

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 120

September 12, 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 12th day of September 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.; Mary Ann Mihills of Municipal Accounts & Consulting, L.P. ("MAC"); Patrick Newton of LJA Engineering, Inc. ("LJA"); Cathy Falke and Greg Camp of Environmental Development Partners, LLC ("EDP"); Mary Dubois of Acclaim Energy Advisors ("Acclaim"); Sara Burson and Jennifer Smith of Accurate Meter & Supply ("Accurate Meter"); Spencer Day of Masterson Advisors LLC; and Christina Miller and Arlene Catalan of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the August 6, 2019, and August 12, 2019, special meetings and the August 8, 2019, regular meeting. After review and discussion, Director Browning moved to approve the minutes of the August 6, 2019, and August 12, 2019, special meetings and the August 8, 2019, regular meeting as amended. Director Marinez seconded the motion, which passed unanimously.

PUBLIC COMMENTS

There were no comments from the public.

ELECTRICITY MATTERS

Ms. Dubois discussed the District's current electricity contract. She stated current energy rates are very low. Ms. Dubois said the current contract expires on

December 31, 2025, extending the District's contract for electricity with Hudson Energy as a MAC Pool member, will save the district 11.7%.

Ms. Dubois requested the Board authorize joining MAC Pool and entering into new contract that would become effective upon expiration of the current contract and last through April 30, 2029.

Ms. Miller requested that the Board authorize Acclaim to modify the current contract with Hudson Energy to include the new meter installed at Sylvia's Garden.

Following review and discussion, Director Jones moved to (1) authorize entry into MAC pool and the new electricity contract; and (2) authorize modification of the current electricity contract to include the new meter at Sylvia's Garden. Director Marinez seconded the motion, which passed unanimously.

ACCURATE METER AND SUPPLY SMART METER PRESENTATION

Ms. Smith presented information regarding the automated Badger Meters provided and serviced by Accurate Meter and answered questions from the Board. She reviewed a proposal from Accurate Meter for Polymer E-Series Badger Meters, including startup costs, a copy of which is attached. Ms. Smith then reviewed the Smart Meter Pilot Program for the installation of ten water meters in the District.

Discussion ensued regarding the pilot program and future costs to the District. The Board considered participation in a pilot program utilizing ten meters on a trial basis and discussed the installation locations for the ten smart meters for the trial program.

The Board expressed interest in participating in the Smart Meter Pilot Program and requested an updated proposal for consideration at the next regular Board meeting.

ATTORNEY'S REPORT

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

AMENDED AND RESTATED JOINT TRUNK SEWER AGREEMENT

Ms. Miller reported the revised draft of the Amended and Restated Joint Trunk Sewer Agreement (the "Joint Agreement") was received from Chelford City Municipal Utility District ("Chelford MUD"). Ms. Miller noted that there were comments that Chelford MUD did not include in the revised Joint Agreement. Discussion ensued.

The Board instructed Ms. Miller to provide additional comments on the Joint Agreement to Chelford MUD as discussed, including the District's receipt of a

summary of repairs when invoiced and the District having the opportunity to review and comment on planned maintenance.

Ms. Miller reported West Harris County Regional Water Authority approved of the Alternative Water Supply Use Credit Agreement (the "Agreement"). Director Browning asked that the Agreement be removed from the Action Items List.

INTERLOCAL AGREEMENT WITH HARRIS COUNTY FOR TRAIL EXPANSION PROJECT

Ms. Miller reported the Interlocal Agreement with Harris County (the "County") is currently being prepared by the County's legal department.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Mihills presented and reviewed the bookkeeper's report, a copy of which is attached, including the District's bills and investment report.

Discussion ensued regarding Westpark Mobile Office located at 14701 Westpark Drive. Mr. Camp said reports from the County have been received for 14701 Westpark Drive regarding citations for permit violations.

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

REVIEW ARBITRAGE REBATE REPORT FOR THE SERIES 2009 BONDS

Ms. Miller reviewed the Interim Excess Earnings Report on the Unlimited Tax Bonds, Series 2009, as prepared by OmniCap Group, LLC. She stated that the report reflects that no arbitrage rebate or yield reduction payment is due to the Internal Revenue Service at this time.

Ms. Miller reviewed an ABHR memorandum, a copy of which is attached, that was distributed to District Operators regarding water/sewer bill language required by the Texas Water Code, Section 49.0631.

APPROVE CHELFORD CITY REGIONAL WASTEWATER TREATMENT PLANT BUDGET FOR FISCAL YEAR END SEPTEMBER 30, 2020

The Board reviewed the budget for the Chelford City Regional Wastewater Treatment Plant (the "Plant") for the fiscal year ending September 30, 2020. After review and discussion, Director Hammer moved to approve Draft No. 2 of the Plant budget for fiscal year end September 30, 2020. Director Jones seconded the motion, which passed by unanimous vote.

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Cruthirds presented and reviewed the tax assessor/collector's report, a copy of which is attached. She stated the 2018 taxes are 99.23% collected as of August 31, 2019. After review and discussion, Director Browning moved to approve the tax assessor/collector's report and payment of the tax bills. Director Hammer seconded the motion, which passed unanimously.

DISCUSS 2019 TAX RATE, SET PUBLIC HEARING DATE, AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

Mr. Day distributed and reviewed a Cash Flow Analysis reflecting a recommended 2019 debt service tax rate of \$0.255 per \$100 of assessed valuation, a copy of which is attached. Following review and discussion, Director Jones moved to set the public hearing for adoption of the tax rate for October 10, 2019, and authorize the tax assessor/collector to publish notice, with the Houston Business Journal, of the public hearing to set the proposed 2019 tax rate of \$0.455 per \$100 of assessed valuation, with \$0.255 allocated to debt service and \$0.20 allocated to maintenance and operations. Director Martinez seconded the motion, which passed unanimously.

OPERATOR'S REPORT

Ms. Falke presented and 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 95.2%. She reported on maintenance and repairs completed during the previous month and upcoming maintenance and repair items.

Ms. Falke stated repair and painting of the fire hydrants in the District is complete.

Ms. Falke gave an update on the District sign located on Green Crest Drive, and she said it has arrived and will be installed.

Ms. Falke reported the Programmable Logic Controller ("PLC") stopped working shortly after Water Plant No. 2 was brought back online after the repainting of District facilities at Water Plant No. 2 project, including Ground Storage Tank No. 1. She said a temporary solution has been set up, and EDP has initiated the process for an insurance claim to replace the PLC.

Ms. Falke reported on a sanitary sewer overflow at 15025 Westpark Drive which was caused by a grease blockage. She said a Water Quality Noncompliance Notification

regarding the sanitary sewer overflow was submitted to the Texas Commission on Environmental Quality ("TCEQ"). Ms. Falke reported LJA will televise the sanitary sewer lines in the section of the overflow.

Discussion ensued regarding the power outage at Water Plant No. 1. Ms. Falke reported Water Plant No. 1 had lost power and the generator did not turn on. She said the operator was immediately notified and went to open the interconnect valve but accidentally opened the wrong one. Ms. Falke reported the valves at Water Plant No. 1 were accidentally painted over, making it hard for the operator to distinguish which one was the interconnect valve. She stated the valves have subsequently been painted to differentiate them from one another.

Director Browning requested that ABHR contact Off Cinco and request a presentation on communication services for the District.

Ms. Falke reported on the Interconnect with Harris County Municipal Utility District No. 147. She said the District received 1.8 million gallons of interconnect water from August 7, 2019 to August 9, 2019.

Ms. Falke presented three appeals from 3834 Cedar Gardens, 3911 Ivy Green Drive, and 15731 S Alley Court, requesting billing adjustment, from the District. A copy of each appeal is attached to the operator's report. Discussion ensued.

After review and discussion, Director Jones moved to (1) approve the operator's report; and (2) deny the appeal from the customers at 3834 Cedar Gardens, 3911 Ivy Green Drive, and 15731 S Alley Court, because the water passed through the meters. Director Hammer seconded the motion, which passed by unanimous vote.

HEARING ON TERMINATION OF WATER SERVICE

Ms. Falke presented and reviewed 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 Hammer and passed by unanimous vote.

PARKS/RECREATION MATTERS

Mr. Newton presented and reviewed a report on parks and recreation matters, a copy of which is included in the engineer's report.

Mr. Newton updated the Board regarding the installation of lighting at Summit Valley Right-of-Way and said the final inspection was held on September 10, 2019. He reported a punch list was created with the remaining items that need to be addressed by E Diamond Electric. Mr. Newton requested and recommended the Board approve invoices 9102240 and 9102242 for electrical work related to Sylvia's Garden Lighting in a total amount of \$17,713.86 to E Diamond Electric.

Mr. Newton next updated the Board regarding landscape maintenance of Summit Valley and said there is a dead tree blocking the sidewalk. He stated he has requested a proposal from Terry's Landscape and Design ("Terry's"). Following discussion, Director Jones moved to authorize Terry's to remove the dead tree upon receipt of the proposal, provided the total amount did not exceed \$1,000.00. 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 noted LJA has not received a response from the property owners of 3826 Gamlin Bend Drive (the "Property") regarding classification of the Property as a multi-unit establishment.

Mr. Newton reported on a request from HouTex Engineering, LLC, for the proposed development of Westpark Mobile Office located at 14701 Westpark Drive. He reviewed a comment letter issued by LJA for the proposed development, a copy of which is attached to the engineer's report.

Mr. Newton next updated the Board on the request for out-of-District water and sanitary sewer capacity from Metarock Laboratories. He stated Metarock Laboratories will be serviced by the City of Houston.

Mr. Newton reported Property Acquisition Services provided an update on the easement status, a copy of which is attached to the engineer's report.

Mr. Newton said he will present bids for televising sanitary sewer lines at the October Board meeting.

Mr. Newton gave an update to the board on the Capital Improvement Plan and the projects that have been completed on the 2019 Capital Projects list.

Mr. Newton stated LJA has submitted the Emergency Preparedness Plan to the TCEQ.

After review and discussion, Director Hammer moved to (1) approve the engineer's report; and (2) approve invoices 9102240 and 9102242 for electrical work

related to Sylvia's Garden Lighting in a total amount of \$17,713.86 to E Diamond Electric, subject to the bookkeeper receiving confirmation from Mr. Newton that E Diamond Electric addressed the remaining items on the punch list. 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 for this agenda item.

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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