

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 120

April 11, 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 11th day of April 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, 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"); Greg Camp of Environmental Development Partners, LLC ("EDP"); Josh Rambo of McCall Gibson Swedlund Barfoot PLLC ("MGSB"); and Christina Miller and Cheryl Panozzo of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the March 5, 2019, and the March 11, 2019, special meetings and the March 14, 2019, regular meeting. After review and discussion, Director Browning moved to approve the minutes of the March 5, 2019, and the March 11, 2019, special meetings as submitted and the March 14, 2019, regular meeting as revised. Director Jones seconded the motion, which passed unanimously.

PUBLIC COMMENTS

There were no comments from the public.

APPROVE AUDIT FOR FISCAL YEAR END DECEMBER 31, 2018

Mr. Rambo presented and reviewed the District's audit for the fiscal year ended December 31, 2018. After review and discussion, Director Jones moved to approve the audit, authorize filing of the audit with the Texas Commission on Environmental

Quality, and direct that the audit be filed appropriately and retained in the District's official records. Director Hammer seconded the motion, which passed unanimously.

ATTORNEY'S REPORT

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

Ms. Miller reviewed the Alternative Water Supply Credit Agreement (the "Agreement") between the District and the West Harris County Water Authority (the "WHCRWA"). Following review and discussion, Director Jones moved to approve the Agreement, subject to approval of the Agreement by the WHCRWA, and direct that the Agreement be filed appropriately and retained in the District's official records. Director Hammer seconded the motion, which passed by unanimous vote.

Ms. Miller reported that the District received a draft of an Amended and Restated Joint Trunk Sewer Agreement (the "Joint Agreement") from Chelford City Municipal Utility District. She noted ABHR and LJA are reviewing the Joint Agreement and that the Joint Agreement will be presented to the Board for consideration once finalized.

Ms. Miller reported regarding the possibility of the Office of Harris County Precinct 3 partnering with the District on trail projects within the District.

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 Hammer moved to (1) approve the bookkeeper's report and the payment of bills; and (2) approve reimbursement of Director Hammer's eligible Association of Water Board Directors winter conference expenses, which the bookkeeper confirmed are in compliance with the District's travel reimbursement guidelines. 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 97.10% collected as of March 31, 2019. She presented a list of potential litigation account refunds for tax years 2016-2018, a copy of which is attached. After review and discussion, Director Browning moved to approve the tax assessor/collector's report and payment of the tax bills. Director Martinez seconded the motion, which passed unanimously.

OPERATOR'S REPORT

Mr. Camp 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. He presented to the Directors a list of top residential water users, a copy of which is filed appropriately in the District's official records. Mr. Camp reported the District's water accountability for the reporting period was 100.4%. He reported on maintenance and repairs completed during the previous month and upcoming maintenance and repair items.

Mr. Camp reviewed the annual Consumer Confidence Report ("CCR") with the Board. Following review and discussion, the Board concurred to consider approval of the CCR at the next meeting. Mr. Camp stated Federal Drinking Water Standards requires the District to distribute a CCR to residents in the District and that the Environment Protection Agency allows for electronic CCR delivery. After discussion, the Board confirmed its intention to mail out hard copies of the CCR to District customers.

Mr. Camp presented correspondence from Mission Bend United Methodist Church (the "Church"), a copy of which is attached to the operator's report, requesting a billing adjustment from the District due two major water leaks on their campus over the past year and requesting the District waive the additional security deposit requirement for the Church's accounts.

Mr. Camp reviewed an annual written report on the District's Identity Theft Prevention Program (the "Program"), a copy of which is attached to the operations report. Ms. Miller stated that EDP is required to provide an annual written report evaluating the effectiveness of the Program, noting any significant instances of identity theft detection, and making any recommendations regarding changes to the Program. Mr. Camp recommended no changes to the Program.

The Board concurred to defer the 2018 water loss audit to next month.

The Board considered amending the District's Rate Order to authorize the operator to waive the additional security deposit requirement for the Non-Taxable User class of customers with a deposit of less than two times their 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 Church, because the water passed through the meter, and authorize EDP to set up a payment plan for the Church; (3) approve the report on the Identity Theft Prevention Program and direct that the

report be filed appropriately and retained in the District's official records; and (4) 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 unanimous vote.

HEARING ON TERMINATION OF WATER SERVICE

Mr. Camp 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 Martinez 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").

The Board reviewed a proposal from Terry's Landscape and Design ("Terry's"), a copy of which is attached, in the amount of \$1,800.00 to install irrigation for the rose garden at Summit Valley. Following review and discussion, Director Jones moved to approve the proposal from Terry's in the amount of \$1,800.00. Director Hammer 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 a proposal from Terry's, a copy of which is attached, in the amount of \$4,701.02 to enhance the beds at Summit Valley with the installation of Bottlebrush and River Rock. Following review and discussion, Director Jones moved to approve the proposal from Terry's in the amount of \$4,701.02. Director Hammer seconded the motion, which passed by unanimous vote.

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 from Metarock Laboratories for the tract located at the intersection of Highway 6 and Branch Forest Drive. He noted that the District received verbal confirmation from that the City of Houston (the "City") does not object to the District serving the tract. Ms. Miller noted she will prepare an Out-of-District Service Agreement with Metarock Laboratories for consideration by the Board and coordinate with the City to provide written confirmation that the District may serve the tract.

Mr. Newton gave an update on construction of the 2017 Sanitary Sewer Rehabilitation project and stated a final walkthrough will be scheduled this month.

Mr. Newton gave an update on the repainting of District facilities at Water Plant No. 2 project, including Ground Storage Tank No. 1 and requested approval of Pay Estimate No. 1 in the amount of \$13,050.00 to CFG Industries ("CFG").

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.

After review and discussion, Director Jones moved to (1) approve the engineer's report; and (2) approve Pay Estimate No. 1 in the amount of \$13,050.00 to CFG for the repainting of District facilities at Water Plant No. 2 project. Director Hammer seconded the motion, which passed by unanimous vote.

WEBSITE

There was no discussion on District website matters.

REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS

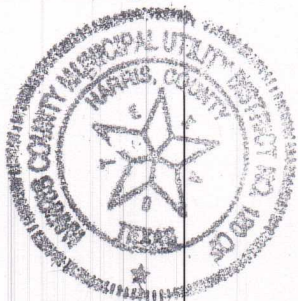
There were no reports from directors or District consultants.

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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