HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
MINUTES OF MEETING OF BOARD OF DIRECTORS
AUGUST 1, 2017

The Board of Directors (the "Board" or "Directors") of Harris County Municipal Utility District No. 50 (the "District") met in regular session, at 6:00 p.m., at 12900 Crosby Lynchburg Road, Barrett Station, Texas 77532, on Tuesday, August 1, 2017, pursuant to notice of said meeting posted in accordance with Chapter 551 of the Texas Government Code; whereupon the roll was called of the members of the Board, to-wit:

Martin Lemond	President
Simone Wheatfall	Vice President
Alice Dangerfield	Secretary
Daryl Johnson	Assistant Secretary/Investment Officer
Andrew Sonnier	Director

All members of the Board were present thus constituting a quorum. Also present were Ms. Jaleesa Auzenne ("Executive Director"); Ms. Amber Hurd of Cobb Fendley & Associates, Inc. ("Engineer" or "CobbFendley"); Mr. Joshua J. Ellery of Radcliffe Bobbitt Adams Polley LLC ("Attorney" or "RBAP"); Mr. John Montgomery of Municipal Operations & Consulting, Inc. ("MOC"); Reverend Ed.H. Allred, Messrs. Earl Wilburn, Adam Crump, and Willie Alfred, members of the public.

The President, after finding that notice of the meeting was posted as required by law, and determining that a quorum of the Board was present, called the meeting to order and declared it open for such business as may come before it.

1. Public Comment. The President then opened the meeting to public comment.
   a. Pastor Allerd, Church of Nazarene, addressed the Board with a request for a utility capacity letter and any cost associated with new service. Ms. Hurd stated that she has spoken with Pastor Allerd and will need to determine if the property was included in the agreement with Crosby MUD to service the area across Hwy 90. Ms. Hurd then stated that the current agreement with Crosby MUD allows for 5,000 – 18,000 gallons per day, 400 gallons unallocated and 600 gallons would be required capacity for Church of Nazarene. Pastor Allerd responded that the church is asking for 1,600 gallons per day capacity, he also noted that Crosby MUD would be meeting a week from today (July 17th). Mr. Ellery stated when negotiating with Crosby MUD it should be mentioned that the District will not gain revenue. Director Johnson suggested asking for 2,000 gallons per day instead of 1,600 gallons per day. Director Sonnier inquired if there will be a need for upgrades to the lift station to service the Church of Nazarene. Mr. Montgomery responded that no upgrades to the lift station are required to service the Church of Nazarene. Pastor Allerd stated that he would like to be on the property in October. Ms. Hurd stated that sewer and water extension is another option to provide service but will take time. The Board advised Pastor Allerd that they will consider options and follow up with him.

Pastor Allerd exited the meeting at this time. Director Alice Dangerfield entered the meeting at this time.

b. Mr. Wilburn addressed the Board inquiring about the status of utilities for Kodiak Crossing Phase Two (2). Ms. Hurd responded that the design is complete for Wastewater Treatment Plant No.2 and environmental review is currently in process, then waiting for approval from Texas Water Development Board (TWDB). Mr. Wilburn inquired as to the timeline for construction. Ms. Hurd responded bids are expected to begin January 2018 then completion of construction eight (8) – ten (10) months. Mr. Crump then expressed concern about moving forward with their construction. Ms. Hurd inquired if Mr. Wilburn would put force main while working in the area. Ms. Hurd then explained she sees no reason for concern to keep building Phase 2.

c. Director Johnson inquired if Mr. Wilburn had any plans to put in a park, recreation center, walking trails, or other beautification plans. Mr. Wilburn responded that Phase two (2) has a planned park and there are dry ponds that can be used for recreation fields. Mr. Crump stated they would like for the District to assist with further beautification within the subdivision. Mr. Crump also state that comments were sent to Mr. Radcliffe today regarding the lift station in Kodiak Crossing.

Director Simone Wheatfall entered the meeting at this time. Mr. Wilburne and Mr. Crump exited the meeting at this time.

d. Mr. Alfred, a resident of 205 Barrett Road, addressed the Board with a grievance regarding the charges on his bill. Mr. Alfred stated that his property at 205 Barrett Road is not residential but only has a barn with horses. Mr. Alfred does not feel he should pay for trash collection and should only pay for water. Ms. Auzenne responded that his account is billed for water only but all residential customers pay thirteen ($13.00) dollars for trash collection. Mr. Ellery stated that if accommodations are made for one customer then accommodations must be made for other customers. The Board advised Mr. Alfred they will consider his request to no longer pay for trash collection and Ms. Auzenne will follow up with him regarding the Board's decision.

Mr. Alfred exited the meeting at this time.

e. Mr. Montgomery stated that Mr. Alfred's property would need to be inspected to determine if he has a trough to water horses, if so then he needs a backflow installed. The Board then decided there would be no change to Mr. Alfred's bill.

Upon **motion** by Director Sonnier, seconded by Director Johnson, after full discussion and with all Directors present voting aye, the Board authorized Mr. Radcliffe and Ms. Hurd to amend the Crosby MUD agreement.

As there were no further public comments offered, the President directed the Board to proceed

with the agenda.

2. John Hall Public Affairs Report. Mr. Hall reported that he will provide a trash collection analysis to the Board as previously requested at the next meeting.

3. Strategic Plan. The President next directed the consultants to provide their updates to the District's Strategic Plan, a copy of which is attached hereto. The consultants provided updates, as indicated, as follows:

a. WATER SYSTEM

(1) Monthly Water Operations Report
- (a) Compliance Issues
- (b) Water System Repairs
- (c) Flushing Report

  Update: Mr. Montgomery reported that annual flushing of the District will begin tomorrow (August 2, 2017). Director Johnson inquired if there is a way to increase the flushing schedule. Mr. Montgomery responded that automatic flush valves can be added to hydrants but this is expensive. Mr. Montgomery then stated that the number of hydrants flushed can be increased but twenty-five (25) dead ends are required and currently being flushed monthly. Director Johnson then inquired about the issues with the school. Mr. Montgomery responded that the school representative has twenty-four (24) hour contact number and there was only one (1) incident last year, the school is being flushed twice a month.
- (d) Harris County FM 2100, Phase 2, Widening Project Report
- (e) Harris County FM 2100, Phase 3, Widening Project Report
- (f) TxDOT FM 2100 Expansion Report
- (g) Drinking Water Quality Report (Consumer Confidence Report)

(2) Water Conservation Program
- (a) Water Accountability Report

  Update: Mr. Montgomery reported accountability is at 67%, but 72% with the inclusion of leaks and flushing water.
- (b) Meter Replacement
- (c) Leak Detection/Water System Repair [***DFund $200,000 Series 2012 surplus***]

  Update: Mr. Montgomery reported the leak detection survey will begin on August 4, 2017, the previous equipment had malfunctioned. Mr. Montgomery stated it is time to look again at the whole system.
- (d) Public Education (bill inserts, water kits)

(3) Water System Improvements [***DWSRF $3,500,000 Series 2016***]
- (a) Proposed improvements
  - i. Crosby-Lynchburg Water Plant (upgrades to booster pumps, generator, electrical service, new pump and chemical building)
  - ii. St. Charles Water Plant (upgrades to booster pumps, generator, electrical service, new pump and chemical building, new 80,000 ground

storage tank and new hydropneumatic tank, and property acquisition).
Update: Mr. Montgomery reported Bussell and Sons have installed a new water well and currently waiting for CenterPoint to hook up the new service.

iii. Magnolia Water Plant (Well No. 3)
Update: Ms. Hurd reported that proposal was sent to the Board for surveying and environmental work on two (2) potential properties – two (2) acres of the BHM Pipe yard and Mr. Airline's property on Magnolia, authorizes last week. Permission has been granted from the property owners to enter the site. Mr. Radcliffe is obtaining appraisals.

iv. 8-inch and 12-inch Water Plant feeder lines

b. WASTEWATER SYSTEM

(1) Monthly Wastewater Operations Report

(a) Compliance Issues/Discharge Permit
Update: Mr. Montgomery reported the District experienced 7.95 inches of rainfall in June and the plant is running at 82% capacity.

(b) Wastewater System Repairs

(c) Sanitary Sewer Overflow Program
Update: Mr. Montgomery reported there was one (1) overflow at 12704 Crosby Lynchburg Road.

(d) Emergency CCTV Inspection
Update: Ms. Hurd reported that Magna Flow has submitted all of the sewer videos. Ms. Hurd stated that MagnaFlow will submit a final report of their findings, preliminary estimates for repairs of condition ratings four (4) and five (5) at $535,033.00. Ms. Hurd will provide information to EPA as follow up after further review.

(2) Wastewater Treatment Plant No. 1

(a) Future Expansion

(b) Right-of-way access to Hwy 90

(3) Wastewater System Improvements

(a) Wastewater Treatment Plant No. 2 **[*CWSRF $2,460,000 Series 2015*]**
Update: Ms. Hurd reported that Phase I ESA is complete. Ms. Hurd stated the only hazards were trash debris dump on the ground.

(b) Outfall Force Main (STP 2 to drainage ditch adjacent to Kodiak Crossing)

(c) Sanitary Sewer Lines **[*DFund $1,350,000 Series 2013 surplus ($80,000) and CWSRF $2,460,000 Series 2015*]**
Update: Project Complete

c. PENDING/POTENTIAL DEVELOPMENT

(1) Barrett Station

(a) District Administration Building

(b) New service connections

(2) Kodiak Crossing

(a) Section One

i. New service connections

Update: Mr. Montgomery reported two (2) new water taps.

(b) Section Two

Update: Ms. Hurd reported Harris County requested A&S to split section two (2) of Kodiak Crossing into two sections. Director Johnson inquired how many homes in each section. Ms. Hurd responded that 92 homes have been platted for Phase two (2) and there would be a total of four (4) sections. Ms. Hurd stated that plans and fee have been submitted and are being reviewed. Director Sonnier inquired if capacity will be an issue. Mr. Montgomery stated that there would not be move ins until around the time completion of Wastewater Treatment Plant No. 2 and will not be a problem.

(c) Section Three

Update: Ms. Hurd reported that plans and fee have been submitted and are being reviewed.

(3) RV Park Developments

(a) RV Park near Thompson Apartments

(b) Bradley RV Park

(4) Tractor Supply (North of Hwy. 90)

(5) Thomas Apartment Expansion (FM 1942)

(6) Potential New Residential Subdivisions

(7) Pendleton/Motel Development (North of Hwy. 90)

(8) Express Mart (13203 Crosby Lynchburg)

Update: Ms. Hurd reported the site has been cleared and the Owner was advised that no construction shall start at the site until the District has reviewed and approved the plans. Ms. Hurd stated they are revising their original design and will submit plans within two (2) weeks.

(9) Church of Nazarene

Update: Ms. Hurd reported that she, Mr. Radcliffe, and Mr. Ellery had a conference call with IDS Engineering regarding increasing capacity from Crosby MUD. Ms. Hurd stated that IDS Engineering recalls that the Church of Nazarene (the "Church") site was part of the original commitment to Monty Pendleton, she is doing research to confirm this is true the Church could extend water and sewer lines along Beaumont Highway and upgrade the lift station to get service. Ms. Hurd stated the Church has closed on the property.

(10) Lago Bello MUD No. 1

Update: Ms. Hurd reported that she met with Costello Engineering who is the District Engineer. Ms. Hurd was told that Silvestri Properties is using Johnson Development as the fee developer. Ms. Hurd stated she discussed the possibility of them purchasing water and sewer capacity, connecting to our Wastewater Treatment Plant No. 2, and future surface water plant. Ms. Hurd then stated that they are planning to start development due south of St. Charles Place Section Two (2) with 200 lots. Preliminary total District lot count is 2,810. Director Johnson inquired the positives and negatives to partnering with Lago Bello MUD No. 1. Ms. Hurd responded that the

District could gain revenue but must have the capacity and may need to upgrade facilities. Director Johnson then inquired if they can use ground water. Ms. Hurd and Mr. Montgomery responded that Lago Bello would need Ground Water Reduction Plan.

d. ADMINISTRATIVE ISSUES

(1) Discuss District name change
(2) Discuss updates to Strategic Plan
(3) Consent Decree (EPA)
(4) Groundwater Conservation Plan (Harris-Galveston Subsidence District)

Upon **motion** by Director Johnson, seconded by Director Sonnier, after full discussion and with all Directors present voting aye, the Board approved the Strategic Plan Update, as presented.

4. General Manager's Report. The Operations Report, a copy of which is attached hereto was reviewed by the Board.

a. Ms. Auzenne informed the Board of reported illegal services at property across from future Express Mart. Ms. Auzenne stated the property appears to be the same tire shop (J & B's Tire Shop) that was located at the current Express Mart location. Ms. Hurd responded that plans must be submitted and compliance with District's Rate Order. Ms. Hurd suggested sending a cease and desist letter and if failure to comply then contact authorities.

b. Director Sonnier informed the Board that 525 or 527 Cottontail Dr. appears to have three (3) water meters and clean outs with three trailers on the lot. Director Sonnier request service verification.

Upon a **motion** by Director Sonnier, seconded by Director Wheatfall, after full discussion and with all Directors present voting aye, the Board approved a cease and desist letter to be sent to the address across from Express Mart; and approved the General Manager's Report, as presented.

5. Executive Director's Report.

a. Ms. Auzenne presented the authorization for District Engineer to begin design phase services for Drinking Water State Resolving Fund (DWSRF) 2015.

b. Ms. Auzenne then presented an updated Capital Improvement Plan. Ms. Hurd reviewed the updates to each project. Director Lemond inquired if utility extension under US90 would be worth the cost. Ms. Hurd responded that it could be beneficial as the area is not serviced by a district, she is unsure of the acreage. Mr. Ellery responded that whoever is set up would be likely to receive service.

Upon a **motion** by Director Sonnier, seconded by Director Wheatfall, after full discussion and with all Directors present voting aye, the Board authorized the District Engineer to begin design phase services for Drinking Water State Resolving Fund (DWSRF) 2015.

6. Legislative Update.

a. Mr. Ellery provided an 85th Legislative Update Memorandum to the Board for review. Director Sonnier inquired about Annexation bill he believed was numbered 152,

he saw the bill discussed in the newspaper. Mr. Ellery responded that he will look into the bill and follow up with Director Sonnier. Mr. Ellery then reviewed the memorandum contents. Mr. Ellery stated the memorandum contents are not all inclusive of the 85th Legislation but those relevant to the District. Mr. Ellery reviewed Senate Bill 2014 relating to the administration of certain water districts. Mr. Ellery then reviewed Senate Bill 625 relating to public access to financial and tax rate information of certain special purpose districts. Mr. Ellery then reviewed House Bill 25 relating to the elimination of straight-party voting. Mr. Ellery then reviewed House Bill 1003 relating to the investment of public funds, including certain expenditures by public institutions of higher education and university systems that are eligible for certain tax credits. Director Lemond inquired about the ability to change Board election date back to May. Mr. Ellery responded there is no ability to change election date from November to May.

b. Mr. Ellery presented the bond compliance report prepared by Arbitrage Compliance Specialists. Mr. Ellery explained that Arbitrage Compliance Specialists provides an annual report after reviewing bond compliance, four (4) active bonds were reviewed and in compliance. Mr. Ellery stated that the review confirms that funds are not borrowed to invest. Director Johnson inquired if District would be allowed to buy municipal bonds. Mr. Ellery explained the District could but investment policy requires municipal bonds to be safe and purchase of the municipal bonds could violate investment policy.

THERE BEING NO FURTHER BUSINESS BEFORE THE BOARD, the meeting was adjourned.

PASSED and **APPROVED** this the _____ day of September, 2017.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
HARRIS COUNTY
TEXAS
(DISTRICT SEAL)

Alice Dangerfield
Secretary, Board of Directors