

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
January 15, 2019

The Board of Directors ("Board") of Harris County Municipal Utility District No. 150 ("District") met at the Board's meeting place at 13563 Bammel North Houston, Houston, Harris County, Texas, on January 15, 2019, in accordance with the duly posted notice of meeting, and the roll was called of the duly constituted officers and members of said Board, as follows:

Robert M. Cadena, President
Shirley Adams, Vice-President
Roosevelt Johnson, Secretary
Charlotte M. Mays, Assistant Secretary
Oliver M. Agard, Assistant Vice President

and all of said members were present, thus constituting a quorum.

Also present were Joseph Bowen of the public; Marian Henderson, Jerry Ewing, Debra Johnson, Sonnier Washington and Cordelia Brown of Harris County Municipal Utility District No. 217 ("HCMUD 217"); Ms. Rene Andell of Wheeler & Associates, Inc. ("W&A"); Carol Morrison of Municipal Accounts & Consulting, L.P. ("MAC"); Deputy Price and Deputy Quintanilla of Harris County Sheriff's Office ("HCSO"); Paul Villareal and Holly Marback of Water Wastewater Management Services, Inc. ("WWWMS"); Alene Efaw of BGE; David Granadino of the Central Harris County Regional Water Authority ("CHCRWA"); and Kara Richardson and Ryan Ashcraft of Marks Richardson PC ("MRPC").

The President called the meeting to order at 6:00 p.m.

APPROVE MINUTES

The Board considered approval of the minutes of the Board meeting held on December 18, 2018. After discussion, Director Johnson made a motion to approve the minutes of the meeting of December 18, 2018, as amended. Director Adams seconded the motion, which carried unanimously.

PUBLIC COMMENT

The Board next considered comments from the public. Mr. Bowen addressed the Board on behalf of the Camden Park Homeowners Association and stated that a homeowner who lives at 11954 Elk Springs believes she is being overcharged on her water bill. He stated that the customer told him that she does not use any water at her home, but that she continues to be charged for usage. Director Cadena stated that the Board will consider the homeowner's request under the operator's report later in the meeting.

CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY (“CHCRWA”)

The Board next considered the status of the CHCRWA. Mr. Granadino stated that the Financial Advisor for the CHCRWA has determined that an increase in its surface water and pumpage fees will not be necessary this spring and that the CHCRWA will re-evaluate the matter later in the year.

DISTRICT WEBSITE MAINTENANCE

The Board next deferred discussion on the status of the District’s website as no one present had anything to report.

GARBAGE COLLECTION MATTERS

The Board next deferred discussion on garbage collection matters as no one present had anything to report.

LANDSCAPING MAINTENANCE MATTERS

The Board next discussed the landscaping maintenance services by Yellowstone Landscape (“Yellowstone”), including approval of a rate increase for landscape maintenance services. The Board then discussed the attached correspondence from Yellowstone dated January 15, 2019, notifying the District of a rate increase. Ms. Richardson noted that the request does not give sufficient detail to determine the costs to be increased under the current contract and recommended that the Board request an updated exhibit to the current contract with the new pricing. The Board directed Ms. Richardson to request same from Yellowstone.

The Board then discussed authorizing Director Mays to direct Yellowstone to perform additional mowing services outside of those specified in the contract on an as-needed basis. After discussion, Director Cadena made a motion to authorize Director Mays to make decisions on additional mowing services by Yellowstone on behalf of the Board and the District. Director Johnson seconded the motion, which unanimously carried. The Board requested that the item regarding the rate increase remain on the agenda for next month’s meeting.

TAX ASSESSOR-COLLECTOR’S REPORT

Ms. Andell introduced herself and advised the Board that she will now be attending the District’s meetings on behalf of W&A. She next presented the attached Tax Assessor-Collector's report for the month of December. The Board reviewed the report and noted that the District collected 41.78% of its 2018 taxes through December 31, 2018. The Board next reviewed the attached Delinquent Collections List as of December 31, 2018, as prepared by W&A. After review and discussion, Director Mays made a motion to approve the report and to authorize payment on the Tax Account for check nos. 3981 through 3987, inclusive, and two (2) wire transfers, as identified in the report. Director Adams seconded the motion, which carried unanimously.

REPORT ON DELINQUENT TAXES

Ms. Andell next reviewed the attached report dated January 15, 2019, which had been prepared by the District's delinquent tax attorney, Perdue, Brandon, Fielder, Collins & Mott L.L.P ("Perdue"). She stated that the Rodriguez account is now up to date and has been removed from the termination list. Ms. Andell stated that next month she will bring the outstanding personal property accounts from 2014 to move to the uncollectible roll.

ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES

Ms. Richardson next advised the Board that pursuant to Section 33.11 of the Property Tax Code, as amended, the Board is authorized to impose, under certain conditions, an additional penalty not to exceed twenty percent (20%) of the delinquent personal property taxes, penalty and interest due the District on taxes that become delinquent on or after February 1 of a year and that remain delinquent sixty (60) days after the date on which they become delinquent. After discussion, Director Adams made a motion to adopt the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes and to authorize Perdue to proceed with the collection of the District's 2019 delinquent personal property accounts following proper notice as provided in the Resolution, including the filing of lawsuits, as necessary. Director Johnson seconded the motion, which carried unanimously.

OPERATOR'S REPORT

Mr. Villarreal next presented the attached report from WWMS dated January 15, 2019 and reviewed same with the board.

Mr. Villarreal reported that he will be meeting with Preventative Services tomorrow to review the map of the District's boundaries for purposes of determining which hydrants are within the boundaries of the District. He stated that Preventative Services will begin the sandblasting and painting project once the weather clears.

Mr. Villarreal reported that Concrete Raising Corporation ("CRC") attempted to raise the storage building at the WWTP but was only able to raise the building approximately one-fourth of an inch. He stated that CRC will attempt to raise the building again next week but is concerned with the weight of the building.

Mr. Villarreal reported that STP Services has not yet completed the installation of new LED light fixtures at the WWTP.

Mr. Villarreal reported that the bar screen cover fabrication has not yet been completed and that WWMS hopes to receive same next week.

Mr. Villarreal reported that WWMS performed dye testing on three (3) manholes located along the rear easement behind the Valero gas station in the District which showed evidence of direct infiltration. He stated that WWMS recommends installing six-inch (6") bollards around the manholes to prevent damage. Ms. Richardson noted that the District would

need to look at the easement document to determine if the District has the authority to place bollards on the property. After discussion, the Board took no action on the matter.

Mr. Villarreal reported that WWWMS approved and finalized the proofs for the curb markers for the manholes and storm drains and that same are out for production. He also noted that WWWMS completed the installation of the new signage within the District.

Mr. Villarreal presented proposals for the installation of automatic gate openers. He reviewed proposals from National Fence for \$13,427.00, Griffin Fence for \$13,520.00 and Aber Fence for \$17,986.00, and stated that the costs for privacy slats are included in each proposal. He also stated that the electrical work estimate should not exceed \$2,200 per site. He then presented an executed TEC Form 1295 from National Fence, Griffin Fence and Aber Fence.

Mr. Villarreal next reported that the conduit in the airline for the hydropneumatic tank nos. 1 and 2 at Water Plant No. 2 needs to be replaced and that WWWMS can replace same at an estimated cost of \$4,000.

Mr. Villarreal next reported on the proposed tree/vegetation removal work to be completed at various homes located adjacent to the WWTP. He reminded the Board that WWWMS sent letters to the property owners informing them of the need to trim vegetation/and or remove trees encroaching onto the shared fence line at the WWTP. He noted that WWWMS has received responses from two (2) of the five (5) property owners who both stated that they did not have the funds to perform the requested work. He noted that WWWMS is currently attempting to make contact with the other three (3) property owners.

Mr. Villarreal reported on Lift Station No. 1. He reminded the Board that WWWMS requested photos from R&B to see the condition of the hardware and that R&B indicated they would come back out to take such photos but have not yet completed same.

Mr. Villarreal next reviewed an email received from the owner of the property located at 11921 Veterans Memorial in response to MRPC's correspondence sent on January 4, 2019 regarding the need to remove vegetation from the District's surface water line air release vent. He stated that landowner indicated that he does not have a service account with the District, does not know the location of the air vent, and does not have any plans to clean up the property. Mr. Villarreal stated that he believes the air vents belong to the CHCRWA as he believes it is the CHCRWA's water line that runs through the subject property rather than the District's water line. Ms. Richardson suggested that the District could try contacting the Harris County Nuisance Abatement department regarding the issue. Ms. Efaw stated that she will investigate which facilities, if any, run across the property and to whom they belong.

Ms. Marback reported that the customer residing at 11982 E. Marsham Circle is requesting assistance with their water bill from September and October which reflects high water usage. She stated that WWWMS inspected the property and found no water leaks. After discussion, the Board denied the request for an adjustment. The Board authorized WWWMS to work with the customer on a payment plan if customer requests same.

Ms. Marback reported that the customer residing at 3602 Oak Hall is requesting assistance with their water bill from December which reflects high water usage. She stated that the customer had a leak in their backyard that was repaired but the customer has been unable to provide a receipt for the repair. After discussion, the Board denied the request for an adjustment. The Board authorized WWWMS to work with the customer on a payment plan if customer requests same.

Ms. Marback reported that the customer residing at 11954 Elk Springs Drive is requesting a waiver of her past due bill from November and December. She stated that the customer claims that she does not use any water in her house yet is billed for usage each month. Mr. Villarreal noted that the customer still has an active account with the District and therefore receives a monthly bill for the minimum usage costs pursuant to the Rate Order. After discussion, the Board denied the request for an adjustment. Ms. Richardson suggested that WWWMS direct any calls from the customer to her and that she will be happy to explain to her the requirements of the District's Rate Order.

The Board next considered authorizing the termination of water service to delinquent accounts and requests for extension of termination deadline. After discussion, Director Johnson made a motion to authorize WWWMS to terminate water service to all delinquent accounts, except as noted above. Director Adams seconded the motion, which carried unanimously.

Mr. Villarreal next presented and reviewed various photos of items identified for repair or replacement from the electrical survey previously conducted. He discussed the replacement of conduit in the airline for the hydropneumatic tank nos. 1 and 2. Director Cadena stated that he would like to have cabinets added to protect the piping from the weather. Ms. Efaw stated that she will investigate whether that is a viable option. Mr. Villarreal stated that WWWMS will install extra conduit when the other conduit is replaced in the event that the District wants to add lighting in the future.

Director Agard asked how many of the repairs identified in the electrical survey have been completed. Mr. Villarreal stated that approximately ninety percent (90%) of the repairs have been completed. Director Agard noted that he is disappointed that the District spent \$10,000 on the survey when these types of issues should have been identified by WWWMS who is tasked with making regular inspections of the District's facilities. Director Cadena agreed that WWWMS should be conducting regular inspections of all of the District's facilities.

The Board next took the following actions on items considered during the operator's report:

- 1) Director Mays made a motion to approve the proposal from National Fence in the amount of \$13,427.00 for the installation of automatic gate controllers for the gates at Water Plant No. 1 and 2. Director Adams seconded the motion, which unanimously carried.
- 2) Director Johnson made a motion to approve the replacement of conduit in the airline for hydropneumatic tank nos. 1 and 2 at a cost of \$4,000.00. Director Agard seconded the motion, which unanimously carried.
- 3) Director Adams made a motion to approve the operator's report, as presented. Director Mays seconded the motion, which unanimously carried.

SECURITY PATROL SERVICES

The Board next considered District security patrol services. Director Adams introduced Deputy Price to the Board and advised that she is a new deputy assigned to the District's contract. Deputy Quintanilla then reported on recent activity in the District and stated that activity has been fairly calm and that the holidays were quiet. Director Adams stated that she has seen an improvement in lowering the crime activity within the District. Director Johnson discussed issues occurring at Camden Park involving people drinking in the park and people driving on the grass. Director Adams stated that she has observed speeding on East and West Marsham in the Northcliffe Manor neighborhood and asked that the officers monitor same. She also noted that she did a ride-along with the Sheriff within the past month.

The Board next considered the review and approval of an Interlocal Agreement ("Agreement") for Law Enforcement Services between Harris County and the District. Ms. Richardson reviewed the Agreement with the Board, noting that it provides for the same coverage and pricing as the current agreement and that the contract term will begin March 1st. After discussion, Director Adams made a motion to approve the Agreement and to authorize the President and Secretary to execute same on behalf of the Board and the District. Director Cadena seconded the motion, which carried unanimously.

CONSUMER CONFIDENCE REPORTS

The Board next deferred authorizing WWWMS to provide required information to districts receiving water through an emergency interconnect relative to Consumer Confidence Reports as Mr. Villarreal noted that the District did not provide any water to any district this past year.

DISCUSS COLLECTION OF BACKCHARGES RELATED TO LINE DAMAGE ON VETERANS MEMORIAL DRIVE

The Board next discussed the collection of backcharges related to line damage on Veterans Memorial Drive. Ms. Richardson stated MRPC will be sending a demand letter to AT&T requesting payment of the backcharges.

COMMENTS FROM HCMUD 217

The Board next considered comments from HCMUD 217 relative to the operation of the wastewater treatment plant. No one present had anything to discuss.

Director Cadena next asked the Board if it would be interested in partnering with neighboring entities to construct a sidewalk on Walters Road. He stated that Harris County will need a letter from the District advising of its interest in such participation. Director Cadena stated that he would also like to consider installing sidewalks in front of the apartments on Walters Road and would like to approach the apartment owners to participate in the cost of same. The Board concurred with Director Cadena's recommendation. Ms. Richardson stated that she will obtain an exhibit from BGE and prepare a letter of intent to send to Harris County.

DISCUSS CONDITION OF PROPERTY ON VETERANS MEMORIAL DRIVE

The Board next deferred a discussion regarding the condition of a property located on Veterans Memorial Drive as same was discussed under the operator's report.

ENGINEER'S REPORT

Ms. Efaw next presented the attached engineer's report prepared by BGE related to the design, advertisement for bids, and/or award of construction contracts, the status of contracts previously awarded, and the acceptance of any easements or sites.

Ms. Efaw reported that the outfall pipe from the WWTP has failed and is causing a washout in the Harris County Flood Control ditch. She stated that the pipe needs to be replaced and the channel side slopes need to be re-established. Ms. Efaw stated that BGE is surveying the area to confirm the amount of fill that will be required.

The Board next deferred consideration of the acceptance of site and/or easement conveyances for facilities constructed or to be constructed for the District.

Ms. Efaw reported on the Water Plant tank inspections. She stated that BGE received two (2) proposals for the touch-up painting at Water Plant No. 2 for the two hydropneumatic tanks, booster pumps and to repair the small hole in the top of the tank. She then reviewed the proposal from K2 Services for \$4,970 and the proposal from A&J Industrial and Commercial Painting LLC ("A&J") for \$4,000. Ms. Efaw stated that A&J included an additional proposal of \$5,500 to do coating touch-ups on the CMU buildings and generator and that the additional work will cost \$5,500. After discussion, Director Johnson made a motion to approve the two proposals from A&J for \$4,000 and \$5,500, as discussed above. Director Adams seconded the motion, which unanimously carried.

The Board next considered the issuance of utility commitment requests. No one present had anything to report.

Ms. Efaw next reported on options for surge protection at the WWTP. She stated that BGE and WWWWMS are reviewing options with input from Baird & Gilroy.

Ms. Efaw next reported on the Lift Station on Antoine Drive. She stated that WWWWMS has requested final photos of the work completed by R&B, as previously discussed.

APPROVE CONTRACT WITH BGE FOR GIS

The Board next considered the review and approval of a contract with BGE for the creation and implementation of a Geographic Information System ("GIS") for the District. Ms. Efaw stated that BGE received comments from MPRC and that BGE is addressing same.

STATUS OF BOND APPLICATION REPORT

The Board next considered the status of the Bond Application Report in connection with the proposed issuance of Bonds by the District. Ms. Efaw stated that BGE is currently preparing the Report and anticipates having a draft to MRPC and the GMS Group, L.L.C. within the next couple of weeks.

BOOKKEEPER'S REPORT

Ms. Morrison next presented the attached bookkeeping report dated January 15, 2019, open investment report, pledged securities report, profit and loss report and a report reflecting the District's debt service payments.

Ms. Morrison stated that there are several checks not listed on the report which will be reflected on next month's report. The Board then discussed using the remaining portion of the District's surplus funds and requested that an item be added to the agenda for the next meeting to discuss same. Ms. Morrison then stated that she prepared the Board members' advances for attendance at the upcoming Association of Water Board Directors ("AWBD") winter conference.

Director Agard next asked Mr. Villarreal various questions regarding the WWWWMS invoices. He asked whether WWWWMS bills the District for photocopies, and Mr. Villarreal stated that WWWWMS does bill the District for District-related copies. Director Agard stated that the number of copies seems really high and he wonders whether there is a way to reduce the amount of copies made. He then asked about the postage rates for bills as the rate listed on the invoices appear to be higher than the USPS rate.

Mr. Villarreal confirmed that there was a typographical error with the address of the Water Plant on last month's bill and will have same corrected. He stated that the invoice for work completed at TC Jester and Spears should have been directed to another district and that a credit will be issued to the District next month. Mr. Villarreal stated that invoice no. 1831 for work completed at Laurel Rose should have been directed to another district and that a credit will be issued to the District next month. The Board then discussed the invoice in the amount of \$3,835 for contractor damages and requested that MRPC sent a demand letter requesting payment for the damages. The Board then discussed leaking valves near Joe V's and the fact that one of the leaking valves is Joe V's responsibility. Mr. Villarreal stated that WWWWMS completed various repair work and will backbill the costs associated with same to Joe V's.

After review and discussion, Director Adams made a motion to approve payment on the Operating Account, being check nos. 18097 through 18140, inclusive, on the Capital Project Fund Account, being check no. 1498, and on the Sewage Treatment Plant Account, being check nos. 4489 through 4497, inclusive, as identified in the report. Director Mays seconded the motion, which carried unanimously.

RESOLUTION ADOPTING LIST OF QUALIFIED BROKERS

Ms. Richardson next advised the Board that requirements in the Public Funds Investment Act require the Board of Directors of the District to review, revise and adopt at least annually a list of qualified brokers authorized to engage in investment transactions with the District. She reviewed the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, and the attached list of financial institutions, brokers and dealers prepared by MAC. Ms. Richardson recommended to the Board that if any of the directors have a relationship with any of the institutions shown on the lists that could create a conflict of interest, that such institution(s) should be deleted from the list that the Board adopts or that any affected Director should execute a conflicts disclosure statement relative to same. After discussion, Director Mays made a motion to adopt the Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District and the list of financial institutions, brokers and dealers prepared by MAC. Director Adams seconded the motion, which carried unanimously.

EXECUTIVE SESSION

The Board next recessed into Executive Session at 8:23 p.m. to discuss pending or contemplated litigation or a settlement offer pursuant to §551.071, Texas Government Code. The Board returned from executive session at 8:44 p.m.

RECONVENE IN OPEN SESSION

The Board next deferred taking action relative to the contemplated litigation or a settlement offer pursuant to §551.071, Texas Government Code.

FUTURE AGENDAS

The Board next considered matters for possible placement on future agendas. After discussion, the Board concurred to add an item to the next agenda regarding a discussion relative to the detention pond adjacent to La Michoacana.

The Board then discussed ordering District shirts for the upcoming AWBD winter conference. After discussion, the Board concurred to order shirts for the upcoming winter conference.

There being no further business to come before the Board, the meeting was adjourned at 9:00 p.m.


Secretary, Board of Directors

ATTACHMENTS

January 15, 2019

1. Correspondence from Yellowstone Landscape
2. Tax Assessor Collector Report
3. Delinquent Tax Report
4. Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes
5. Operations Report and related correspondence
6. Engineering Report and related correspondence
7. Bookkeeper's Report
8. Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with District