

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
Minutes of the Meeting of Board of Directors
February 21, 2019

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 304 (the "District") met in regular session, at 12525 Wellington Parkway, Houston, Harris County, Texas, said address being a meeting place of the District, on February 21, 2019, in accordance with the duly posted Notice of Public Meeting, and the roll was called of the duly constituted officers and members of the Board, as follows:

Jonathan Ward, President/General Manager - Finance & Administration
Leonard Cummings, Jr., Vice President/General Manager - Operations
Elvis Anderson, Assistant Secretary
Ann-Toinette Johnson Preston, Director
Debra Williams, Director

and all of said persons were present, except Director Williams, thus constituting a quorum. Director Williams would enter the meeting after it had been called to order, as noted herein.

Also present were Yvonne Luevano of Wheeler & Associates, Inc. ("Wheeler"); Taylor Watson of Municipal Accounts & Consulting, L.P. ("MA&C"); Jared Bowlin of Edminster, Hinshaw, Russ and Associates, Inc. ("EHRA"); Danny Blatt of JePa Services, Inc. ("JePa"); Bob DeForest of KGA DeForest Design, LLC ("KGA"); Chris Forrest of Charter Development Partners, Inc. ("DS Silverglen"); Mitchell Page of Schwartz, Page & Harding, L.L.P. ("SPH"); and various District residents.

The President called the meeting to order and declared it open for such business as might regularly come before the Board.

APPROVAL OF MINUTES

The Board considered the approval of the draft minutes of its meeting held on January 17, 2019. Upon motion by Director Preston, seconded by Director Anderson and unanimously carried, said minutes were approved as written.

DEVELOPERS' REPORTS

Mr. Forrest reported on the status of construction in Silverglen North, Section 15.

TAX ASSESSOR COLLECTOR REPORT

Ms. Luevano presented to and reviewed with the Board the Tax Assessor Collector Monthly Report and the Delinquent Collections Listing for January 2019, a copy of which is attached hereto as **Exhibit A**. After discussion, Director Cummings moved that the Tax Assessor Collector Monthly Report be approved and that the disbursements shown therein be

authorized for payment. The motion was seconded by Director Anderson and unanimously carried.

Director Williams entered the meeting during the discussion of the Tax Assessor-Collector Report.

DELINQUENT TAX COLLECTIONS REPORT

Mr. Page presented to and reviewed with the Board the Delinquent Tax Report dated February 13, 2019, prepared by Ted A. Cox, P.C. ("Cox"), the District's delinquent tax collections attorneys, a copy of which report is attached hereto as **Exhibit B**. He noted that no action was required of the Board in connection therewith.

EXEMPTIONS FROM TAXATION

Mr. Page next outlined for the Board the various tax exemptions available for the District, including the exemptions provided for by Article VIII, Section 1-b of the Texas Constitution, and Section 11.13 of the Tax Code, as amended. He advised that under said provisions, the District may provide for the exemption of up to 20% (but not less than \$5,000, if granted) of the market value of residential homestead improvements for the year 2019, and the District may also exempt residential homesteads of persons who are under a disability for purposes of payment of disability insurance benefits under the Federal Old Age, Survivors and Disability Insurance Act, or its successor, or persons sixty-five years of age or older from ad valorem taxes levied by the District during the calendar year 2019, and, if any such exemptions are granted, they must be for not less than \$3,000 of the market value of such homesteads. After further discussion of the matter, Director Cummings moved that the District (a) not grant the residential homestead exemption and (b) grant an exemption for persons under a disability or sixty-five years of age or older in the amount of \$5,000 from ad valorem taxes levied by the District during the calendar year 2019, and that the Resolution, attached hereto as **Exhibit C**, relative to same be approved and adopted by the Board and the District. Director Anderson seconded said motion, which carried unanimously.

BOOKKEEPER'S REPORT

The Board considered the Bookkeeper's Report dated February 21, 2019, a copy of which is attached hereto as **Exhibit D**. Mr. Watson presented the cash flow report, fund balance report, pledged securities report, profit and loss statement, and a comparison of budgeted versus actual income and expenditures, and reviewed same with the Board. After discussion, it was moved by Director Cummings, seconded by Director Anderson and unanimously carried, that the Bookkeeper's Report be approved, payment be authorized on the disbursements listed therein.

QUALIFIED BROKERS AUTHORIZED TO ENGAGE IN INVESTMENT TRANSACTIONS WITH THE DISTRICT

The Board next considered adopting a list of qualified brokers authorized to engage in investment transactions with the District. Mr. Page advised that, pursuant to the Public Funds

Investment Act, the Board is required to review such list at least annually. He presented to and reviewed with the Board the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, and a list of financial institutions, brokers and dealers attached thereto, together with a comparison of the list submitted and the list previously adopted by the Board, copies of which are attached hereto as **Exhibit E**. Mr. Page further noted that the broker list presented is a list of potential institutions with which the District may engage in investment transactions compiled with the input of the District's Investment Officer, but it is ultimately the Board's decision as to where the District's funds are actually placed. After discussion, Director Cummings moved that: (i) the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District be approved by the Board and the District, and (ii) that the President and Secretary be authorized to execute same. Director Anderson seconded said motion, which unanimously carried.

ACCEPTANCE OF DISTRICT'S INSURANCE PROPOSALS

Mr. Page presented to and reviewed with the Board the insurance proposals from Arthur J. Gallagher & Co. ("AJG"), for the 2019-2020 policy period, a copy of the AJG insurance proposals is attached hereto as **Exhibit F**. After discussion, the Board deferred consideration of the renewal of the District's insurance proposals until the next Board meeting and directed SPH to request proposals from McDonald & Wessendorff Insurance for review and comparison against the AJG proposals at the next Board meeting.

WELLINGTON PARK AND ADMINISTRATIVE BUILDING

Director Cummings reported on the status of the replacement of light bulbs at the Administration and Park. He then discussed the current Administration Building rentals.

LANDSCAPE ARCHITECT REPORT

Mr. DeForest presented to and reviewed with the Board the Landscape Architect Report dated February 21, 2019, a copy of which is attached hereto as **Exhibit G**. He additionally commented on construction delays caused by wet weather and discussed the timing for dedication of the Silver Trails project. After discussion, Director Anderson moved to approve: (i) Pay Application No. 7, Change Order No. 5 and Change Order No. 6 relative to the contract with Millis Development and Construction, LLC, as presented, and (ii) authorize SPH to accept the Texas Ethics Commission Form 1295 for Change Order No. 5 and Change Order No. 6. Director Williams seconded said motion, which unanimously carried.

SILVERGLEN NORTH HOMEOWNER'S ASSOCIATION PARK PROJECT

The Board then considered the status of the proposed park developments in the District. Director Cummings reported that he is coordinating with District residents to receive feedback on the proposed improvements.

ENGINEERING REPORT

Mr. Bowlin presented to and reviewed with the Board an Engineering Report dated January 17, 2018, a copy of which is attached hereto as **Exhibit H**.

Mr. Bowlin informed the Board that the surface water conversion project is substantially complete and a meeting is being scheduled with contractor and the Central Harris County Regional Water Authority to test the metering station. No action was required by the Board.

Mr. Bowlin next reported that a fence will be constructed around the Water Plant and the Ground Storage Tank ("GST") as part of the GST Modification Project. He noted that he is waiting agency approval of plans for the GST Modification Project. A discussion ensued regarding the fencing.

Mr. Bowlin reported on the status of the Texas Commission on Environmental Quality's (the "TCEQ") agency review of the District's application to renew its Wastewater Discharge Permit. He noted that an approved permit should be received by the District by mid-March.

In connection with the Engineer's Report, Mr. Page presented to and reviewed with the Board a revised Aerial Easement for Silverglen North and requested approval of same. He noted that the form of such easement previously approved by the Board had been further revised by CenterPoint. After discussion, Director Cummings moved to approve and grant Aerial Easement as presented, and authorize the President to execute same on behalf of the Board and the District. Director Anderson seconded said motion, which unanimously carried. A copy of same is attached hereto as **Exhibit I**.

ANNUAL REVIEW OF SURVEY OF WAGE RATE SCALES

The Board then considered the review of an annual survey of prevailing wage rates for construction projects and the adoption of a Resolution in connection therewith. In that regard, Mr. Page reported that SPH recommend that the District adopt the revised United States Department of Labor ("DOL") wage rate scales for construction projects for Harris County, as permitted under Section 2258.022, Texas Government Code. After discussion on the matter, Director Cummings moved that the revised DOL wage rate scales for Harris County be adopted as the District's prevailing wage rate scales for construction projects, and that the Resolution Adopting Prevailing Wage Rate Scale for Construction Projects attached hereto as **Exhibit J** be adopted by the Board. Director Williams seconded said motion, which unanimously carried.

CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY'S ("CHCRWA") MATTERS AND SURFACE WATER CONVERSION PROJECT

In connection with the CHCRWA Surface Water Conversion Project, Mr. Bowlin reported on the status of the construction of the distribution system and the connection of same to the District's water distribution system(s). He then requested the Board's concurrence in the approval of Pay Estimate No. 4 in the amount of \$2,491.29 payable to B-5 Construction Company, Inc. ("B-5"). After discussion, Director Preston moved to concur in the approval of

Pay Estimate No. 4 to B-5. Director Williams seconded said motion, which unanimously carried. A discussion ensued regarding why the District is not receiving surface water, to which Mr. Bowlin and Mr. Page responded.

OPERATIONS REPORT

Mr. Blatt presented to and reviewed with the Board the Operations Report for December 2018, a copy of which is attached hereto as **Exhibit K**.

Mr. Blatt presented to and reviewed with the Board a quote from DunnBebber for generator maintenance in the amount of \$3,953.84, a copy of the quote is attached to the Operations Report. After discussion, the Board directed JePa to obtain another proposal for the project to review and compare against the proposal submitted by DunnBebber at the next Board meeting.

Mr. Blatt presented to and reviewed with the Board the Cut Off Listing (the "Listing") prepared by JePa and noted that the delinquent accounts identified in the Report will be terminated if payment is not timely received, per the District's Rate Order. A copy of the Listing is attached to the Operations and Maintenance Report. After discussion, it was moved by Director Cummings, seconded by Director Anderson and unanimously carried, that the Board authorize JePa to terminate all delinquent accounts whose payment was not timely received, as per the District's Rate Order.

DROUGHT CONTINGENCY PLAN

Mr. Page advised the Board, that in accordance with the Texas Water Code, the District is required to adopt, and file with the appropriate agencies, a drought contingency plan (the "Plan") and review same every five years. After discussion, the Board concurred to authorize JePa and EHRA to complete the five year review of the District's drought contingency plan and report back to the Board with any necessary revisions at the next Board meeting.

AMENDMENT TO SERVICE AGREEMENT FOR OPERATION AND MAINTENANCE OF THE DISTRICT'S WATER DISTRIBUTION AND SEWAGE COLLECTION SYSTEMS BETWEEN THE DISTRICT AND JEPa SERVICES, INC. (THE "SERVICE AGREEMENT")

The Board deferred consideration of an amendment to the Service Agreement.

TEXAS COMPTROLLER OF PUBLIC ACCOUNTS INFORMATION DATABASE

Mr. Page informed the Board that, pursuant to provisions of Chapter 403, Government Code, and Chapter 203, Local Government Code, the District is required to submit information to the Texas Comptroller of Public Accounts (the "Comptroller") for inclusion in the Special Purpose District Public Information Database. Mr. Page then presented an engagement letter from the District's auditor, McCall Gibson Swedlund Barfoot, PLLC ("MGSB"), a copy of which is attached hereto as **Exhibit L**, for the preparation and submission of the required information. Following discussion, Director Cummings moved, Director Anderson seconded,

and it was unanimously carried that: (i) the engagement letter from MGSB be approved and the Form 1295 for same be accepted and acknowledged, and (ii) MGSB be authorized to prepare the required information and submit same to the Comptroller for inclusion in the Special Purpose District Information Database.

ATTORNEY'S REPORT

The Board next considered the Attorney's Report. Mr. Page provided the Board with correspondence received from the CHCRWA, a copy of which is attached hereto as **Exhibit M**, advising that the CHCRWA will not be increasing its GRP Fee, Importation Fee, or Surface Water Fee at this time. He noted that the CHCRWA may re-visit rates later in 2019.

Mr. Page next presented two pieces of correspondence received from the TCEQ, copies of which are attached hereto under **Exhibit N**. The first was a Notice of Violation which, Mr. Page reported, was referred to JePa for handling. The second was a transmittal of an Order of the TCEQ overturning the Executive Director's November 9, 2018, order granting a petition to designate an in-District meeting location for the Board. Mr. Page then provided a recount of the oral argument at the TCEQ leading to the Order of the TCEQ. He noted that he had spoken with a staff member of the TCEQ's Alternative Dispute Resolution team following receipt of the Order of the TCEQ. Mr. Page noted that he expressed to the staff member the Board's willingness to mediate in hopes of achieving a resolution that would reflect the Board's commitment to hold meetings in the District except when and emergency or special meeting requires otherwise. Mr. Page noted, however, that the petitioners must also be willing to participate in the mediation process. Additional discussions ensued regarding the path forward. No action was taken in connection with the Attorney's Report.

PUBLIC COMMENTS

The Board then received and considered comments from the public.

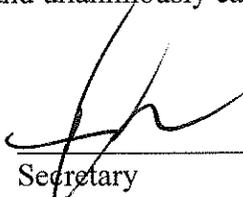
FUTURE AGENDA MATTERS

The Board considered items for placement on future agendas. No specific agenda items, other than routine and ongoing matters were requested to be placed on a future agenda.

ADJOURNMENT

There being no further business to come before the Board, upon motion made by Director Williams, seconded by Director Anderson and unanimously carried, the meeting was adjourned.




Secretary

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A Tax Assessor-Collector Report and Uncollectible Accounts List
- Exhibit B Delinquent Tax Collections Report
- Exhibit C Resolution Concerning Exemptions From Taxation
- Exhibit D Bookkeeper's Report
- Exhibit E Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions, with list of qualified brokers
- Exhibit F insurance proposals from Arthur J. Gallagher & Co. 2019/2020
- Exhibit G Landscape Architect Report
- Exhibit H Engineering Report
- Exhibit I Dedication of Unobstructed Dry Public Utility and Aerial Easement (unrecorded)
- Exhibit J Resolution Adopting Prevailing Wage Rate Scale for Construction Projects
- Exhibit K Operations Report
- Exhibit L Engagement Letter with McCall Gibson Swedlund Barfoot, PLLC
- Exhibit M Correspondence from West Harris County Regional Water Authority
- Exhibit N Correspondence from Texas Commission on Environmental Quality