewed with the Board two proposals for the replacement of 511 linear feet of 8-foot cedar fencing and gates at the Water Well No. 4 site, including the removal and disposal of the existing fencing and gates (collectively, the "Fence Replacement"). The Board noted that Rockin' D Fence had submitted a proposal in the amount of \$18,400 and that All-Texas Fence had submitted a proposal in the amount of \$19,429 for the Fence Replacement. Copies of the proposals are included with the Operator's Report. After discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the Rockin' D Fence proposal and authorized the District's Operator to notify Rockin' D Fence to proceed with the Fence Replacement.

## **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 was providing the necessary documentation in connection with the RPA.

## **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 remarked that the state office was awaiting a "reasonableness determination" from FEMA with regard to the District's claim for costs incurred for storm debris cleanup performed by WCA following the 2016 Flooding Event.

## **Fire Hydrant Repairs**

Next, the Board discussed the condition of the fire hydrants located in the District (the "Hydrants"). Ms. Hollingsworth reported that the repairs to the Hydrants as authorized at the Board's meeting on 26 March 2018 were complete.

## **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 May 2018 as prepared by the District's Operator. A copy of the Customer Write-Off Report is included with the Operations Report. The Directors noted that there were two delinquent service accounts in the total amount of \$307.26 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**

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 May 2018 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 a Pay Estimate in the amount of \$225.37 for Detention Pond Maintenance performed during May 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 South Hydropneumatic Tank**

The Board next discussed the condition of the 10,000-gallon south hydropneumatic tank (the "South HPT") at Water Plant No. 1. Mr. Kurzy recalled that, as discussed at the Board's meeting on 23 April 2018, the District's Engineer had directed W. W. Payton Corp. ("Payton") to proceed with the recoating of the interior of the South HPT (the "Recoating"). He stated that Payton was expected to be on-site for

the Recoating within the next two weeks and would perform the Recoating at no cost to the District.

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

Mr. Kurzy reported that the District's Engineer had been in contact with FEMA and would begin working on requests for funding (the "Funding Requests") in connection with the following flood mitigation projects: (1) raising the controls on Lift Station No. 2; (2) modifying the on-site Lift Station at the Plant to operate with submersible lift pumps and ensuring adequate elevation of the controls; (3) raising the well head on Water Well No. 4 above the high water mark; (4) raising the fill and vent line of the storage tank for Water Well No. 4 above the high water mark; and (5) protecting the controls for the Water Well No. 4 site (collectively, the "Mitigation Projects"). He stated that the District's Engineer had been assured that the District would be able to spend up to 100% of the repair costs on the Mitigation Projects. Mr. Kurzy stated that AEI would also seek to justify an additional grant under FEMA's Benefit-Cost Analysis program which may or may not be awarded to the District. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Engineer to submit the Funding Requests to FEMA in connection with the Mitigation Projects.

### **Sanitary Sewer Overflow Initiative**

Next, Mr. Kurzy reported on the status of the District's participation in the Sanitary Sewer Overflow Initiative (the "SSO Initiative") being promulgated by the Commission. He submitted to and reviewed with the Board a memorandum dated 20 June 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.

### **Area B – Phase II Sanitary Sewer Televised Inspection and Evaluation**

The Board discussed the contract with Magna-Flow Environmental, Inc. ("Magna-Flow"), for the 10-year televised inspection and evaluation of sanitary sewer lines in Area B – Phase II (the "10-year Inspection"). Mr. Kurzy reported that the District's Engineer had held the pre-construction meeting for the 10-Year Inspection with the contractor and had issued the Notice to Proceed to Magna-Flow. He stated that Magna-Flow had commenced work on the 10-Year Inspection.

### **Wastewater Treatment Plant Effluent Basin Conversion**

The Directors next discussed the contract with N&S Construction Co., LP (called "N&S Construction") for the 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 reported that the District's Engineer had conducted the pre-construction

meeting for the Conversion project with the contractor and had issued the Notice to Proceed to N&S Construction. He stated that N&S was currently working on the submittals and was ordering equipment for the Conversion project.

### **Series 2018 Bonds**

Mr. Kurzy reported that the Commission had approved the Bond Application Report as submitted by AEI in connection with the proposed sale of the Series 2018 bonds. He informed the Board that the District's Engineer had reviewed the Draft POS for the Bonds and had provided comments on same to the District's Financial Advisor.

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

Next, the Board briefly discussed matters relating to the request for service from the Redeemed Christian Church of God – House of David (the "Church") in connection with the construction of a community center (the "Community Center") in addition to the existing Church facilities in the District. Mr. Kurzy noted that construction of the Community Center was continuing.

### **Inspection of 10,000-Gallon South Hydropneumatic Tank / Water Plant No. 1**

Mr. Kurzy submitted to and reviewed with the Board an Evaluation Report prepared by AEI in connection with the inspection conducted on 12 April 2018 of the South HPT at Water Plant No. 1. A copy of the Evaluation Report is attached hereto as an exhibit to these minutes. Mr. Kurzy reported that the external coating system is in good overall condition, with environmental staining around the piping flanges. The internal coating system on the South HPT is in poor condition, he continued, with moderate corrosion, coating failure, staining at and below the water level, and sediment accumulation on the floor. Mr. Kurzy then recommended the following actions regarding the South HPT: (1) near-white metal blast clean (SSPC-SP10) and recoat the interior with three-coat epoxy; and (2) maintain the current five-year evaluation schedule for the South HPT. Mr. Kurzy noted that Payton would perform the Recoating of the South HPT as discussed earlier in the meeting.

### **Inspection of 125,000 Gallon Ground Storage Tank / Water Plant No. 1**

Mr. Kurzy submitted to and reviewed with the Board an Evaluation Report prepared by AEI in connection with the "hatch" inspection conducted on 24 April 2018 of the 125,000 gallon ground storage tank (the "GST") at Water Plant No. 1. A copy of the Evaluation Report is attached hereto as an exhibit to these minutes. Mr. Kurzy reported that the external coating system appears to be in good overall condition, with light corrosion on the overflow hatch. He noted that the screen was missing from one of the perimeter roof vents. The interior of the GST appears to be in good overall condition, he told the Board, with staining on the walls below the high water level; and light corrosion on the District fill piping and Authority fill piping, central vent opening, and the 16-inch overflow trough.

Mr. Kurzy recommended the following actions with regard to the 125,000 gallon GST: (1) install a screen on the perimeter roof vent; and (2) maintain the current one-year evaluation schedule. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Engineer to proceed with the recommended actions relating to the 125,000 gallon GST.

### **Inspection of 240,000 Gallon Ground Storage Tank / Water Plant No. 1**

Mr. Kurzy then submitted to and reviewed with the Board an Evaluation Report prepared by AEI in connection with the "hatch" inspection conducted on 14 May 2018 of the 240,000 GST at Water Plant No. 1. A copy of the Evaluation Report is attached hereto as an exhibit to these minutes. Mr. Kurzy reported that the exterior of the GST was in good overall condition. He noted that the roof access hatch had sections in which no gasket material was present. Mr. Kurzy then reported that the interior of the GST appears to be in fair overall condition with staining on the walls below the high water level and on the District fill piping. He continued that there was corrosion along the weld seams, at the central vent, and on the Authority fill piping.

Mr. Kurzy recommended the following actions with regard to the 240,000 gallon GST: (1) replace the missing gasket material on the roof access hatch; (2) monitor the areas of corrosion on the interior of the GST; and (3) maintain the current one-year evaluation schedule. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Engineer to proceed with the recommended actions relating to the 240,000 gallon GST.

### **Water Well No. 4**

The Board discussed the condition of Water Well No. 4 ("Well No. 4"). Mr. Kurzy discussed with the Board the results of the bacteriological testing that was recently performed on Well No. 4. He noted that the levels of iron, sulfate, and bacteria in the samples taken after 35 minutes of operation were markedly lower than in the samples taken at start-up. Mr. Kurzy recommended that the District continue to monitor the specific capacity of Well No. 4. He stated that it might be necessary in the future to acidize and clean the well column in Well No. 4.

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

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

The Board discussed matters relating to the request from Seven Star Plus, Inc. ("Seven Star Plus") for utility service to (1) 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 (the "Sports Bar Tract"); and (2) a proposed commercial development consisting of storage units to be constructed in the adjacent 2-acre tract that is located north of the Sports Bar Tract (the "Storage Unit Tract").

Mr. Yale reported that Seven Star Plus had executed the Agreement for Out-of-District Service dated 21 May 2018 between the District and Seven Star Plus (the "Service Agreement") for service to the Sports Bar Tract and the Storage Unit Tract. He informed the Board that the District's Attorney had revised the Service Agreement to refer to the Sports Bar Tract as "Tract B" and the Storage Unit Tract as "Tract A," which reflects the designation of the two tracts as depicted in Exhibit "A" to the Agreement for Out-of-District Service dated 19 December 2005 between the District and Langham Bayou Sports, Inc. (the "2005 Service Agreement"). He noted that Exhibit "A" to the 2005 Service Agreement was also used as Exhibit "A" to the Service Agreement and accordingly the revision to the Service Agreement as described above would clarify the designation of the two tracts therein. Mr. Yale stated that the District's Attorney would provide a copy of the executed Service Agreement to the District's Engineer and Operator.

### **Bookkeeper's Report**

Ms. Symmank presented the Bookkeeper's Report, a copy of which is attached hereto and shall be considered to be part of these minutes. She reviewed the District's revenues and expenses for the month of May 2018 as well as the investments for each of the accounts maintained by the District. She reported that the balance of the District's Operating Fund, including the collections account, checking account, and investments, totals \$4,862,736.10 as of this date. Ms. Symmank informed the Board that the District had received a payment of \$15,995.67 from the City of Houston (the "City") for the District's share of sales tax collections during March 2018 pursuant to the Strategic Partnership Agreement with the City for limited purpose annexation of commercial property in the District.

Ms. Symmank then reported that the balance of the District's Debt Service Fund, including investments, totals \$456,728.59 and the balance of the District's Capital Projects Fund, including investments, totals \$214,976.33 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.

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.

### **Annual Review of Unclaimed Property**

Ms. Symmank reported that unclaimed funds totaling \$3,197.36 would be escheated to the Texas Comptroller's Office by the District's Bookkeeper.

## **Depository Pledge Agreement – Spirit of Texas Bank**

Next, the Board considered a Depository Pledge Agreement between the District and Spirit of Texas Bank (the "Bank") for the District's Operating Fund Account. Mr. Yale explained to the Board that the purpose of the Depository Pledge Agreement is to ensure that the depository bank will pledge collateral to secure any funds on deposit in the District's Operating Fund Account that exceed the \$250,000 limit for coverage by the Federal Deposit Insurance Corporation. The Directors expressed their desire to designate Ms. Symmank and Mary Jarmon of Myrtle Cruz, Inc., the District's Bookkeeper, as authorized representatives of the District empowered to direct the Bank with regard to collateral pledges, releases, and substitutions in the joint safekeeping account referenced in the Depository Pledge Agreement. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Depository Pledge Agreement. A copy of the Depository Pledge Agreement as approved by the Board is attached hereto and is made part of these minutes.

## **Possible Appointment of Director**

The Board discussed matters relating to the possible appointment of a Director of the District to fulfill the unexpired term of former Director David Scholler through May 2021. Mr. Yale noted that Mr. Barbour and Klint Kovar had both expressed an interest in being appointed as a Director and had submitted their resumes to the District's Attorney. The Directors expressed their desire to interview Mr. Barbour and Mr. Kovar at a future meeting of the Board. Mr. Yale then recommended that the appointment of a Director be deferred until after the sale of the Series 2018 Bonds was concluded.

## **Schedule Special Board of Directors Meeting**

Consideration was then given to scheduling a special meeting of the Board in which to interview the individuals who had expressed an interest in serving as a Director of the District. After discussion, the Directors agreed to meet at 6:00 p.m. on Thursday, 19 July 2018.

## **Telecommunication Systems at District Facilities / AT&T Invoices**

The Board next discussed matters relating to the invoices submitted to the District by AT&T in recent years (the "AT&T Invoices") in connection with the land lines (the "Land Lines") for the telecommunication systems at the District's facilities. Mr. Yale recalled that the District's Bookkeeper had provided Coats Rose with copies of the AT&T Invoices for the period of February 2016 through February 2018. He stated that a review of the AT&T Invoices indicated that during that two-year period AT&T had annually increased the monthly charge for the Land Lines by approximately \$1,000 (the "Rate Increase"). Mr. Yale remarked that the District's Attorney was planning to contact the Texas Public Utility Commission to discuss AT&T's justification for implementing the Rate Increase.

## **West Harris County Regional Water Authority / Operating Expense Credit**

Mr. Yale reviewed with the Board a letter dated 7 June 2018 from the District's Bookkeeper to the Authority regarding the operating expense credit (the "Credit") to be incorporated into the self-reporting form to be submitted to the Authority in connection with the District's water supply contract with the Authority for the delivery of drinking water to HCMUD No. 250. A copy of the letter is attached hereto as an exhibit to these minutes. Mr. Yale noted that MCI is notifying the Authority that the Credit for the period ending April 2020 would be calculated at \$1.1614 per 1,000 gallons, reflecting a 4.51% increase in the Consumer Price Index cost for electricity per kilowatt.

## **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 12 June 2018, a copy of which is attached hereto. Mr. Yale then submitted for the Board's review the Forward Budget Report for the period of January 2018 through December 2022 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 Forward Budget Report is attached hereto as an exhibit to these minutes.

## **Internet Website**

The Directors next discussed matters relating to the District's internet website (the "Website"). Director Ward reported that he had recently met with Shannon Waugh of Off Cinco, the District's Webmaster, to discuss a possible initiative to encourage the District's customers to register through the Website to receive alerts and other messages from the District by text message and electronic mail (the "Initiative"). He recommended that the Board invite Ms. Waugh to attend the Board's meeting on 23 July 2018 to discuss the Initiative and other matters relating to the Website. After discussion, the Board directed the District's Attorney to invite Ms. Waugh to attend the Board's meeting on 23 July 2018.

## **Attorney's Report**

Mr. Yale presented the Attorney's Report.

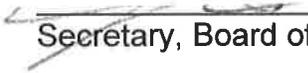
## **Area B – Phase II Sanitary Sewer Televised Inspection and Evaluation, continued**

Mr. Yale submitted for the Board's review a memorandum from the District's Attorney regarding the bonds and insurance submitted by Magna-Flow in connection with the 10-Year Inspection. A copy of the memorandum is attached hereto as an exhibit to these minutes. Mr. Yale remarked that the bonds and insurance submitted by Magna-Flow were found to be in order.

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.



  
Secretary, Board of Directors

Harris County Municipal Utility District No. 102  
Meeting of 25 June 2018  
Attachments

1. Security Patrol Report;
2. WCA Monthly Customer Issue Listing;
3. Tax Assessor/Collector's Report;
4. RESOLUTION ADOPTING OFFICIAL NOTICE OF SALE, PRELIMINARY OFFICIAL STATEMENT, AND BID FORM; AUTHORIZING DISTRIBUTION THEREOF; AND AUTHORIZING PUBLICATION OF NOTICE OF SALE;
5. Operator's Report;
6. Engineer's Report;
7. Inspection Report for the Detention Pond Maintenance;
8. Memo from AEI / Status of Sanitary Sewer Overflow Initiative;
9. Evaluation Report / South HPT at Water Plant No. 1;
10. Evaluation Report / 125,000 gallon GST at Water Plant No. 1;
11. Evaluation Report / 240,000 gallon GST at Water Plant No. 1;
12. Bookkeeper's Report;
13. Depository Pledge Agreement / Spirit of Texas Bank;
14. Letter from MCI to WHCRWA;
15. P3 Newsletter; and
16. P3 Forward Budget Report; and
17. Coats Rose memo / bonds and insurance on contract with Magna-Flow Environmental, Inc.