

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

22 October 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 22nd day of October, 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	Treasurer, Assistant Secretary, and Investment Officer
Richard Barbour	Director

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; Dana Hollingsworth of Municipal District Services, L.L.C. ("MDS"), the District's Operator; Tony Sarman, P.E., of AEI Engineering, L.L.C. ("AEI"), the District's Engineer; Felix DeLeon representing Waste Corporation of Texas, L.P. ("WCA"), the District's Solid Waste Collector; Deputy T. Craze of the Harris County Sheriff's Department (the "Sheriff's Department"); Briana Bradner and Mike Nelson of Frontier Waste Solutions ("Frontier"); Kevin Atkinson representing Texas Pride Disposal ("TPD"); and Will Yale and David Green of Coats Rose, P.C. ("Coats Rose"), the District's Attorney.

Director Ward called the meeting to order.

Public Comments

First, the Board reviewed an electronic mail message dated 1 October 2018 from District resident Nancy Johnson regarding possible safety issues relating to the volume and velocity of traffic on Kentwick Drive. The Board noted that Ms. Johnson had also transmitted the electronic mail message to R. Jack Cagle, Harris County Precinct 4 Commissioner. A copy of the electronic mail message is attached hereto as an exhibit to these minutes.

Approval of Minutes

The Board then considered approval of the minutes of the meeting of 24 September 2018. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of 24 September 2018, as written.

Security Patrol Report

Deputy Craze addressed the Board regarding security related issues. The Board reviewed the Security Patrol Report for September 2018 as prepared by the Sheriff's Department (the "Report"). A discussion ensued regarding the new format of the Report. After review, the Directors accepted the Security Report and directed the District's Attorney to attach a copy of same to these minutes.

Solid Waste Collection Service

Next, the Directors discussed matters relating to the solid waste collection service (the "Service") being provided in the District by WCA. Mr. Yale distributed to the Board copies of the Monthly Customer Issue Listing for the Service for September 2018, as prepared by WCA. Mr. DeLeon then answered questions from the Board regarding the Service. Director Ward remarked that there was a recurring issue involving the collection of tree limbs in the District by WCA. Director Iken commented that WCA collection vehicles were operating in the District prior to 7:00 a.m. on collection days. After review, the Board accepted the Monthly Customer Issue Listing and directed the District's Attorney to attach a copy of same to these minutes.

Tax Assessor/Collector's Report

Ms. Brittain-Drew distributed the Tax Assessor/Collector's Report for the month of September 2018, a copy of which is attached hereto as an exhibit to these minutes. She stated that as of 30 September 2018, the District's 2017 tax levy was 98.9% collected. She noted that the District's Tax Account had a balance of \$48,184.38 as of the end of this reporting period (30 September 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 \$27,514.49. She noted that Assessments was requesting approval for three checks written on the District's tax account, said check including the transfer of \$5,098.53 in revenues from the tax for maintenance and operations to the District's Operating Fund.

The Board then reviewed the Unpaid Accounts Report dated 17 October 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.

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"). Mr. Yale noted that the current term of the Contract would expire on 30 April 2019. He then reviewed with the Board (1) a memorandum from the District's Attorney regarding the schedule for the presentations to be given by solid waste collection vendors; and (2) the list of desired parameters for the Service, copies of which are attached hereto as an exhibit. Mr. Yale informed the Board that representatives of Frontier and TPD were in attendance at this meeting to give presentations regarding their respective companies. Ms. Bradner and Mr. Atkinson then addressed the Directors in turn regarding their respective companies and responded to questions from the Board. They provided the Directors with informational materials relating to Frontier and TPD, copies of which are attached hereto as exhibits to these minutes. A discussion ensued regarding the collection of storm debris following a severe weather event (the "Storm Debris Collection"). Mr. Yale explained to Ms. Bradner and Mr. Atkinson that the Board was interested in having potential vendors for the Service present a form contract for the Storm Debris Collection that would be separate from and in addition to the Contract. Ms. Bradner, Mr. Nelson, and Mr. Atkinson then departed from the meeting. Mr. Yale noted that representatives of Best Trash, LLC, and Residential Refuse and Recycling of Texas had been invited to give presentations at the Board's meeting on 26 November 2018.

Operator's Report

Next, Ms. Hollingsworth distributed the Operator's Report prepared by MDS for the month of September 2018. She reviewed the Water Production portion of the Operator's Report in detail. Ms. Hollingsworth reported that the District had produced 16,528,000 gallons of water and had purchased 19,947,000 gallons of water from the West Harris County Regional Water Authority (the "Authority") during the period ending 16 September 2018, with an accountability rate of 94.3%. She reported that the District had provided 3,278,000 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 44.3% of design capacity during the September 2018 reporting period, with an average daily flow of 576,000 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 2015 to September 2018; and (2) charts depicting the influent and effluent testing

results for September 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.

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. had completed the electrical and infra-red surveys at all of the District's facilities (the "Surveys"). She noted that the results from Surveys had been forwarded to the District's Engineer for review. Ms. Hollingsworth stated that the District's Operator had removed Water Well No. 2 from service pending further investigation of the pump motor (the "Pump Motor"). The data from the Surveys indicated that the Pump Motor was megging high, she told the Board.

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 on 11 September 2018 the District had received \$108,000 via direct deposit from the Texas Department of Public Safety (the "DPS") as payment on a Public Assistance Grant for a portion of the District's cost to convert the disinfection system in the effluent basin in the Plant to operate with bleach instead of the ultraviolet disinfection system. She called the Board's attention to a letter dated 29 August 2018 from the DPS regarding the Public Assistance Grant, a copy of which is included with the Operator's Report.

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 that were not covered by the District's insurance policies. Ms. Hollingsworth remarked that the District's Operator had received and responded to a request for additional documentation.

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 27 September 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 \$195.69 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. Sarman presented the Engineer's Report for the Board's review. A copy of the Engineer's Report is attached hereto as an exhibit to these minutes.

Maintenance of Detention Ponds

The Directors discussed matters relating to the maintenance (the "Detention Pond Maintenance") of the detention ponds (the "Detention Ponds") serving Waldron Estates Subdivision and Concord Colony Subdivision, Section 2, by Storm Water Solutions, L.P. Mr. Sarman submitted to and reviewed with the Board the Inspection Report for the Detention Pond Maintenance for October 2018 as prepared by AEI, a copy of which is attached hereto as an exhibit to these minutes. He then informed the Board that the annual renewal of the permits for the storm water quality features in the Detention Ponds had been completed.

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. Sarman 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 stated that Blastco had completed 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. Sarman 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 had completed the Recoating and, as directed by the District's Engineer, had removed the excess sand on-site that was obstructing access to the valve. Mr. Sarman continued that the South HPT had been closed and disinfected. He added that the District's Engineer was awaiting results of bacteriological testing prior to returning the South HPT to service.

Federal Emergency Management Agency / Hurricane Harvey

Mr. Sarman 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 (collectively, the "Mitigation Projects"). Mr. Sarman reported that certain portions of the proposed Mitigation Projects were not eligible for FEMA funding due to the cost. He stated that the District's Engineer could modify the proposals for the Mitigation Projects so as to reduce a sufficient portion of the work to make them eligible for mitigation funds, as follows: (1) for Lift Station No. 2: revise the numbers by utilizing slack in the existing cables to raise the controls 1.5 to 2 feet and place a fill stack and vent stack on the generator fuel tank to obtain additional elevation mitigation; (2) for the Water Well No. 4 site: amend the submission to have the District assume the additional cost to disinfect Water Well No. 4 in response to latent bacterial contamination, and raise only the well pump motor and the vent; and (3) for the on-site Lift Station at the Plant: rework the project to seal the opening between the wet well and the dry well, and modify the vent to prevent inflow into the Lift Station, thereby negating the need to use submersible lift pumps. Mr. Sarman stated that the District's Engineer was also investigating any possible changes in regulations that might affect the Mitigation Projects.

Sanitary Sewer Overflow Initiative

Next, Mr. Sarman reported on 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"). He submitted to and reviewed with the Board a memorandum dated 17 October 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. Sarman reported that Duke's Root Control, Inc., was scheduled to be on-site to apply Razorooter II herbicide to certain sanitary sewer lines in Area B. He then reviewed with the Board a proposed project schedule (the "Schedule") for the installation of "top hat" inserts for the connections between the main sanitary sewer lines and the lateral lines in certain segments of Area B (the "Inserts"). A copy of the Schedule is included in the Engineer's Report. Mr. Sarman stated that the District's Engineer had commenced work on the plans for the installation of the Inserts.

Wastewater Treatment Plant Effluent Basin Conversion

The Directors next discussed the contract with N&S Construction Co., LP (called "N&S Construction") for permanently converting the disinfection system in the effluent basin in the Plant to operate with bleach instead of the ultraviolet disinfection system (the "Conversion"). Mr. Sarman reported that N&S Construction had completed the demolition of the existing drying beds at the Plant site and had placed the seal slab for the new basin. N&S Construction was placing steel reinforcement and preparing the concrete placement, he told the Board.

Mr. Sarman then reported that N&S Construction had submitted Pay Estimate No. 2 in the amount of \$15,538.50 in connection with the Conversion project. A copy of Pay Estimate No. 2 is attached hereto as an exhibit to these minutes. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize Payment of Pay Estimate No. 2.

Wastewater Treatment Plant / Minor Permit Amendment

Mr. Sarman recalled that the District's Engineer submitted the minor amendment to the District's Discharge Permit (the "Minor Permit Amendment") to the Commission in June 2018. He reported that the Commission had issued a draft Minor Permit Amendment for review. Mr. Sarman stated that the District's Engineer had reviewed the draft Minor Permit Amendment and offered no objection to same.

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 September 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 \$5,110,853.66 as of this date. Ms. Symmank informed the Board that the District had received a payment of \$9,444.94 from the City of Houston (the "City") for the District's share of sales tax collections during July 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 \$349,816.07 and the balance of the District's Capital Projects Fund, including investments, totals \$4,010,998.66 as of this date. The Board then reviewed: (1) the District's Operating Budget for the fiscal year ending 30 September 2019; (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.

Open Government Training

Mr. Yale remarked that Director Barbour would need to complete his Open Government training by 23 December 2018.

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 and Assistant Treasurer
Robert Moorman	Treasurer, Assistant Secretary, and Investment Officer
Richard Barbour	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 Commission.

West Harris County Regional Water Authority

Director Ward reported on recent activities of the West Harris County Regional Water Authority (the "Authority"). Director Ward noted that he and Director Moorman had attended the 10 October 2018 meeting of the Authority's board of directors.

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 9 October 2018, a copy of which is attached hereto.

Landscaping Report

Director Ward reported on the status of landscaping activities in the District.

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 for the telecommunication systems at the District's facilities. Mr. Yale submitted to and reviewed with the Board a letter date 10 October 2018 from the Customer Projection Division (the "CPD") of the Public Utility Commission of Texas (the "PUC") to the District's Attorney in response to the complaint filed by Coats Rose on behalf of the District in connection with the AT&T Invoices (the "Complaint"). A copy of the letter is attached hereto as an exhibit to these minutes. According to the letter, said Mr. Yale, the PUC had forwarded the Complaint to AT&T on 18 September 2018. The letter states that AT&T did not investigate and advise the PUC in writing of the results of its investigation of the Complaint within 21 days of the date forwarded by the PUC pursuant to Substantive Rule §26.30(b)(1)(B), and accordingly the CPD had determined that AT&T failed to respond in a timely manner, said Mr. Yale. The Directors then requested that the District's Attorney provide them with a copy of the Complaint as filed with the PUC.

Mr. Sarman reported that the electrical sub-consultant for the District's Engineer had investigated and found no evidence of point-to-point connections for the telecommunication systems at the District's facilities. He stated that the only connections involving AT&T accounts that are currently in service are for the autodialing units at the District's facilities. He explained that all communication between the District's water wells and the Water Plants is being conducted via radio.

A discussion then ensued regarding the AT&T Invoices for the period of approximately 1998 through 2010 (the "Archived Invoices"). Mr. Yale stated that the District's Bookkeeper had informed him that the cost to obtain copies of the Archived Invoices from offsite storage would range from \$750 to 1,000. After discussion, upon a

motion duly made and seconded, the Board voted unanimously to authorize the District's Bookkeeper to retrieve the Archived Invoices and present same to the District's Attorney.

Attorney's Report

Mr. Yale presented the Attorney's Report.

Public Information Act Request

Next, Mr. Yale reported that the District's Attorney had received an electronic mail message dated 11 October 2018 from Glenn D. Oliver of H2bid, Inc., in which Mr. Oliver requested an electronic copy of the complete vendor list for the District in Excel or CSV format (the "Vendor List"). A copy of the electronic mail message is attached hereto as an exhibit to these minutes. Mr. Yale stated that the District's Attorney responded to Mr. Oliver by electronic mail message dated 12 October 2018, explaining that the District does not maintain a Vendor List. A copy of the electronic mail message from the District's Attorney to Mr. Oliver 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 Attorney's Report.

Executive Session

The Board went into executive session, pursuant to the Open Meetings Act, Section 551.071, Government Code, at 8:12 p.m. to discuss matters relating to possible litigation. The Board returned to open session at 9:08 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 22 October 2018
Attachments

1. Attendance Sheet;
2. Email from Nancy Johnson;
3. Security Patrol Report;
4. WCA Monthly Customer Issue Listing;
5. Tax Assessor/Collector's Report;
6. Coats Rose memo and list of solid waste service parameters;
7. Presentation from Frontier Waste Solutions;
8. Presentation from Texas Pride Disposal;
9. Operator's Report;
10. Engineer's Report;
11. Detention Pond Maintenance Report;
12. Memo from AIE Engineering / Sanitary Sewer Overflow Initiative Action Plan;
13. Pay Estimate No. 2 / Conversion of WWTP Disinfection;
14. Bookkeeper's Report;
15. P3 Newsletter;
16. Letter from Public Utility Commission of Texas;
17. Email from H2bid, Inc.; and
18. Email from Coats Rose to H2bid, Inc.