

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 120

February 14, 2019

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 120 (the "District"), met in regular session, open to the public, on the 14th day of February 2019, outside the boundaries of the District at the offices of LJA Engineering, Inc., 2929 Briarpark Drive, Suite 600, Houston, Texas, and the roll was called of the members of the Board:

Gary Gassmann	President/Treasurer/Investment Officer
Frances Browning	Vice President
William J. Hammer	Secretary
Sylvia Martinez	Assistant Secretary
Tracy L. Jones	Assistant Vice President

and all of said persons were present, thus constituting a quorum.

Also present at the meeting were Kathy Cruthirds of Tax Tech, Inc. ("Tax Tech"); Mary Ann Mihills of Municipal Accounts & Consulting, L.P ("MAC"); David Rivera and Patrick Newton of LJA Engineering, Inc. ("LJA"); Cathy Falke and Greg Camp of Environmental Development Partners, LLC ("EDP"); and Christina Miller and Cheryl Panozzo of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the January 8, 2019, and the January 14, 2019, special meetings and the January 10, 2019, regular meeting. After review and discussion, Director Browning moved to approve the minutes of the January 8, 2019, and the January 14, 2019, special meetings and the January 10, 2019, regular meeting as submitted. Director Jones seconded the motion, which passed unanimously.

PUBLIC COMMENTS

There were no comments from the public.

ATTORNEY'S REPORT

The Board reviewed the Action List Status Chart, a copy of which is attached.

Ms. Miller gave an update on an Alternative Water Supply Credit Agreement (the "Agreement") with the West Harris County Regional Water Authority ("WHCRWA") and stated that she anticipates the District will receive the final draft of the Agreement to approve next month.

Ms. Miller reported she contacted the Office of Harris County Precinct 3 ("Precinct 3") regarding the possibility of Precinct 3 partnering with the District on sidewalk extensions in the District and stated a representative from Precinct 3 is planning to provide further feedback within the next 60 days.

DISTRICT INFORMATION KIT

The Board reviewed an updated District Information Kit. Following review and discussion, Director Jones moved to approve the District Information Kit. Director Hammer seconded the motion, which passed unanimously.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Mihills reviewed the bookkeeper's report, a copy of which is attached, including the District's bills and investment report. After review and discussion, Director Jones moved to approve the bookkeeper's report and the payment of bills. Director Martinez seconded the motion, which passed by unanimous vote.

Ms. Miller stated that in accordance with the District's Investment Policy, Director Gassmann, as the Investment Officer, and Mark Burton and Ghia Lewis, as the bookkeeper and/or Investment Officers, are required to execute disclosure statements that disclose any relationships with banks and brokers who seek to sell investments to the District. After review and discussion, Director Jones moved to accept the disclosure statements for Director Gassmann, Mark Burton, and Ghia Lewis and direct that the disclosure statements be filed appropriately and retained in the District's official records. Director Martinez seconded the motion, which passed by unanimous vote.

Following discussion, Director Hammer moved to authorize MAC to move \$1,000,000 from the account with Texpool to the Texpool-Prime account. Director Martinez seconded the motion, which passed by unanimous vote.

ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") WINTER CONFERENCE

The Board discussed the AWBD winter conference. Ms. Mihills reported expenses submitted by Directors in attendance were in compliance with the District's travel reimbursement guidelines. The Board concurred to review and approve AWBD winter conference expenses for Director Hammer next month. Following discussion, Director Hammer moved to approve reimbursement of eligible expenses from the AWBD winter conference and authorize attendance at the summer conference for any

interested directors. Director Browning seconded the motion, which passed by unanimous vote.

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Cruthirds reviewed the tax assessor/collector's report, a copy of which is attached. She stated the 2018 taxes are 66.8% collected as of January 31, 2019. After review and discussion, Director Martinez moved to approve the tax assessor/collector's report and payment of the tax bills. Director Browning seconded the motion, which passed unanimously.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

The Board considered adopting a Resolution Concerning Exemptions from Taxation. Ms. Miller reviewed the optional exemptions, including a general residential homestead exemption, an exemption for travel trailers and a homestead exemption for disabled persons or persons over 65 years of age. After review and discussion, Director Hammer moved to adopt a Resolution Concerning Exemptions from Taxation reflecting that the Board of Directors grants a \$25,000 homestead exemption for disabled persons or persons over 65 years of age, grants a general homestead exemption of 20%, and rejects any exemption of travel trailers from ad valorem taxation and direct that the Resolution be filed appropriately and retained in the District's official records. Director Browning seconded the motion, which carried unanimously.

OPERATOR'S REPORT

Ms. Falke reviewed the operator's report, including the billing summary and detail report, water production and accountability report, grease trap inspection report, and the customer service report. A copy of the operator's report is attached. She presented to the Directors a list of top residential water users, a copy of which is filed appropriately in the District's official records. Ms. Falke reported the District's water accountability for the reporting period was 95.7%. She reported on maintenance and repairs completed during the previous month and upcoming maintenance and repair items.

Ms. Falke presented correspondence from the District customer with account no. 10755-0558242700, a copy of which is attached to the operator's report, requesting a billing adjustment from the District to waive the late fee.

The Board discussed the District's participation in the AWBD Water Smart Program. Ms. Falke then reviewed a Resolution Approving Submittal of the Water Smart Application for Inclusion in the AWBD Water Smart Partners Program.

The Board considered amending the District's Rate Order to authorize the operator to annually review security deposits for District customers and increase the security deposit for customers if the current deposit is less than two times the average monthly usage amount.

After review and discussion, Director Jones moved to (1) approve the operator's report; (2) deny the request for a billing adjustment from the customer with account no. 10755-0558242700, because payment was received after the due date; (3) approve the Resolution Approving Submittal of the Water Smart Application for Inclusion in the AWBD Water Smart Partners Program and direct that the Resolution be filed appropriately and retained in the District's official records; (4) authorize EDP to send 45 accounts totaling \$8,216.55 to collections; and (5) adopt the Amended Rate Order, as discussed, and direct that the Order be filed appropriately and retained in the District's official records. Director Martinez seconded the motion, which passed by majority vote, with Director Browning abstaining from the vote.

HEARING ON TERMINATION OF WATER SERVICE

Ms. Falke presented a list of delinquent customers to the Directors and reported the residents on the termination list were delinquent in payment of their water and sewer bills and were given written notification, in accordance with the District's Rate Order, prior to the meeting of the opportunity to appear before the Board of Directors to explain, contest, or correct their bills and to show why utility services should not be terminated for reason of non-payment. Following review and discussion, Director Hammer moved to authorize termination of delinquent accounts in accordance with the District's Rate Order and direct that the delinquent customer list be filed appropriately and retained in the District's official records. The motion was seconded by Director Jones and passed by unanimous vote.

The Board requested that EDP contact Paramount Health Care, with a past due balance in the total amount of \$8,069.21, and discuss the amount owed prior to terminating utility services.

PARKS/RECREATION MATTERS

Mr. Newton reported that LJA received three proposals, copies of which are attached to the engineer's report, to install lighting at Summit Valley right-of-way ("Summit Valley"). He recommended that the Board approve the proposal from E Diamond Electric in the amount of \$31,088.01. The Board requested that ABHR prepare a Service Agreement (the "Service Agreement") between the District and E Diamond Electric. Following review and discussion, Director Jones moved to approve the proposal from E Diamond Electric in the amount of \$31,088.01, subject to execution of a Services Agreement and E Diamond Electric submitting House Bill Form 1295 with the

Texas Ethics Commission. Director Hammer seconded the motion, which passed by unanimous vote.

The Board reviewed proposals from Terry's Landscape and Design ("Terry's"), copies of which are attached, in the amount of \$16,963.91 to install a rose garden and 21,833.92 to install a butterfly garden at Summit Valley. Following review and discussion, the Board concurred to defer the proposals to next month.

Mr. Newton reviewed an exhibit and a cost estimate, copies of which are attached to the engineer's report, to extend the sidewalk along Westpark from Highway 6 to McClendon Park (the "Sidewalk"). Following review and discussion, the Board concurred to defer action on the Sidewalk project to after Precinct 3 determines whether it will partner with the District on sidewalk extensions in the District.

ENGINEER'S REPORT

Mr. Newton reviewed the engineer's report, a copy of which is attached.

Mr. Newton gave an update on the request for Out-of-District water and sanitary sewer capacity for the tract located at the intersection of Highway 6 and Branch Forest Drive and noted that LJA is still coordinating with the City of Houston for its approval on the possible provision of Out-of-District service.

Mr. Newton gave an update on rehabilitation of the joint lift station with Harris County Municipal Utility District No. 147.

Mr. Newton gave an update on construction of the 2017 Sanitary Sewer Rehabilitation project.

Mr. Newton gave an update on the repainting of District facilities at Water Plant No. 2 project, including Ground Storage Tank No. 1, and stated the Notice to Proceed for the project was issued on February 18, 2019.

Mr. Newton gave an update on the design of waterline loops for Clayton Oaks, Clayton Trace, Clayton Woods, Timber Gate, and Oak Park Patio subdivisions and reported LJA sent legal descriptions for necessary easements for the project to PAS Property Acquisition Services, LLC.

Mr. Newton gave an update on the replacement of the well motor at Water Plant No. 1.

After review and discussion, Director Hammer moved to approve the engineer's report. Director Jones seconded the motion, which passed by unanimous vote.

WEBSITE

There was no discussion on District website matters.

REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS

There were no reports from directors or District consultants.

ANNUAL REVIEW OF CONSULTANT CONTRACTS

There was no discussion on the annual review of the District's consultant contracts.

There being no further business to come before the Board, the Board concurred to adjourn the meeting.

(SEAL)




Secretary, Board of Directors

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