

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

25 March 2019

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 March, 2019, 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 and Assistant Treasurer
Robert Moorman	Treasurer, Assistant Secretary, and Investment Officer
Richard Barbour	Assistant Secretary

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; Mike Kurzy, P.E., of AEI Engineering, L.L.C. ("AEI"), the District's Engineer; Deputy A. Salmeron of the Harris County Sheriff's Department (the "Sheriff's Department"); Dan Sallee representing Langham Bayou Links (called "LBL"); David Hummel representing Advisory Commercial Real Estate; George Jarkey representing Jarkey Financial Communications, Inc. ("Jarkey Financial"); and Will Yale and David Green of Coats Rose, P.C. ("Coats Rose"), the District's Attorney.

Director Ward called the meeting to order.

Approval of Minutes

The Board first considered approval of the minutes of the meeting of 25 February 2019. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of 25 February 2019, as written.

Security Patrol Report

Deputy Salmeron addressed the Board regarding security related issues. A copy of the Security Patrol Report for February 2019 as prepared by the Sheriff's Department is attached hereto as an exhibit to these minutes. Director Barbour reported on his attendance at a recent meeting of security coordinators that was hosted by the Sheriff's Department.

After review, the Directors accepted the Security Report and directed the District's Attorney to attach a copy of same to these minutes.

Security Service Contract

Mr. Yale submitted to and reviewed with the Board a letter dated 8 March 2019 from the Harris County Precinct 4 Constable's Office regarding the increase in the rates to be charged to entities that enter into a Security Service Contract with Harris County (the "Contract"). A copy of the letter is attached hereto as an exhibit to these minutes. According to the Constable's Office, he told the Board, the Harris County Commissioners Court had approved a 4.9% increase in the rates to be charged under the Contract, to be effective 1 March 2020. He explained that the rate increase would affect Contracts for both Deputy Constables and Sheriff's Deputies.

Solid Waste Collection Service

Next, the Directors discussed matters relating to the solid waste collection service (the "Service") being provided in the District by Waste Corporation of Texas, L.P. ("WCA"), the District's Solid Waste Collector. Mr. Yale distributed to the Board copies of the Monthly Customer Issue Listing for the Service for February 2019, as prepared by WCA. A copy of the Monthly Customer Issue Listing is attached hereto as an exhibit to these minutes.

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.

Residential Solid Waste Collection Contract

Mr. Yale then submitted for the Board's review and approval a proposed Residential Solid Waste Collection Contract (the "Collection Contract") between the District and Texas Pride Disposal Solutions LLC dba Texas Pride Disposal (called "TPD") to be effective as of 1 May 2019. He noted that under the Collection Contract, TPD would begin the Service in the District on 2 May 2019. Mr. Yale stated that pursuant to the Collection Contract, TPD would provide 48-gallon bins to the District's customers for the collection of recyclable materials (the "Recycling Bins"). He noted that the initial term of the Collection Contract would be five years, after which the Collection Contract would automatically renew for an additional one-year period unless either party gives written notice of termination. Mr. Yale pointed out to the Board that the initial

monthly rate to be charged to the District by TPD for the Service during the first year of the Collection Contract would be \$15.55 per active residential water connection (the "Service Rate"), and thereafter the Service Rate would be adjusted on the anniversary date of the Collection Contract according to changes in the Local Consumer Price Index for Houston, The Woodlands, and Sugar Land, Texas.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) approve the Collection Contract; and (2) authorize Director Ward to execute the Collection Contract, a copy of which is attached hereto as an exhibit to these minutes.

A discussion ensued regarding the transition of the Service from WCA to TPD (the "Transition"). Mr. Yale stated that the District's Attorney would ask Kevin Atkinson of TPD to provide (1) a written plan for the Transition; and (2) information regarding the distribution of the Recycling Bins to the District's residential customers. Ms. Hollingsworth stated that she would work with TPD to draft an announcement to the District's customers regarding the Transition and the distribution of the Recycling Bins. The Directors expressed their desire for the Announcement to be placed on the District's internet website (the "Website"). The Directors then requested that Mr. Atkinson be invited to attend the Board's meeting on 22 April 2019.

Tax Assessor/Collector's Report

Ms. Brittain-Drew distributed the Tax Assessor/Collector's Report for the month of February 2019, a copy of which is attached hereto as an exhibit to these minutes. She stated that as of 28 February 2019, the District's 2018 tax levy was 95.8% collected. She noted that the District's Tax Account had a balance of \$227,755.78 as of the end of this reporting period (28 February 2019). 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 \$89,521.99. She noted that Assessments was requesting approval for six checks written on the District's tax account, and two transfers by wire as follows: a transfer of \$93,387.48 in revenues from the tax for maintenance and operations to the District's Operating Fund and \$65,000.00 to the Debt Service Fund.

The Board then reviewed the Unpaid Accounts Report dated 21 March 2019, a copy of which is included in the Tax Assessor/Collector's Report. Then, after review, upon a motion duly made and seconded, the Board voted unanimously to: (1) accept the Tax Assessor/Collector's Report; and (2) authorize payment of the checks listed therein.

Operator's Report

Next, Ms. Hollingsworth distributed the Operator's Report prepared by MDS for the month of February 2019. She reviewed the Water Production portion of the Operator's Report in detail. Ms. Hollingsworth reported that the District had produced

1,051,000 gallons of water and had purchased 22,808,000 gallons of water from the West Harris County Regional Water Authority (the "Authority") during the period ending 18 February 2019, with an accountability rate of 95.0%. She reported that the District had provided 1,947,000 gallons of water to Harris County Municipal Utility District No. 250 during the reporting period. The District currently has 3,014 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 55.2% of design capacity during the February 2019 reporting period, with an average daily flow of 717,000 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 2016 to February 2019; and (2) charts depicting the influent and effluent testing results for February 2019 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 1 February 2019 had an E. Coli count of 4,839 colony forming units per milliliter, which exceeded the permitted limit. 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 and the construction of the new chlorine contact chamber at the Plant.

Contractor Damage Report

Ms. Hollingsworth submitted to and reviewed with the Board the Contractor Damage Report prepared by MDS that lists the amounts due to the District from certain contractors that had caused damage to the District's facilities. A copy of the Contractor Damage Report is attached hereto as an exhibit to these minutes.

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 25 February 2019 were in progress.

Request for Adjustment to Utility Service Account

Ms. Hollingsworth reviewed with the Board an electronic mail message dated 11 March 2019 from Antravian Carter regarding the final billing of \$179.00 on the utility service account (the "Final Billing") for the ACA Dance Centre (the "Dance Center"). A copy of the electronic mail message is attached hereto as an exhibit to these minutes. She explained that Mr. Carter was contesting the amount of the Final Billing, which listed water consumption totaling 24,000 gallons. According to Mr. Carter, she told the Board, the Dance Centre has not been used since 31 January 2019 and the water service to the facility was terminated on 11 February 2019. Ms. Hollingsworth stated that the \$100.00 security deposit had been applied the service account for the Dance Centre and accordingly the amount due to the District at this time totals \$79.00. After discussion, the Board authorized the District's Operator to (1) require Mr. Carter to pay the portion of the balance on the Final Billing that comprises the surface water fee levied by the Authority (as applied to the water usage of 24,000 gallons); and (2) waive the remainder of the balance due to the District on the service account.

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.

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

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 March 2019 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 February

2019. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize payment of the Pay Estimate.

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 Texas Commission on Environmental Quality (the "Commission"). He submitted to and reviewed with the Board a memorandum dated 15 March 2019 from the District's Engineer regarding

the status of the SSO Initiative Action Plan. A copy of the memorandum is attached hereto as an exhibit to these minutes. Mr. Kurzy remarked that the District's Engineer had submitted the annual report on the SSO Initiative to the Commission in January 2019 and was awaiting a response. He noted that the District's Engineer was working on an outreach program with the Cypress-Fairbanks Independent School District. Mr. Kurzy added that 3,055 educational fliers were distributed to the District's customers with the February 2019 utility bills.

Area B – Phase II Sanitary Sewer System Improvements

The Board then discussed the proposed installation of "top hat" inserts on the connections between the main sanitary sewer lines and the lateral lines in certain segments of Area B – Phase II of the District's wastewater collection system (the "Insert Installation Project"). Mr. Kurzy reported that the design work for the Insert Installation Project was 75% complete. He stated that AEI intends to advertise for bids on the Insert Installation Project in June 2019, with bids to be presented at the Board's meeting on 22 July 2019.

Federal Emergency Management Agency / Flood Mitigation Projects

Mr. Kurzy reported that the District's Engineer was continuing to coordinate with the Federal Emergency Management Agency ("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 disinfection facility at the Plant (collectively, the "Mitigation Projects"). Mr. Kurzy reviewed with the Board the status of the proposals for the Mitigation Projects, as follows:

- On-site Lift Station at the Plant: AEI submitted the additional information relating to the loss of two ultraviolet banks in the disinfection system after Hurricane Ike in 2008 to support granting the mitigation funds for the improvements to the on-site Lift Station. AEI was notified verbally that it looked positive for the mitigation funds to replace the existing Lift Station with a new facility; however, FEMA had closed out the project. AEI is investigating other options.
- Plant Disinfection Facility: Funding has been approved for the permanent conversion of disinfection system in the effluent basin in the Plant to operate with

bleach instead of the ultraviolet disinfection system (the "Conversion"). Mr. Kurzy stated that AEI is waiting on completion of the project.

- Lift Station No. 2: AEI submitted the revised estimate for mitigation to FEMA and is awaiting a response.
- 18 April 2016 Flooding Event: FEMA requires proof of payment of claims paid by the District's insurance provider with regard to (1) debris removal; (2) the Plant; (3) Lift Station No. 2; and (4) Water Well No. 4.

A discussion ensued regarding the payment to the District on its claim relating to the debris removal following the 18 April 2016 flooding event (the "Debris Removal"). Director Iken recalled that the payment of \$108,883.79 received by the District for its claim on the Debris Removal was disbursed by FEMA through the Texas Department of Public Safety, rather than by the District's insurance provider. Ms. Symmank confirmed Director Iken's statement. Mr. Kurzy stated that he would note this in his records.

Water Plant No. 2 / 265,000 Gallon Ground Storage Tank

Mr. Kurzy stated that design work on the proposed blast cleaning and recoating of the interior of the 265,000 gallon ground storage tank at Water Plant No. 2 was scheduled to commence this summer.

Wastewater Treatment Plant Effluent Basin Conversion

The Directors discussed the contract with N&S Construction Co., LP (called "N&S Construction") for the Conversion project at the Plant. Mr. Kurzy reported that N&S Construction had completed the placement of the airline and air drops, and was now working on the blowers and electrical items. He stated that the Conversion project was expected to be completed within the next few weeks.

Mr. Kurzy then reported that N&S Construction had submitted Pay Estimate No. 7 in the amount of \$220,546.98 in connection with the Conversion project. A copy of Pay Estimate No. 7 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. 7.

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

Possible Request for Service / 35-acre Tract Located South of Langham Creek / Langham Bayou Links, Ltd.

Next, the Board discussed the proposed development by Jarquesy Financial of a certain 35-acre tract of land owned by LBL that is located south of Langham Creek, outside the boundaries of the District (the "LBL Tract"). Mr. Jarquesy spoke to the Board at length regarding the proposed development of the LBL Tract, which would consist of

an operator-managed community (the "Community") with approximately 160 manufactured residences (the "Development"). He noted that the residences would be owned by the occupants, who must abide by the rules established by the Community. He estimated that the taxable valuation of the Development would total approximately \$9,600,000. Mr. Jarkey described to the Board similar Communities in the Houston area that are operated by Jarkey Financial. A discussion ensued regarding the possible reimbursement to Jarkey Financial of eligible development costs in connection with the Development in the LBL Tract (the "Reimbursement"). Mr. Yale recommended that the Board seek the advice of David Smalling of Robert W. Baird & Co. Incorporated, the District's Financial Advisor, with regard to the Reimbursement.

After further discussion, the Directors expressed their desire for Mr. Jarkey to provide certain information relating to the Community and the existing Communities, including (1) tax roll information; (2) a sample lease for the Community; and (3) the Community rules (collectively, the "Information"). Director Ward stated that following a review of the Information, the Board would consider whether to pursue the annexation of the LBL Tract and the proposed Development therein. Messrs. Jarkey, Sallee, and Hummel then departed from the meeting.

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 February 2019 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 \$6,345,613.65 as of this date. Ms. Symmank informed the Board that the District had received a payment of \$12,130.45 from the City of Houston (the "City") for the District's share of sales tax collections during 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 \$1,400,442.30 and the balance of the District's Capital Projects Fund, including investments, totals \$3,397,071.98 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.

Resolution Indemnifying Directors

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

Conflicts Disclosure Requirements

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

Reschedule Board of Directors Meeting

The Directors then considered rescheduling the 27 May 2019 Board meeting in view of the Memorial Day holiday. After discussion, the Directors agreed to meet on Monday, 20 May 2019.

Voluntary Water Conservation

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

Telecommunication Systems at District Facilities / AT&T Invoices

The Board briefly 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 reported that the District's Attorney had provided Randall C. Owens of Wright Close & Barger, Attorneys at Law, with requested documents relating to the AT&T Invoices.

West Harris County Regional Water Authority

Mr. Yale distributed copies of a memorandum from Coats Rose, regarding the 13 March 2019 meeting of the Authority's board of directors. A copy of the memorandum is attached hereto as an exhibit to these minutes.

Power Supply Issues / Public Power Pool

Next, the Directors discussed matters pertaining to the aggregate purchase of electricity under the auspices of the Public Power Pool ("P3"). Mr. Yale distributed copies of a newsletter from P3 dated 12 March 2019, a copy of which is attached hereto.

Landscaping Report

Director Ward reported on the status of landscaping activities in the District. He remarked that LOL, Inc. dba Landscape Images of Texas (called "LOL") was performing well and that Ron Heydon would continue to handle the District's account for LOL.

Attorney's Report

Mr. Yale presented the Attorney's Report.

Order Declaring Unopposed Candidates Elected to Office

The Board reviewed an ORDER DECLARING UNOPPOSED CANDIDATES ELECTED TO OFFICE in connection with the 4 May 2019 Directors Election. Mr. Yale noted that according to the Texas Election Code, the District has the authority to declare unopposed candidates to be elected to office since Coats Rose, P.C., the District's Attorney, has certified in writing that the candidates to be listed on the ballot for the referenced election are unopposed, and to cancel the election set for 4 May 2019. A copy of the Certificate Regarding Unopposed Candidates executed by the District's Attorney is attached hereto as an exhibit. 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.

Texas Comptroller / Special Purpose District Report

Mr. Yale reported that on 11 March 2019 the District's Attorney had filed the Special Purpose District Report (the "SPD Report") with the Texas Comptroller's Office pursuant to Senate Bill 625 as approved by the 85th Texas Legislature (Regular Session – 2017). He reviewed with the Board the SPD Report Confirmation and Summary, copies of which are attached hereto as exhibits to these minutes.

Continuing Disclosure

Mr. Yale reported that the District's consultants were preparing the necessary materials to fulfill the continuing disclosure requirements of the Securities and Exchange Commission ("SEC") pursuant to SEC Rule 15c2-12 prior to the deadline of 30 March 2019.

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 March 2019
Attachments

1. Attendance Sheet;
2. Security Patrol Report;
3. Letter from Harris County Constable's Office;
4. WCA Monthly Customer Issue Listing;
5. Residential Solid Waste Collection Contract;
6. Tax Assessor/Collector's Report;
7. Operator's Report;
8. Contractor Damage Report;
9. Email from Antravian Carter;
10. Engineer's Report;
11. Detention Pond Maintenance Report;
12. Memo from AEI / Sanitary Sewer Overflow Initiative;
13. Pay Estimate No. 7 / Wastewater Treatment Plant Effluent Basin Conversion;
14. Bookkeeper's Report;
15. RESOLUTION INDEMNIFYING DIRECTORS;
16. Certificates of Directors Regarding Conflicts Disclosure;
17. Coats Rose memo / WHCRWA;
18. P3 Newsletter;
19. Certificate Regarding Unopposed Candidates;
20. ORDER DECLARING UNOPPOSED CANDIDATES ELECTED TO OFFICE; and
21. Special Purpose District Report.