

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

24 September 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 24th day of September, 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
Jason A. Iken	Secretary
Robert Moorman	Assistant Secretary/Treasurer and Investment Officer
Vacant	Assistant Secretary

and all of said persons were present with the exception of Director Jordan, thus constituting a quorum.

Also present were: Amy Symmank of Myrtle Cruz, Inc. ("MCI"), the District's Bookkeeper; Cathy Brittain-Drew of Assessments of the Southwest, Inc. ("Assessments"), the District's Tax Assessor/Collector; David Smalling representing Robert W. Baird & Co. Incorporated, 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 David Green of Coats Rose, P.C. ("Coats Rose"), the District's Attorney; and Richard Barbour, a resident of the District.

Director Ward called the meeting to order.

### **Public Comments**

First, the Board reviewed two electronic mail messages dated 20 September 2018 from District resident Nancy Johnson regarding possible safety issues relating to the volume of traffic on Kentwick Drive. The Board then reviewed a letter dated 10 September 2018 from R. Jack Cagle, Harris County Precinct 4 Commissioner, to Ms. Johnson, which is included as an attachment to one of the electronic mail

messages from Ms. Johnson. Copies of the aforementioned documents are attached hereto as exhibits to these minutes.

### **Approval of Minutes**

The Board next considered approval of the minutes of the meeting of 27 August 2018. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of 27 August 2018, as written.

### **Security Patrol Report**

Deputy Craze addressed the Board regarding security related issues. A copy of the Security Patrol Report for August 2018 as prepared by the Sheriff's Department (the "Report") is attached hereto as an exhibit to these minutes. A discussion ensued regarding the format of the Report. The Directors expressed their desire for the Sheriff's Department to provide the District with (1) Reports that included a summary of the number and type of incidents reported during the month; or (2) Reports in which the addresses for the reported incidents were redacted. 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 August 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.

### **Contract for Solid Waste Collection Service**

The Board then discussed matters relating to the Residential Solid Waste Collection Contract between the District and WCA (the "Contract"). A discussion ensued regarding the Service. Mr. Yale noted that the current term of the Contract would expire on 30 April 2019. The Directors expressed their desire to invite representatives of certain solid waste collection companies (the "Companies") to attend future meetings of the Board to give presentations regarding their respective Companies. The Directors agreed that Director Iken would serve as the Board's Liaison with the District's Attorney with regard to the Service and the renewal of the Contract. Then, after discussion, the Board (1) authorized Director Iken and the District's Attorney to prepare a list of desired parameters for the Service to be sent to the Companies; and (2) authorized the District's Attorney to invite representatives of the Companies to attend the Board's meetings on 22 October and 26 November 2018.

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

Ms. Brittain-Drew distributed the Tax Assessor/Collector's Report for the month of August 2018, a copy of which is attached hereto as an exhibit to these minutes. She stated that as of 31 August 2018, the District's 2017 tax levy was 98.7% collected. She noted that the District's Tax Account had a balance of \$44,672.01 as of the end of this reporting period (31 August 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 \$46,823.07. She noted that Assessments was requesting approval for nine checks written on the District's tax account, said checks including the transfer of \$5,186.12 in revenues from the tax for maintenance and operations to the District's Operating Fund.

The Board then reviewed the Unpaid Accounts Report dated 20 September 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.

## **Delinquent Tax Attorney's Report**

Next, Ms. Brittain-Drew submitted to and reviewed with the Board the Delinquent Tax Attorney's Report dated 24 September 2018, as prepared by Perdue, Brandon, Fielder, Collins & Mott, L.L.P., the District's Delinquent Tax Attorney. A copy of the Delinquent Tax Attorney's Report 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 Delinquent Tax Attorney's Report.

## **Hearing on Proposed Tax Rate**

The Board then convened a public hearing to discuss the proposed tax rate for the 2018 tax year (the "Tax Rate"). The Directors noted that there were no taxpayers of the District in attendance who desired to address the Board regarding the Tax Rate.

## **Adopt Order Levying Taxes**

Next, the Directors reviewed an ORDER LEVYING TAXES as prepared by the District's Attorney. Then, upon a motion duly made and seconded, the Board voted unanimously to adopt a debt service tax rate of \$0.25 per \$100 of assessed valuation. The Board then, upon a motion duly made and seconded, voted unanimously to adopt a maintenance tax rate of \$0.37 per \$100 of assessed valuation and to adopt the ORDER LEVYING TAXES, a copy of which is attached hereto and shall be considered a part of these minutes. Also attached as an exhibit to these minutes is an Affidavit of Publication for the Notice of Public Hearing on the 2018 Tax Rate.

## **Amendment to Information Form**

The Board then considered Amendment Number 50 to the District's Information Form (the "Amendment"), which states the District's most recent tax rate and will be filed with the Texas Commission on Environmental Quality (the "Commission") and in the Official Public Records of Real Property of Harris County, Texas. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Amendment and to authorize filing of same. A copy of the Amendment as approved is attached hereto and shall be considered part of these minutes.

## **Operator's Report**

Next, Ms. Hollingsworth distributed the Operator's Report prepared by MDS for the month of August 2018. She reviewed the Water Production portion of the Operator's Report in detail. Ms. Hollingsworth reported that the District had produced 17,949,000 gallons of water and had purchased 19,088,000 gallons of water from the West Harris County Regional Water Authority (the "Authority") during the period ending 15 August 2018, with an accountability rate of 94.7%. She reported that the District had provided 3,335,000 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 39.2% of design capacity during the August 2018 reporting period, with an average daily flow of 510,000 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 August 2018; and (2) charts depicting the influent and effluent testing results for August 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 24 August 2018 had an E. Coli count of 4,839 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 / Telecommunication Systems**

Ms. Hollingsworth informed the Board that new ethernet radios had been installed at the District's Water Plant Nos. 1, 2, and 4, and at remote Water Well No. 6.

## **District Facilities / Electrical Surge Suppression Devices**

The Board then discussed the status of the electrical surge suppression devices at the District's facilities. Ms. Hollingsworth reported that Neil Technical Services, Corp. ("NTS") had completed the electrical and infra-red surveys at all of the District's facilities (the "Surveys"). She stated that the results from Surveys would be forwarded to the District's Engineer for review, upon receipt from NTS.

## **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 recalled that the District's Operator had received notification from the Texas Department of Public Safety (the "DPS") that the District would be awarded (1) a Public Assistance Grant in the amount of \$37,331.71 in connection with its invoiced costs relating to emergency protective measures before and during Hurricane Harvey; and (2) a Public Assistance Grant in the amount of \$9,263.88 for invoiced costs relating to repairs to fire hydrants in the District and the replacement of meter box lids in flooded areas (collectively, the "Grants"). Ms. Symmank confirmed to the Board that the District had received a payment from the DPS in the amount of \$46,595.59 for the Grants.

## **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.

## **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 August 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 three delinquent service accounts in the total amount of \$431.32 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.

### **Advanced Review of Compliance History**

Next, Mr. Yale reviewed with the Board the TCEQ Advanced Review of Compliance History ("ARCH") report, a copy of which is attached hereto as an exhibit to these minutes. He explained that the Commission rates the compliance history of all organizations under Title 30, Texas Administrative Code, Chapter 60, evaluates the compliance history of each site, and classifies each site as "High," "Satisfactory," "Unsatisfactory," or "Unclassified." Mr. Yale stated that the District's Attorney had registered as an ARCH user for the District and had forwarded copies of the ARCH reports for the District to the District's Engineer and Operator. He stated that the District had received a Compliance History Classification of "Satisfactory" and the Plant received a rating of "Unclassified."

### **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 ("Waldron Estates") and Concord Colony Subdivision, Section 2 ("Concord Colony"), 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 August 2018 as prepared by AEI, a copy of which is attached hereto as an exhibit to these minutes. He reported that SWS conducted the inspection of the Detention Ponds on 17 September 2018. The storm water quality features in the Detention Ponds (the "SWQ Features") were cleaned, he told the Board, and the

mowing had been completed. Mr. Kurzy stated that the District's Engineer would continue to monitor the sinkholes that had developed in the Concord Colony Detention Pond and the erosion in the Waldron Estates Detention Pond. Mr. Kurzy noted that the permits (the "Permits") for the SWQ Features would expire on 12 October 2018. He stated that the District's Engineer was scheduling the re-inspection of the SWQ Features and would ensure that the application for the renewal of the Permits was submitted prior to the expiration date.

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 August 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 / Spot-Coating Rehabilitation of Ground Storage Tanks / One Year Warranty Period**

Next, the Board discussed matters relating to the one-year warranty period for the contract with Blastco Texas, Inc. ("Blastco") for the spot-coating rehabilitation of the 125,000-gallon ground storage tank ("GST") and 250,000-gallon GST at Water Plant No. 1 (the "GST Rehabilitation"), which concluded on 10 August 2018. Mr. Kurzy recalled that during the warranty inspection on the GST Rehabilitation the District's Engineer had observed corrosion on an interior ladder in one of the GSTs. He noted that Blastco was waiting for favorable weather conditions before making the necessary repairs to the ladder.

### **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 although Payton had completed the Recoating, there was excess sand remaining on-site that obstructed access to the valve. The District's Engineer notified Payton to remove the sand so that the South HPT could be placed into service, said Mr. Kurzy.

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

Mr. Kurzy reported that the District's Engineer was continuing to coordinate with FEMA and the District's Operator with regard to the District's requests for funding of flood mitigation projects relating to (1) the Water Well No. 4 site; (2) Lift Station No. 2; (3) the on-site Lift Station at the Plant; and (4) the pumps for the non-potable water system at the Plant.

## **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 19 September 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 matters relating to the 10-year televised inspection and evaluation of sanitary sewer lines in Area B – Phase II as performed by Magna-Flow Environmental, Inc. Mr. Kurzy reviewed with the Board the options for future actions with regard to the sanitary sewer lines in Area B, including the possible use of "top hat" inserts for the connections between the main sanitary sewer lines and the lateral lines (the "Inserts"). Mr. Kurzy called the Board's attention to a cost estimate as prepared by the District's Engineer that compares (1) the cost for the semi-annual application of Razorooter II herbicide by Duke's Root Control, Inc. (the "Herbicide"); and (2) the cost to install the Inserts. A copy of the cost estimate is included with the Engineer's Report. Mr. Kurzy stated that the unit cost for an Insert that extends 12 inches into the lateral line was approximately \$2,000 to \$2,500. Accordingly, he continued, Inserts could be installed in 70 lateral lines (those currently affected by tree root intrusion) for a total cost of \$155,000 to \$190,000. The annual cost to treat 10,540 linear feet of sanitary sewer line with the Herbicide totals \$30,566, he told the Board. Mr. Kurzy stated that the breakeven point for the cost of the Inserts was five to seven years, depending on the actual unit cost for the Inserts. The expected service life of the Inserts is in excess of 20 years, he told the Board. Mr. Kurzy noted that the District's Engineer had provided the District's Operator with the locations in Area B for the application of the Herbicide. Ms. Hollingsworth stated that the District's Operator was proceeding with the application of the Herbicide in the affected segments of the sanitary sewer lines on Alisa Lane, Baxter Avenue, and Rumford Lane as authorized at the Board's meeting on 27 August 2018.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Engineer to prepare plans for the installation of the Inserts in certain segments of the sanitary sewer lines in Area B.

## **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, 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 N&S Construction had moved on-site and had begun demolition of the drying beds at the Plant site.

## **Wastewater Treatment Plant / Minor Permit Amendment**

Mr. Kurzy recalled that the District's Engineer submitted the minor amendment to the District's Discharge Permit (the "Minor Amendment") to the Commission in June 2018. He stated that the Minor Amendment had been declared to be administratively complete and was undergoing technical review by the Commission.

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

## **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 August 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 \$4,864,371.01 as of this date. Ms. Symmank informed the Board that the District had received a payment of \$10,334.59 from the City of Houston (the "City") for the District's share of sales tax collections during June 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 \$474,085.16 and the balance of the District's Capital Projects Fund, including investments, totals \$4,143,726.44 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 2018 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.

## **Proposed Operating Budget for Fiscal Year ending 30 September 2019**

Ms. Symmank then reviewed with the Board the proposed Operating Budget for the fiscal year ending 30 September 2019 (the "2019 Budget"). After discussion, upon a motion duly made and seconded, the Board voted unanimously to adopt the 2019 Budget, as presented. A copy of the 2018 Budget as adopted is included with the Bookkeeper's Report.

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

The Board briefly discussed scheduling a special Board meeting (the "SWOT Meeting") in order to review the District's Business Plan and SWOT Analysis (Strengths, Weaknesses, Opportunities, and Threats). The Directors expressed their desire to hold the SWOT meeting in either March or April 2019. The Directors then deferred action on this matter to the Board's meeting on 17 December 2018.

## **Appointment of Director**

The Board considered the items listed on the agenda pertaining to the appointment of a Director to the Board. Mr. Yale presented an ORDER APPOINTING DIRECTOR for the Board's review. He noted that the Order stipulates that Richard Barbour has agreed to serve as a Director of the District to fulfill the term of former Director David Scholler through May 2021. Upon a motion duly made and seconded, the Board voted unanimously to adopt the Order, a copy of which is attached hereto and shall be considered to be a part of these minutes. Director Barbour then presented his Oath of Office, Statement of Officer, and Affidavit for Director for the Board's review and approval. Upon a motion duly made and seconded, the Board voted unanimously to accept the referenced documents as presented, copies of which are attached hereto. Mr. Barbour then presented the District's Attorney with his Statement of Director regarding the disclosure of his address and telephone number, a copy of which is attached hereto as an exhibit to these minutes.

Mr. Yale noted that Director Barbour would need to complete the required Texas Open Government training (the "Training") within 90 days (28 December 2018). Attached hereto as an exhibit to these minutes is a copy of a memorandum from the District's Attorney regarding the Training.

## **Election of Officers**

The Directors next considered the need to reconstitute the Board of Directors, pursuant to the requirements of Section 49.054(b), Texas Water Code. 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	Treasurer, Assistant Secretary, and Investment Officer
Richard Barbour	Director

The Directors then agreed to again consider reconstituting the Board of Directors at a future meeting of the Board when Director Jordan is in attendance. Accordingly, the

Board directed the District's Attorney to defer preparation of the revised District Registration Form for filing with the Commission for the time being.

### **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. A discussion ensued regarding the Land Lines. Mr. Kurzy reported that the electrical sub-consultant for the District's Engineer was investigating whether any of the disconnected Land Lines or related equipment was still in place at the District's facilities. He noted that a digital subscriber line (the "DSL Line") had been installed for monitoring purposes during the project for the improvements to Water Plant No. 2. He explained to the Board that that the account for the DSL Line was under the contractor's name and that the DSL Line was disconnected.

Mr. Yale then informed the Board that on 4 September 2018 the District's Bookkeeper had received an invoice from AT&T for the District (the "Invoice") that showed a past due balance of \$38,658.55 and a current balance of \$48,716.89. According to Mary Jarmon of MCI, he told the Board, this Invoice was for an account number that was not associated with the District. What is more, he continued, Ms. Jarmon said the address on the Invoice was for a previous address for MCI that had not been valid for several years. Mr. Yale remarked that so-called "ghost invoices" fall within the jurisdiction of the Texas Public Utilities Commission (the "PUC") and accordingly the District's Attorney had referred this matter to the PUC for review. After discussion, the Board directed the District's Bookkeeper to withhold payment on the Invoice until AT&T can provide documentation establishing the validity of the Invoice.

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

Consideration was then given to scheduling a special meeting of the Board to discuss the AT&T Invoices. After discussion, the Board agreed to meet at 6:00 p.m. on Thursday, 11 October 2018.

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

Mr. Yale distributed copies of a memorandum from Coats Rose, regarding the 12 September 2018 meeting of the Authority's board of directors (the "Authority Board"). A copy of the memorandum is attached hereto as an exhibit to these minutes.

Mr. Yale then called the Board's attention to a letter dated 13 September 2018 from the Authority (the "Authority Letter"), a copy of which is attached hereto. He noted that the Authority Board anticipates implementing increases in its groundwater pumpage fee (the "Pumpage Fee") and surface water fee (the "Surface Water Fee") in order to fund the water supply projects that are needed to meet the Harris-Galveston Subsidence District (the "Subsidence District") groundwater reduction regulations and to

avoid the \$8.75 per 1,000 gallons ("k/gal") that the Subsidence District imposes for non-compliance. According to the letter, he continued, the Authority Board anticipates increasing the Pumpage Fee from \$2.70 per k/gal to \$2.95 per k/gal and the Surface Water Fee from \$3.10 per k/gal to \$3.35 per k/gal, effective 1 January 2019. Mr. Yale noted that the Authority Board would consider adoption of the proposed Pumpage Fee and the Surface Water Fee at its meeting on 14 November 2018. He then presented the Directors with a notice from the Authority for the Partners in Progress Forum to be held by the Authority Board at 6:00 p.m. on Thursday, 25 October 2018, at the Fry Road Municipal Utility District Administration Building at 20111 Saums Road in Katy, Texas. A copy of the notice 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 11 September 2018, a copy of which is attached hereto.

### **Internet Website**

The Directors next discussed matters relating to the District's internet website (the "Website"), including the use of postcard mailers 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 "Messaging Service"). Mr. Yale reviewed with the Board an electronic mail message dated 19 September 2018 from Treacy Ware of Off Cinco, to which is attached the Website Analytics Report for September 2018. Copies of the aforementioned documents are attached hereto as exhibits to these minutes. Mr. Yale noted that as of 19 September 2018 the number of electronic mail subscribers totaled 915 and the number of text message subscribers totaled 135. A discussion ensued regarding other options for promoting the Messaging Service. The Board then directed the District's Operator to place signs throughout the District regarding the Website and the Messaging Service during the last week of May and the first week of September of each year.

Mr. Yale then reviewed with the Board an electronic mail message received through the Website from Glenn D. Oliver of H2bid, Inc. ("H2bid"), regarding the services offered by H2bid in connection with the purchase of electricity by water and wastewater facilities. A copy of the electronic mail message is attached hereto as an exhibit to these minutes.

### **Landscaping Report**

Director Ward reported on the status of landscaping activities in the District. He noted that certain trees at the Water Plant No. 2 site (the "Trees") were casting shade on a section of the elevated storage tank (the "EST"), which had resulted in the growth

of algae on the affected section of the EST. Director Ward stated that he would notify Venture Landscape Systems, LLC, to trim the Trees as needed.

### **Attorney's Report**

Mr. Yale presented the Attorney's Report.

### **Confirm Engagement of Auditor**

Mr. Yale discussed with the Board the need to confirm the engagement of McCall Gibson Swedlund Barfoot, PLLC ("McCall") for preparation of the District's annual financial report for the fiscal year ending 30 September 2018 (the "Audit Report"). He recalled that on 23 September 2016 the Board had accepted a proposal from McCall to audit the financial statements of the District for each fiscal year on a continuing basis, commencing with the fiscal year ending 30 September 2016. Mr. Yale then submitted for the Board's review and approval a copy of the Audit Continuance Letter dated 24 September 2018 from McCall. He pointed out to the Board that McCall estimated that the fees to be charged to the District for the preparation of the Audit Report for the fiscal year ending 30 September 2018 would range from \$15,000 to \$16,000. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Audit Continuance Letter and authorize McCall to prepare the Audit Report for the fiscal year ending 30 September 2018. A copy of the Audit Continuance Letter is attached hereto as an exhibit to these minutes.

### **Drought Contingency Plan and Water Conservation Plan**

Mr. Yale reviewed with the Board a letter dated 14 September 2018 from the Commission stating that under Texas Water Code Chapter 11 and Title 30 Texas Administrative Code Chapter 288, certain entities are required to submit an updated Water Conservation Plan, Water Conservation Implementation Report, or updated Drought Contingency Plan to the Commission every five years. A copy of the letter is attached hereto as an exhibit to these minutes. Mr. Yale remarked that the District would be required to submit its updated Drought Contingency Plan to the Commission no later than 1 May 2019. Additionally, he continued, the District would be required to submit its updated Water Conservation Plan to the Texas Water Development Board no later than 1 May 2019.

### **Executive Session**

The Board went into executive session, pursuant to the Open Meetings Act, Section 551.071, Government Code, at 8:37 p.m. to discuss matters relating to possible litigation. The Board returned to open session at 9:00 p.m.

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 24 September 2018  
Attachments

1. Email from Nancy Johnson (6:48 a.m. on 9/20/18)
2. Email from Nancy Johnson (12:43 p.m. on 9/20/18) including letter from R. Jack Cagle;
3. Security Patrol Report;
4. WCA Monthly Customer Issue Listing;
5. Tax Assessor/Collector's Report;
6. Delinquent Tax Attorney's Report;
7. ORDER LEVYING TAXES;
8. Affidavit of Publication for the Notice of Public Hearing on the 2018 Tax Rate;
9. Amendment Number 50 to the District's Information Form;
10. Operator's Report;
11. Advanced Review of Compliance History (ARCH);
12. Engineer's Report;
13. Detention Pond Inspection Report;
14. Memo from AEI / Update on SSO Initiative Action Plan;
15. Bookkeeper's Report;
16. ORDER APPOINTING DIRECTOR;
17. Oath of Office;
18. Statement of Officer;
19. Affidavit For Director;
20. Statement of Director / Disclosure of Address and Telephone Number;
21. Coats Rose memo / Open Government Training;
22. Coats Rose memo / WHCRWA;
23. Letter from WHCRWA / Notice of Anticipated Fees;
24. Notice from WHCRWA / Partners in Progress Forum on 25 October 2018;
25. P3 Newsletter;
26. Email from Off Cinco with Website Analytics Report;
27. Email from Glenn D. Oliver / H2bid, Inc.
28. Audit Continuance Letter; and
29. Letter from Texas Commission on Environmental Quality.