

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304  
Minutes of the Meeting of Board of Directors  
August 15, 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 August 15, 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 Ward, thus constituting a quorum. Director Ward entered later in the meeting as noted herein.

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

Director Cummings was recognized as Presiding Officer of the Board in the absence of the President. Director Cummings called the meeting to order and declared it open for such business as might regularly come before the Board.

#### PUBLIC COMMENTS

Representative Jarvis Johnson addressed the public and noted that he will host a legislative wrap-up seminar on September 10, 2019, regarding the 86<sup>th</sup> Texas Legislature.

The Board then received comments from the public on various District matters.

#### APPROVAL OF MINUTES

The Board next considered the approval of the draft minutes of its meeting held on July 18, 2019. Upon motion by Director Preston, seconded by Director Anderson and unanimously carried, said minutes were approved as written.

#### 2019 TAX RATE RECOMMENDATION

Director Ward entered the meeting and presided for the remainder of the meeting.

Ms. Julie Williams presented the Board with her recommendation regarding the proposed 2019 debt service tax rate and maintenance tax rate, a copy of which is attached hereto as **Exhibit A**. Ms. Julie Williams advised that she recommends a proposed 2019 debt service tax rate of \$0.38 per \$100 of assessed valuation. She then discussed and proposed a 2019 maintenance tax rate of \$0.41 per \$100 of assessed valuation. There next followed a discussion concerning the requirements for notice of the District's intention to adopt a 2019 tax rate. Mr. Page advised that, pursuant to Section 49.236 of the Texas Water Code, the District is required to provide a notice containing certain tax-related information in connection with each meeting at which the adoption of a tax rate will be considered. Mr. Page further advised that the information to be included in the notice is set forth in the Water Code and includes the proposed tax rate to be adopted. He advised that the District must provide the notice by either (1) publishing it at least once in a newspaper having general circulation in the District at least seven days before the date of the meeting at which the tax rate will be adopted, or (2) mailing it to each owner of taxable property in the District, at the address shown on the most recently certified tax roll of the District, at least ten days before the date of the meeting. After further discussion on the matter, Director Cummings moved that: (1) the Board accept the recommendation of a proposed 2019 debt service tax rate of \$0.38 per \$100 of assessed valuation and a proposed 2019 maintenance tax rate of \$0.41 per \$100 of assessed valuation, for a total 2019 tax rate of \$0.79 per \$100 of assessed valuation, and (2) the District's tax assessor-collector be authorized to publish notice of the District's intention to adopt a 2019 tax rate in the form and at the time required by law. Director Anderson seconded said motion, which unanimously carried. The Board concurred that the notice should be published in *The Houston Chronicle* by Wheeler.

#### DEVELOPERS' REPORTS

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

#### SURPLUS FUNDS APPLICATION TO TEXAS COMMISSION ON ENVIRONMENTAL QUALITY (THE "TCEQ")

Mr. Bowlin reported that within the next few business days EHRA will file the application to the Texas Commission on Environmental Quality ("TCEQ") requesting approval of projects and related developer reimbursement to DS Silverglen for the water, sanitary sewer, and drainage facilities serving Silverglen North, Section 15.

#### TAX ASSESSOR COLLECTOR REPORT

Ms. Luevano next presented to and reviewed with the Board the Tax Assessor Collector Report and the Delinquent Collections Listing for July 2019, a copy of which is attached hereto as **Exhibit B**. After discussion, Director Cummings moved that the Tax Assessor Collector Report be approved and that the disbursements shown therein be authorized for payment. The motion was seconded by Director Williams and unanimously carried.

### DELINQUENT TAX COLLECTIONS REPORT

Mr. Page presented to and reviewed with the Board the Delinquent Tax Report dated August 7, 2019, prepared by Ted A. Cox, P.C., a copy of which report is attached hereto as **Exhibit C**. He noted that no action was required of the Board in connection therewith.

### BOOKKEEPER'S REPORT

The Board considered the Bookkeeper's Report dated August 15, 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 Anderson, seconded by Director Preston and unanimously carried, that the Bookkeeper's Report be approved, payment be authorized on the disbursements listed therein.

### ADOPTION OF OPERATING BUDGET

Mr. Watson presented to and reviewed with the Board a proposed operating budget for the District's fiscal year ending August 31, 2020, a copy of which is attached to the Bookkeeper's Report. After discussion, Director Cummings moved that the operating budget for the District's fiscal year ending August 31, 2020, be adopted by the Board and the District, as presented. Director Preston seconded said motion, which unanimously carried. A copy of the approved operating budget for the District's fiscal year ending August 31, 2020, is attached hereto as **Exhibit E**.

### ENGAGEMENT OF AUDITOR TO PREPARE DISTRICT'S AUDIT REPORT

The Board next considered the engagement of McCall Gibson Swedlund Barfoot, LLC ("MGSB") to prepare the District's audit report for the fiscal years ending August 31, 2019. Mr. Page noted that the Board engaged MGSB to perform the audit for the District's fiscal year ending August 31, 2019, when it engaged MGSB to perform the audit for the District's fiscal year ended August 31, 2018. He further noted that the agenda item was included only to serve as a reminder to the Board, and that no action is necessary.

### FINANCIAL REPORTS FILING AND METHOD OF COMPLIANCE

Mr. Page reminded the Board that, pursuant to Texas Local Government Code Section 140.008, political subdivisions are required to file certain financial information with the Texas Comptroller of Public Accounts (the "Comptroller") within 180 days of the District's fiscal year end. This information may be submitted as a separate report, or as an alternative, districts subject to Chapter 49 of the Texas Water Code, including the District, may submit to the Comptroller copies of their annual audit. Mr. Page advised that the Board will need to select a method of compliance when it prepares its annual audit. Upon a motion made by Director Anderson, seconded by Director Cummings, and carried unanimously, the Board elected to file its annual audit for the fiscal year ending on August 31, 2019, with the Comptroller. Mr. Page also noted that the audit would be provided for posting on the District's website.

## 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 will expire on September 30, 2019. He then presented new Independent Contractor Agreements (the "Agreements") to engage the deputies for another six months. Copies of the Agreements are attached hereto as **Exhibit F**. After discussion on the matter, Director Preston moved that the District approve the Agreements and authorize Director Anderson to execute same on behalf of the Board and the District. Director Anderson seconded said motion, which unanimously carried.

## WELLINGTON PARK AND ADMINISTRATIVE BUILDING

Director Cummings provided a status report regarding administration building rentals. He further reported that the District's updated website is operational and can be accessed at HCMUD304.com.

Director Cummings requested Board approval for: (i) the purchase and installation of signs along the trails to restrict the use of motor vehicles on the trails, and (ii) to replace the sign at the entry to the administration building for an approximate cost of \$890. After discussion, Director Preston moved to approve: (i) the purchase and installation of signs along the trails to restrict the use of motor vehicles, and (ii) the replacement of the entry sign at the administration building. Director Williams seconded said motion, which unanimously carried.

## ENGINEERING REPORT

Mr. Bowlin presented to and reviewed with the Board an Engineering Report dated August 15, 2019, a copy of which is attached hereto as **Exhibit G**.

Mr. Bowlin reported that the ground storage tank will be demobilized in October and the new ground storage tank will be delivered in November 2019.

Mr. Bowlin then requested that the Board approve payment of Pay Estimate No. 3 and Final in the amount of \$6,250.00 to Shier Construction Company, Inc. ("Shier") for work completed on the Water Plant fourth booster pump, a copy of which is attached to the Engineering Report. After discussion, it was moved by Director Preston, seconded by Director Anderson and unanimously carried, that the Engineer's Report and the action items listed therein be approved, including the approval or concurrence, as applicable, of all pay estimates, contract quantity adjustments and change orders as may be listed therein (including the acceptance of any Texas Ethics Commission Form(s) 1295 required in connection therewith).

INTERIM WATER SUPPLY AGREEMENT BY AND BETWEEN THE DISTRICT AND RANKIN ROAD WEST MUNICIPAL UTILITY DISTRICT (THE "AGREEMENT")

Mr. Page next discussed the terms of the draft Agreement. After discussion, the Board concurred to authorize SPH to coordinate with EHRA and JePa further negotiation of the cost of the water provided.

ISSUANCE OF UTILITY COMMITMENTS

Mr. Page noted that a utility commitment request is pending from the Fallbrook Baptist Church.

MODULAR SEWAGE TREATMENT UNIT PILOT TESTING

Mr. Blatt reported on the status of Active Water Solutions, LLC testing of the pilot system at the District's Waste Water Treatment Plant ("WWTP") site.

OPERATIONS REPORT

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

Mr. Blatt then reported a pump failure at Lift Station No. 2. He explained that the pump burned up and there was no auto dialer call-out when the failure occurred. Mr. Blatt presented proposals to replace the pump. After discussion, Director Cummings moved to: (i) approve the rental of a temporary pump and auto dialer to be used until the pump is repaired or replaced, (ii) authorize JePa to install fans on the electrical panels, and obtain additional proposals for the pump repair or replacement. Director Williams seconded the motion which carried unanimously.

Mr. Blatt then requested the Board's authorization for JePa to replace the air drops at the WWTP aeration basin at a price to be determined. After discussion, Director Cummings moved to authorize JePa to replace the air drops at the WWTP aeration basin at a price to be determined. Director Anderson seconded said motion, which unanimously carried.

Mr. Blatt then 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 Williams, seconded by Director Anderson and unanimously carried, that the Board authorize JePa to terminate all delinquent accounts whose payment was not timely received, per the District's Rate Order.

ENGAGEMENT OF BEST TRASH FOR SOLID WASTE COLLECTION SERVICES AND RATE ORDER AMENDMENT

Mr. Page reviewed with the Board a Residential Solid Waste Collection Agreement ("Solid Waste Agreement") with Best Trash, LLC ("Best Trash ") to provide solid waste collection services on Mondays and Thursdays each week to District residents at a monthly rate of \$16.60 per month, for an initial five-year term commencing on October 1, 2019 through September 30, 2024. After discussion, Director Preston moved that the Solid Waste Agreement be approved, subject to review by SPH, and SPH be authorized to acknowledge the Texas Ethics Commission Form 1295 (the "TEC Form 1295"). Director Williams seconded said motion, which unanimously carried.

Mr. Page then recommended the Board amend section 3.03 of the District's Rate Order to include the cost of solid waste collection services in the flat rate for residential sanitary sewer service. After discussion, the Board concurred to defer the amendment of the District's Rate Order until the next Board meeting.

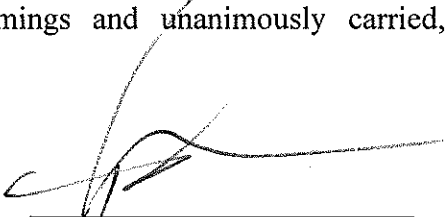
FUTURE MEETINGS AND AGENDA MATTERS

The Board next considered and concurred to change the time of the regular Board meetings to 6:00 p.m. effective September 1, 2019.

ADJOURNMENT

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



  
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Secretary

## LIST OF ATTACHMENTS TO MINUTES

- Exhibit A Tax Assessor-Collector Report and Uncollectible Accounts List
- Exhibit B Delinquent Tax Collections Report
- Exhibit C Bookkeeper's Report and Quarterly Investment Report
- Exhibit D Landscape Architect Report
- Exhibit E Engineering Report
- Exhibit F Operations Report
- Exhibit G Houston-Galveston Subsidence District Interlocal Agreement
- Exhibit H TCEQ Executive Director Notice dated July 11, 2019
- Exhibit I Legislative Summary of the 86th Regular Session of the Texas Legislature