

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 120

March 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 March 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 Marinez	Assistant Secretary
Tracy L. Jones	Assistant Vice President

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

Also present at the meeting were Bruce Parker, President of the West Harris County Regional Water Authority ("WHCRWA"); Cassandra Lock; Kathy Cruthirds of Tax Tech, Inc. ("Tax Tech"); Arturo Cornejo of Municipal Accounts & Consulting, L.P. ("MAC"); David Rivera and Patrick Newton of LJA Engineering, Inc. ("LJA"); Cathy Falke 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 February 5, 2019, and the February 11, 2019, special meetings and the February 14, 2019, regular meeting. After review and discussion, Director Browning moved to approve the minutes of the February 5, 2019, and the February 11, 2019, special meetings and the February 14, 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 WHCRWA and stated that she anticipates the District will receive the final draft of the Agreement to approve next month.

REVIEW DROUGHT CONTINGENCY PLAN AND ADOPT ORDER ADOPTING AMENDED AND RESTATED DROUGHT CONTINGENCY PLAN

Ms. Miller stated that the Texas Commission on Environmental Quality ("TCEQ") rules require that the District review and adopt an Amended and Restated Drought Contingency Plan in 2019, prior to May 1st. Ms. Miller reviewed an Amended and Restated Drought Contingency Plan with the Board. After review and discussion, Director Browning moved to adopt an Order Adopting Amended and Restated Drought Contingency Plan; Providing for Implementation and Enforcement Thereof; Providing Penalties for Violations; and Containing Other Provisions Related to the Subject and direct that the Order be filed appropriately and retained in the District's official records. Director Hammer seconded the motion, which passed by unanimous vote.

REVIEW WATER CONSERVATION PLAN; APPROVE ANNUAL REPORT AND WATER CONSERVATION IMPLEMENTATION REPORT; ADOPT ORDER ADOPTING AMENDED AND RESTATED WATER CONSERVATION PLAN

Ms. Falke reviewed the Water Conservation Plan Annual Report and Five-Year Implementation Report on the Water Conservation Plan with the Board. Ms. Miller stated that the TCEQ rules require that the District review and adopt an Amended and Restated Water Conservation Plan prior to May 1, 2019. Ms. Miller reviewed an Amended and Restated Water Conservation Plan with the Board. After review and discussion, Director Browning moved to: (i) approve the Water Conservation Annual Report and Five-Year Implementation Report, direct that the reports be filed appropriately and retained in the District's official records, and authorize EDP to submit the reports to the appropriate government agencies; and (ii) adopt an Order Adopting Amended and Restated Water Conservation Plan, direct that the Order be filed appropriately and retained in the District's official records, and authorize ABHR to submit the Amended and Restated Water Conservation Plan to the appropriate government agencies. Director Hammer seconded the motion, which passed by unanimous vote.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

The Board reviewed a proposal from McDonald & Wessendorff Insurance for renewal of the District's insurance policies, which expire on May 1, 2019. After review and discussion, Director Browning moved to approve the renewal proposal from McDonald & Wessendorff Insurance and direct that the proposal be filed appropriately

and retained in the District's official records. Director Hammer seconded the motion, which passed unanimously.

ORDER ADOPTING AMENDED AND RESTATED PROCEDURES FOR CONTINUING DISCLOSURE COMPLIANCE

Ms. Miller stated that, when the District issues bonds, the District enters into a continuing disclosure undertaking for the benefit of the bondholders. She added that the provisions of that undertaking require that the District comply with certain continuing disclosure requirements for its bonds. Ms. Miller explained that the Board is ultimately responsible for continuing disclosure compliance for its bonds, with assistance by its consultants. She added that, in order to ensure that the District's procedures for continuing disclosure compliance are well documented, the Board has previously adopted such procedures in writing. Ms. Miller stated that, because the United States Securities and Exchange Commission has amended its Rule 15c2-12, ABHR recommends that the District's written procedures be amended by the Board. Ms. Miller reviewed an Order Adopting Amended and Restated Procedures for Continuing Disclosure Compliance with the Board. Following review and discussion, Director Browning moved to adopt the Order Adopting Amended and Restated Procedures for Continuing Disclosure Compliance and direct that the Order be filed appropriately and retained in the District's official records. Director Hammer seconded the motion, which passed by unanimous vote.

CONSIDER PROXY VOTE FOR BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM") ANNUAL MEETING

Ms. Miller discussed with the Board the BAM annual meeting and stated that the Board could vote for the BAM Board of Directors by proxy. The Board concurred to abstain from taking any action.

FINANCIAL AND BOOKKEEPING MATTERS

Mr. Cornejo reviewed the bookkeeper's report, a copy of which is attached, including the District's bills and investment report. He requested the Board approve an additional check to Harris County Municipal Utility District No. 147 ("HC MUD 147") in the amount of \$18,607.13 for the District's share of the cost of the joint lift station rehabilitation. After review and discussion, Director Jones moved to approve the bookkeeper's report and the payment of bills, including the check to HC MUD 147 in the amount of \$18,607.13. 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 95.74% collected as of February 28, 2019. Ms. Cruthirds requested Board authorization to write off 19 personal property accounts totaling \$1,413.71 as uncollectible. After review and discussion, Director Hammer moved to (1) approve the tax assessor/collector's report and payment of the tax bills; and (2) authorize Tax Tech to write off 19 personal property accounts totaling \$1,413.71 as uncollectible. Director Jones seconded the motion, which. Director Jones seconded the motion, which passed 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 97.9%. She reported on maintenance and repairs completed during the previous month and upcoming maintenance and repair items.

Ms. Falke reported that following the annual review of security deposits for District customers, EDP contacted customers with a deposit of less than two times their average monthly usage amount and notified them of the additional security deposit requirement. Ms. Falke then presented correspondence from Alief Independent School District ("Alief ISD"), a copy of which is attached to the operator's report, requesting the District waive the additional deposit requirement for Alief ISD accounts. Following review and discussion, the Board concurred to discuss Alief ISD's request to waive the additional deposit requirement further at the next meeting.

Ms. Falke presented correspondence from the District customer located at 15223 Lucky Star Drive, a copy of which is attached to the operator's report, requesting a billing adjustment from the District due to a water leak.

Ms. Falke presented correspondence from the District customer located at 15819 West Park Court, a copy of which is attached, requesting approval from the Board to set up a payment arrangement due to a water leak.

Ms. Falke reported that Paramount Health Care ("Paramount") was purchased by Senior Care Centers, LLC ("SCC") and that SCC has declared bankruptcy. She noted SCC changed the name of the Paramount facility to West Oaks SCC LLC ("West Oaks") but never set up service with the District under that name. Ms. Falke stated EDP set up

a new account for the facility in the name of West Oaks and invoiced West Oaks for the security deposit equal to two times their average monthly usage.

Ms. Falke reported that the District received a request for a two-inch fire line tap for the District property located at 3826 Gamlin Bend Drive. She noted in accordance with the District's Rate Order, the total fee for the fire line tap is \$19,180.00.

Ms. Falke discussed the Texas Water Development Board's requirements for preparing the District's annual water loss audit.

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 located at 15223 Lucky Star Drive, because the water passed through the meter; (3) authorize EDP to set up a payment plan for the District customers located at 15223 Lucky Star Drive and 15819 West Park Court; and (4) authorize EDP to prepare the annual water loss audit as required. Director Browning seconded the motion, which passed by unanimous 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 Jones 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 Browning and passed by unanimous vote.

PARKS/RECREATION MATTERS

The Board discussed Mission Bend Greenbelt Association matters.

Mr. Newton gave an update on the installation of lighting at Summit Valley right-of-way ("Summit Valley"). He reported LJA is working with E Diamond Electric ("E Diamond") to finalize the Service Agreement to install lighting at Summit Valley with E Diamond and the related Form 1295. Mr. Newton then reviewed a proposal from E Diamond, a copy of which is included in the engineer's report, in the amount of \$8,121.00 to install six additional junction boxes to accommodate additional lighting in the future. Following review and discussion, Director Hammer moved to approve the proposal from E Diamond in the amount of \$8,121.00. Director Jones seconded the motion, which passed by unanimous vote.

The Board reviewed the proposal from Terry's Landscape and Design ("Terry's"), a copy of which is included in the engineer's report, in the amount of \$16,963.91 to install a rose garden at Summit Valley. Following review and discussion, Director Hammer moved to approve the proposal from Terry's in the amount of \$16,963.91. Director Jones seconded the motion, which passed by majority vote, with Directors Gassmann, Hammer, and Jones voting in favor of the motion. Director Browning voted against the motion. The Board then reviewed an exhibit showing the location of the rose garden, a copy of which is included in the engineer's report. Following review and discussion, the concurred that the rose garden is to be located at the end of the trail at Summit Valley closest to Westpark Drive.

ENGINEER'S REPORT

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

Mr. Parker updated the Board regarding WHCRWA matters. He encouraged Board members to view the video on water infrastructure projects on the WHCRWA website.

Mr. Newton gave an update on Chelford City Regional Wastewater Treatment Facility matters and discussed the future shared sanitary sewer manhole rehabilitation project.

Mr. Newton gave an update on rehabilitation of the joint lift station with HC MUD 147. He stated the project is complete and final cost of the project is \$74,428,50 (of which \$18,607.13 is the District's share).

Mr. Newton gave an update on construction of the 2017 Sanitary Sewer Rehabilitation project. He stated the contractor has completed construction and a final walkthrough is scheduled for next week.

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 the acquisition of necessary easements for the project.

Ms. Miller reported that the permit for the Clayton Trace storm water quality feature will expire on April 28, 2019.

After review and discussion, Director Hammer moved to (1) approve the engineer's report; and (2) approve the storm water quality permit renewal for Clayton Trace. 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

The Board concurred to hold its regular meeting for the month of June 2019, on June 6, 2019.

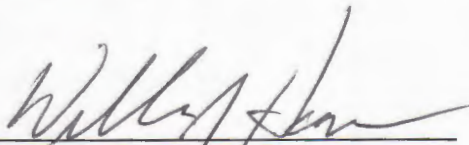
ANNUAL REVIEW OF CONSULTANT CONTRACTS

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

LIST OF ATTACHMENTS TO MINUTES

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