

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
Minutes of the Meeting of Board of Directors
April 18, 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 April 18, 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, thus constituting a quorum.

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"); Jennifer Bradley and Danny Blatt of JePa Services, Inc. ("JePa"); Erick Steinman 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 March 21, 2019. A correction was noted on Page 6, Paragraph 2. Upon motion by Director Anderson, seconded by Director Preston and unanimously carried, said minutes were approved as revised.

DEVELOPERS' REPORTS

Mr. Forrest reported on the status of construction in Silverglen North, Sections 14 and 15.

APPLICATION TO TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR CHANGE IN SCOPE OF BOND PROCEEDS, APPROVAL OF PROJECTS AND RELATED DEVELOPER REIMBURSEMENT, AND PURCHASE APPROVAL (THE "APPLICATION")

In connection with the Application to the Texas Commission on Environmental Quality (the "TCEQ") for funding reimbursement to DS Silverglen North, LLC ("DSSN") for the facilities serving Silverglen North, Section 14, Mr. Page reported the TCEQ approved same by letter dated April 15, 2019, a copy of which is attached hereto as **Exhibit A**. Mr. Page advised

that the Board will to engage McCall Gibson Swedlund Barfoot PLLC to prepare a developer reimbursement audit report and authorize EHRA to coordinate a pre-purchase inspection by the Houston Office of the TCEQ prior to making reimbursement audit report and the reimbursement to DSSN.

In connection with the preparation of the application to TCEQ for approval of projects and related developer reimbursement to DSSN for the water, sanitary sewer, and drainage facilities serving Silverglen North, Section 15 (the "Section 15 Application"), Mr. Miller reported that EHRA has requested information from DSSN which will be used to compile the application.

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 March 2019, a copy of which is attached hereto as **Exhibit B**. After discussion, Director Anderson 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 Cummings and unanimously carried.

DELINQUENT TAX COLLECTIONS REPORT

Mr. Page presented to and reviewed with the Board the Delinquent Tax Report dated April 9, 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 C**. Mr. Page informed the Board that District resident Paul Wickliff has requested Cox allow him to enter into a payment agreement for the payment of his delinquent 2015, 2016, 2017 and 2018 taxes totaling \$5,222.78. After discussion, it was moved by Director Preston, seconded by Director Cummings and unanimously carried, that the Board authorize the requested payment agreement with Mr. Wickliff.

RESOLUTION AUTHORIZING AN ADDITIONAL PENALTY ON DELINQUENT REAL PROPERTY TAXES

The Board considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes. Mr. Page advised that the Resolution will impose an additional penalty equal to twenty percent (20%) of the total taxes, penalty, and interest due the District on real property taxes that remain delinquent as of July 1. He noted that the additional penalty to be imposed by the Resolution will not apply to delinquent personal property taxes which have incurred an additional penalty pursuant to that certain Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes, which was passed and approved by the District on January 18, 2019. After further discussion, it was moved by Director Cummings, seconded by Director Anderson and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes, attached hereto as **Exhibit D**, be adopted by the District, and that Cox be authorized to proceed with the collection of delinquent real property tax as provided in said Resolution, including the filing of lawsuits as necessary.

BOOKKEEPER'S REPORT

The Board considered the Bookkeeper's Report dated April 18, 2019, a copy of which is attached hereto as **Exhibit E**. 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 Williams and unanimously carried, that the Bookkeeper's Report be approved, payment be authorized on the disbursements listed therein.

WELLINGTON PARK AND ADMINISTRATIVE BUILDING

Director Cummings reported on the status of the replacement of light bulbs at the Park and at the Administration Building and other maintenance projects at the building. Director Cummings then discussed the Silver Trail Dedication Ceremony scheduled for Saturday, April 20, 2019, from 10:00 a.m. to 3:00 p.m.

EXTENSION OF INDEPENDENT CONTRACTOR AGREEMENTS FOR SECURITY SERVICES

Mr. Page reported that the current Independent Contractor Agreements for Security Services with Deputies Lewis, Cunningham and Kissam (the "Agreements") expired on March 31, 2019. He then presented the forms to renew the Agreements for another six months. Copies of the forms are attached hereto as **Exhibit F**. After discussion on the matter, Director Preston moved that the District approve the renewal of the Agreements and authorize Director Cummings to execute such forms on behalf of the Board and the District. Director Anderson seconded said motion, which unanimously carried. Director Cummings noted that he will arrange for the execution of the Agreements by the Deputies and will provide the executed Agreements to SPH when completed.

LANDSCAPE ARCHITECT REPORT

Mr. Steinman presented to and reviewed with the Board the Landscape Architect Report dated April 18, 2019, a copy of which is attached hereto as **Exhibit G**. The Board noted concerns with certain grading and drainage issues. After discussion, the Board concurred to defer the approval of Pay Application No. 9 relative to the contract with Millis Development and Construction, LLC, for the Trails Project in the amount of \$63,494.02.

SILVERGLEN NORTH HOMEOWNER'S ASSOCIATION PARK PROJECT

The Board then considered the status of the proposed park developments in the District. Director Cummings reported on the status of the park surveys. Ms. Betty Love summarized the results of the survey responses.

ENGINEERING REPORT

Mr. Bowlin presented to and reviewed with the Board an Engineering Report dated April 18, 2018, a copy of which is attached hereto as **Exhibit H**. He noted, in particular, that the bids for the Water Plant Ground Storage modifications will be opened on May 8th and the Board will award the project at its May Board meeting. Finally, he updated the Board on the status of the fourth booster pump at the Water Plant.

MODULAR SEWAGE TREATMENT UNIT PILOT TESTING

Mr. Bowlin provided a status report on the Water Solutions' Modular Sewage Treatment Unit Pilot Testing.

OPERATIONS REPORT

Mr. Blatt presented to and reviewed with the Board the Operations Report for March 2019, a copy of which is attached hereto as **Exhibit I**.

Mr. Blatt reported on the status of the repairs to the clarifier line leaks at the Waste Water Treatment Plant, and the sludge removal and cleanout of the clarifier in connection with the repairs.

Mr. Blatt next presented to and reviewed with the Board a proposal from Elite Pumps & Mechanical Services, LLC for the repair and/or replacement of a lift pump no. 2 at the Waste Water Treatment Plant. A copy of the proposal is attached to the Operations Report. Mr. Blatt noted that the District would only have two lift pumps in service if one of the other lift pumps malfunctioned, then the District would need to get a rental pump, meeting the minimum requirements by the State or TCEQ. After discussion, the Board requested JePa to obtain two additional bids for the Board to consider at the next Board meeting. The Board further noted that a General Manager is authorized to immediately approve JePa's rental of a blower pump if it is deemed necessary to have a backup on site.

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.

ANNUAL REVIEW OF THE DISTRICT'S IDENTITY THEFT PREVENTION PROGRAM

The Board considered review of the District's Identity Theft Prevention Program (the "Program"). In connection therewith, Mr. Blatt presented JePa's annual report, a copy of which is attached to the Operations Report, and advised the Board regarding the District's experience with identity theft during the prior year, current identity theft methods, the types of accounts

maintained by the District and the District's business arrangements with other entities. Mr. Blatt recommended that no changes be made to the District's Program. After discussion on the matter, the Board concurred that no changes were necessary to the Program at this time.

AMENDED AND RESTATED 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")

Ms. Bradley presented to and reviewed with the Board a summary of the fee and rate schedule changes to the existing agreement. After discussion, Director Cummings moved to approve the Service Agreement as presented, subject to receipt of a Texas Ethics Commission Form 1295 by SPH, and to authorize the President to execute the Service Agreement on behalf of the Board and the District. Director Preston seconded said motion, which unanimously carried. A copy of the Agreement is attached hereto as **Exhibit J**.

RATE ORDER AMENDMENT

Mr. Page presented to and reviewed with the Board a Summary of Proposed Rate Order Changes relative to JePa's fee schedule changes, a copy of which is attached hereto as **Exhibit K**. He noted that many of the cost items to be adjusted were particular to a given customer (e.g. turn on/turn off service; door hanger) and would not require a rate increase to all customers. After discussion, the Board deferred consideration of amending the District's Rate Order until the next Board meeting.

FIVE-YEAR REVIEW OF DROUGHT CONTINGENCY PLAN

Mr. Page discussed with the Board the requirements of Title 30, Section 288.30 of the Texas Administrative Code for retail public water suppliers such as the District to review and, if appropriate, revise their Drought Contingency Plan (the "DCP") not later than May 1, 2019, and every five years thereafter. Mr. Page advised that the District adopted its DCP on April 21, 2005. Mr. Blatt advised that JePa has conducted its annual review of the District's DCP and is recommending that no changes be made to the DCP at this time. After discussion on the matter, Director Cummings moved that the District adopt the Resolution Regarding Review of Drought Contingency Plan, which is attached hereto as **Exhibit L**. Director Preston seconded such motion, which passed unanimously.

CONSUMER CONFIDENCE REPORT

The Board considered authorizing JePa to prepare a draft Consumer Confidence Report ("CCR") for review by the Board. Mr. Page advised that pursuant to CCR requirements promulgated by the United States Environmental Protection Agency and the TCEQ, the District is required to provide a report containing various information regarding the District's water supply to all customers of the District by July 1, 2019. After discussion on the matter, it was moved by Director Anderson, seconded by Director Cummings and unanimously carried, that

JePa be authorized to prepare a draft CCR and SPH be authorized to review same for compliance with all regulatory requirements.

PUBLIC COMMENTS

The Board then received and considered comments from the public.

CLOSED SESSION PURSUANT TO TEXAS GOVERNMENT CODE SECTION 551.071

The President then announced at 6:54 p.m. that the Board would convene in Closed Session, as authorized pursuant to Texas Government Code Section 551.071 to consult with the District's attorney.

At 7:14 p.m., the Board reconvened in open session.

ATTORNEY'S REPORT

The Board next considered the Attorney's Report. Mr. Page reported that he has been in contact with the TCEQ and, based on the input he received from the Board during closed session, he expects to be in a position to advance the resolution regarding Board meeting locations.

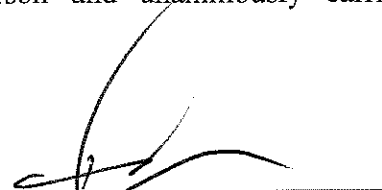
FUTURE MEETINGS AND AGENDA MATTERS

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 Cummings, seconded by Director Anderson and unanimously carried, the meeting was adjourned.




Secretary

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A TCEQ Correspondence dated April 15, 1960
- Exhibit B Tax Assessor-Collector Report and Uncollectible Accounts List
- Exhibit C Delinquent Tax Collections Report
- Exhibit D Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes
- Exhibit E Bookkeeper's Report
- Exhibit F Forms of Independent Contractor Agreements for Deputies Cunningham, Kissam and Lewis
- Exhibit G Landscape Architect Report
- Exhibit H Engineering Report
- Exhibit I Operations Report
- Exhibit J Amended and Restated Service Agreement for Operation and Maintenance of the District's Water Supply and Distribution System and Sanitary Sewage Collection and Treatment System
- Exhibit K Summary of Proposed Rate Order Changes
- Exhibit L Resolution Regarding Review of Drought Contingency Plan