

GREENWOOD UTILITY DISTRICT

MINUTES OF MEETING OF BOARD OF DIRECTORS

SEPTEMBER 19, 2018

The Board of Directors (the "Board" or "Directors") of Greenwood Utility District (the "District") met in regular session, at 6:30 p.m., at 11702A Tidwell Road, Houston, Texas 77044, on Wednesday, September 19, 2018, 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:

Billy O'Neill	President
Gary Flight	Vice President
John Wisener	Secretary
Robert L. Primeaux	Assistant Secretary
David Alamia	Director

All members of the Board were present. Also attending were Katherine Turner of Municipal Accounts & Consulting L.P. ("Bookkeeper" or "MAC"); Esther Shaver of Assessments of the Southwest ("Tax Assessor/Collector"); James R. Ainsworth and Ronald D. Anderson II of A&S Engineers, Inc. ("Engineer" or "A&S"); Johnny Bellamy of Municipal District Services ("Operator" or "MDS"); Captain Isaac Villarreal and Sergeant Terry Ganey of Harris County Constable's Office, Precinct No. 3 (the "Constable"); Mark Janik of Gromax Development; Greg East of Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Delinquent Tax Attorney"); Ross J. Radcliffe, attorney, and Diane F. Brewer, paralegal, of Radcliffe Bobbitt Adams Polley PLLC ("Attorney" or "RBAP"); and all persons on the attached Attendance Roster.

The President, after finding that the 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 regularly come before it.

PUBLIC COMMENT

The President opened the meeting to public comment.

Arlette Alamia discussed crime in her neighborhood and the surrounding area. Mrs. Alamia requested the District organize a crime watch group and participate in the National Night Out. Director O'Neill discussed the importance of area-wide involvement in a crime watch group. Discussion ensued regarding other crime watch groups in the area. Mr. Radcliffe recommended Sheldon Independent School District's ("SISD") involvement in the crime watch group. Mr. Janik stated that crime watch groups are customarily run by homeowners associations. Mrs. Alamia discussed the function of crime watch and stated that she would like the District to work with other entities to form a crime watch in the area. Discussion ensued regarding locations for crime watch meetings and the structure of such meetings. After asking the Board for authority to speak with other entities and individuals to organize an area-wide crime watch, Mr. Radcliffe received a consensus approval from the Board.

Mr. Janik stated that the resident homeowners association should be formed by the next District Board meeting and he will provide an update at that time.

Next, Esther Bannon said crime in Parkway Estates is increasing and discussed issues with a house in Parkway Estates with Captain Villarreal and Sergeant Ganey. Mr. Radcliffe asked Sergeant Ganey about law enforcement coverage in Parkway Utility District ("Parkway"), the District and other areas.

Discussion then ensued regarding garbage in the mobile home park and Mr. Radcliffe indicated that he would contact Harris County (the "County"). Director Alamia stated that it may become necessary to involve the Harris County Health Development.

As no further comments were offered, the President directed the Board to proceed with the agenda.

PATROL SERVICE REPORT

Sergeant Ganey presented and reviewed with the Board the Patrol Service Report for August 2018, a copy of which is attached hereto as Exhibit "A."

Ms. Bannon discussed animal control in Parkway Estates and Sergeant Ganey recommended contacting Harris County Animal Control. Ms. Bannon also mentioned trouble with drugs in Parkway Estates.

Discussion next ensued regarding speeding vehicles during the times school buses are picking up and dropping off children. Sergeant Ganey recommended residents contact County dispatch officers. Sergeant Ganey stated that he had spoken with Captain Villarreal and officers will be in the area the following morning. Sergeant Ganey introduced Captain Villarreal at this time.

Sergeant Ganey then discussed crime statistics and the new Superion system that went online in August. Sergeant Ganey discussed functions of the Superion system and indicated that once he receives an administrative code, he will be able to generate a more detailed report.

Sergeant Ganey discussed increased criminal activity in the District and the need for resident input in reporting such criminal activity. Sergeant Ganey stressed the importance of calling law enforcement and stated that issues cannot be corrected if they are not reported.

Captain Villarreal discussed the Superion and Com-Stat Systems, as well as his experience in law enforcement. Captain Villarreal reiterated that if law enforcement is not aware of criminal activity, nothing can be done to fight the criminal activity.

Mr. Radcliffe inquired regarding coverage deficiencies in the District and Sergeant Ganey responded that another deputy is needed in the District.

At this time, Deputy Ganey and Captain Villarreal exited the meeting.

MINUTES

The Board then considered approval of the minutes of the regular meeting of August 15, 2018. Upon a **motion** by Director Primeaux, seconded by Director Wisener, after full discussion and with all Directors present voting aye, the Board approved the minutes of the regular meeting of August 15, 2018, as presented.

FINANCIAL ADVISOR'S REPORT

Rate Study

Mr. Blich presented the General Fund History and Rate Study, a copy of which is attached hereto as Exhibit "B." and reviewed residential water and sewer rates. Mr. Blich reviewed Residential Water Schedules A through F and Residential Sewer Schedules 1 through 4 of the Rate Study. Discussion ensued.

Mr. Blich stressed the importance of the District's consideration of increasing rates. Mr. Blich discussed the cost of repairs to the Wastewater Treatment Plant during the year and the Equipment Lease Agreement with Tidwell Wastewater Utility LLC. Mr. Blich recommended the District increase its rates as reflected in Resident Water Schedule C and Residential Sewer Schedule 2.

Mr. Blich next discussed commercial rates and noted that costs of the force main project were not included in the Rate Study. Mr. Blich indicated it will take three (3) to four (4) months to complete the force main project and recommended including such project in the District's Series 2019 Bonds. Mr. Ainsworth indicated that the force main project may not be subject to reimbursement from bond proceeds, as the force main project was expedited and no City of Houston (the "City") approval was requested. Mr. Blich also recommended the Board refrain from adding an additional law enforcement officer to the District's Interlocal Agreement at this time. Director Alamia stated that the District needs an additional law enforcement officer at this time and suggested cutting back on extra expenses of the District.

Discussion ensued regarding the District's Reserve Fund and past failed operations and maintenance tax elections.

It was the consensus of the Board to revisit the Rate Study at the October Board meeting.

2018 Tax Rate

Mr. Blich presented a recommendation related to the 2018 tax rate, a copy of which is attached hereto as Exhibit "C."

Mr. Blich reviewed with Board an analysis of the District's debt service requirements and recommended a tax rate of \$0.75 per \$100 of assessed value for the year 2018 for debt service purposes. Mr. Blich noted that the District's tax rate will increase next year. Mr. Anderson stated that he will provide Mr. Blich with engineering costs for upcoming District projects.

The Board discussed the 2018 tax rate, the tax rate calculation, conducting a public hearing at the District's regular meeting on Wednesday, October 17, 2018, and setting the District's 2018 tax rate at such meeting.

Upon a **motion** by Director Wisener, seconded by Director Flight, after full discussion and with all Directors present voting aye, the Board authorized publication of the proposed tax rate, which evidences a proposed debt service tax rate of \$0.75 per \$100 assessed valuation for 2018 and approved a public hearing at the regular meeting of Wednesday, October 17, 2018, at 6:30 p.m.

\$7,920,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2018 (the "Series 2018 Bonds")

Mr. Blitch presented the draft Official Statement Dated September 19, 2018, a copy of which is attached hereto as Exhibit "D." Mr. Blitch reported that the Series 2018 Bonds will reimburse two (2) developers.

Mr. Blitch next discussed the effect of Hurricane Harvey on the District and his concerns on the District's tax base.

Mr. Blitch reported that the Series 2018 bond sale is scheduled for October 17, 2018, at 6:30 p.m. and will close on November 20, 2018.

Upon a **motion** by Director Flight, seconded by Director Wisener, after full discussion and with all Directors present voting aye, the Board authorized the bond sale on October 17, 2018, at 6:30 p.m. and closing on November 20, 2018.

Mr. Blitch exited the meeting at this time.

BOOKKEEPER'S REPORT AND INVESTMENT REPORT

The Bookkeeper's Report and Investment Report, copies of which are attached hereto collectively as Exhibit "E." were presented by Ms. Turner. After a review of current fund balances, expenditures and investments, Ms. Turner reviewed current year-to-date revenues and expenditures against the budget.

Ms. Turner discussed a check in the amount of \$240,000 payable to Eli Sasson. Mr. Ainsworth stated there were no changes in the transition of the Tidwell Lakes Wastewater Treatment Plant ("TLWWTP") to the District. Mr. Ainsworth stated that Mr. Sasson has been hospitalized for the last month and he has had limited ability to communicate with Mr. Sasson. Mr. Radcliffe recommended the Board authorize payment to Mr. Sasson, subject to transition of the TLWWTP to the District and approved by the District's Attorney, Engineer and Operator. Mr. Radcliffe indicated that his office will hold the check.

Next, it was reported there was no payment on the Tidwell Lakes Force Main Project. Discussion ensued regarding the inclusion of such project in the Series 2019 bonds.

Upon a **motion** by Director Flight, seconded by Director Wisener, after full discussion and with all Directors present voting aye, the Board approved the Bookkeeper's Report and Investment Report, as presented, and acted on the following:

- a. authorized payment of checks numbered 7334 through 7382 from the General Fund;

- b. authorized payment of checks numbered 1019 through 1021 from the Capital Projects Fund;
- c. authorized payment of checks numbered 2092 through 2108 from the Regional Sewage Treatment Plant Fund;
- d. authorized payment of checks numbered 4056 through 4063 from the Surface Water Facilities Fund; and
- e. authorized payment to Mr. Sasson in the amount of \$240,000, subject to transition of the TLWWTP to the District and approved by the District's Attorney, Engineer and Operator.

Mr. Radcliffe presented an Order Reviewing Investment Policy and Investment Strategies, a copy of which is attached hereto as Exhibit "F." Mr. Radcliffe explained that the review is required to be performed annually by the Texas Public Funds Investment Act, but no changes are recommended at this time.

The Board next considered amending the List of Authorized Brokers for the District's investment policy. Mr. Radcliffe presented an Order Amending List of Authorized Brokers, a copy of which is attached as Exhibit "G."

Upon a **motion** by Director Primeaux, seconded by Director Wisener, after full discussion and with all Directors present voting aye, the Board approved the Order Reviewing Investment Policy and Investment Strategies and the Order Amending List of Authorized Brokers.

TAX ASSESSOR-COLLECTOR'S REPORT

The Tax Assessor-Collector's Report for August 2018 was next presented by Ms. Shaver, a copy of which is attached hereto as Exhibit "H."

Ms. Shaver reported that 97.19% of the 2017 taxes have been collected as of August 31, 2018.

Ms. Shaver presented the Delinquent Tax Roll, a copy of which is attached to her report.

Mr. East then presented the Delinquent Tax Report, a copy of which is attached to the Tax Assessor-Collector's Report. Mr. East reported that water termination letters were mailed. Mr. Radcliffe reported that no public hearing was scheduled for tonight's meeting and water termination letters will need to be resent. Mr. East reported that accounts listed in Section I of his report are paid in full, accounts listed in Section II have entered into payment plans and termination letters will be sent to accounts listed in Section III.

Upon a **motion** by Director Alamia, seconded by Director Wisener, after full discussion and with all Directors present voting aye, the Board: 1) approved the Tax Assessor-Collector's Report, as presented; 2) authorized payment of checks numbered 1680 through 1686 from the Tax Account, with checks numbered 1624 through 1626 and check 1628 being voided because of stale dates; and 3) authorized letters to delinquent taxpayers listed in Section III of the Delinquent Tax Report.

Ms. Shaver and Mr. East exited the meeting at this time.

ENGINEER'S REPORT

The Engineer's Report was next presented by Mr. Anderson, a copy of which is attached hereto as Exhibit "I."

Hidden Meadow (180 Acres)

Mr. Anderson reported that Hidden Meadow, Section 9 WS&D with Crosstex Construction, Inc. ("Crosstex") is ongoing. Mr. Anderson requested the Board's concurrence to Crosstex's Change Order No. 1 in the amount of \$22,700.00 for Hidden Meadow, Section 9, WS&D.

Mr. Anderson reported that Hidden Meadow, Sections 10 and 12 WS&D work with C. E. Barker, Ltd. ("Barker") is complete and requested the Board's concurrence to Barker's Certificate of Final Completion for Hidden Meadow, Sections 10 and 12 WS&D.

Mr. Anderson has nothing new to report regarding the Hidden Meadow road acceptance.

Evergreen

Mr. Anderson next reported that work on Barker's work on Evergreen Villas, Section 2, WS&D is complete and requested the Board's concurrence to Barker's Pay Application No. 5 and Final in the amount of \$33,324.77 for Evergreen Villas, Section 2 WS&D.

Facility and Utility Projects

Water Plant No. 1 ("WP No. 1"). Mr. Anderson reported the Notice to Proceed for the Recoating of WP No. 1 Ground Storage Tank No. 1 with CFG Industries, LLC ("CFG"), was issued for October 1, 2018.

Tidwell Lakes Force Main. Mr. Anderson next reported that construction activities are ongoing for the Tidwell Lakes Force Main.

Service Request

Mr. Anderson presented the draft Feasibility Study for a retail center along Tidwell Road near Beltway 8 by CIVE, Inc. ("CIVE") and requested the Board to authorize the release of the feasibility study to CIVE for the retail center and to review the construction plans.

Miscellaneous Engineering Projects and Requests for Service

The Vireo. Mr. Anderson reported that A&S is drafting a revised capacity letter to The Vireo's engineer and The Vireo is aware that there will be a water supply payment required. Mr. Anderson explained the capacity letter and reported that The Vireo will not receive water from the District until the fourth quarter of 2019, although The Vireo can receive construction water service at this time.

City of Houston Impact Fee. Mr. Anderson next reported that the City's water impact fees will not be required by the end of 2018 and the District will have one (1) year to pay the impact fees upon receipt of a letter from the City.

Mr. Anderson then discussed upsizing the water transmission line from 12-inches (12") to 16-inches (16"). Discussion ensued regarding the Series 2019 Bond Application Report.

JOINT FACILITIES REPORT

The Joint Facilities Report was next presented by Mr. Anderson.

Outfall Repair Project

Mr. Anderson reported that the Harris County Flood Control District ("HCFCD") inspection was held on August 16, 2018. Mr. Anderson presented the HCFCD's Post Construction Inspection Satisfactorily Complete Letter, a copy of which is attached to the Joint Facilities Report. Mr. Anderson reported that project closeout documents and the Final Pay Application will be presented at the October Board meeting. Mr. Anderson went on to report that the Operator will mow and maintain the cleared outfall route.

Fine Screen Installation

Mr. Anderson reported that installation of the fine screen by C3 Constructors, LLC is complete and the screen is operating as designed. Mr. Anderson reported that a minor transducer issue was found, the transducer was modified and is being monitored by the manufacturer. Mr. Anderson reported that project closeout documents and the Final Pay Application will be presented at the October Board meeting.

WWTP Design

Mr. Anderson next reported that the project engineer report is ongoing based on the increase in required flow. Mr. Anderson presented the revised Proposal, Preliminary Opinion of Construction Costs and proposed project schedule for the District/Parkway WWTP Expansion to 1.875 MGD. Mr. Anderson reported that the District's share in the Regional Wastewater Treatment Plant is 40 percent and Parkway's share is 60 percent. Mr. Anderson reported that Parkway approved the proposal at its meeting on September 18, 2018. Mr. Anderson stated the project will be bid the end of 2019 and the plant should be online in 2021. Mr. Radcliffe recommended the District schedule an open house upon completion of the project.

Mr. Anderson reported that the TPDES WWTP discharge permit amendment process is ongoing and the application to the Texas Commission on Environmental Quality ("TCEQ") will be submitted as per the proposed project schedule.

Mr. Anderson next reported that work on the management of identified poorly draining areas with Wetlands Professional Services is ongoing and additional survey work was required to complete the work.

Surface Water Transmission Facility ("SWTF")

Mr. Anderson reported that design of the SWTF has commenced.

Regarding the Waterline Upgrade Along Tidwell Road Project, Mr. Anderson presented a Preliminary Opinion of Construction Costs, a copy of which is attached to the Joint Facilities Report, and reported estimated costs of \$921,000 that will be split 50/50 with Parkway.

Mr. Anderson next presented the Preliminary Opinion of Construction Costs for the Tidwell Road Widening Infrastructure Improvements Project, a copy of which is attached to the Joint Facilities Report, and reported estimated costs of \$114,000 that will be split 50/50 with Parkway. Mr. Anderson had nothing new to report regarding the offer to purchase land.

Mr. Radcliffe inquired if the pre-purchase inspection for the Series 2018 Bonds could be completed by November 2018. Mr. Anderson responded that the TCEQ has not been notified to conduct the inspect to-date, but such inspection will occur by the closing date.

Mr. Ainsworth reported that the City officially rescinded its commitment to SISD for water service. Mr. Ainsworth reported that he informed the City that A&S prepared a feasibility study as per the City's request and the District has the capacity to provide water and sewer to SISD, but in order to provide such service, the District needs the facility at Tidwell Lakes. Mr. Bellamy stated that he was contacted by SISD about a request for temporary water. Discussion ensued regarding SISD's initial needs and a 60,000 gallon package plant on the SISD property.

Upon a **motion** by Director Flight, seconded by Director Wisener, after full discussion and with all Directors present voting aye, the Board approved the Engineer's Report and Joint Facilities Report, as presented, and acted on the following:

- a. concurred with Crosstex's Change Order No. 1 in the amount of \$22,700.00 for Hidden Meadow, Section 9, WS&D;
- b. concurred with Barker's Certificate of Final Completion for Hidden Meadow, Sections 10 and 12 WS&D;
- c. concurred with Barker's Pay Application No. 5 and Final in the amount of \$33,324.77 for Evergreen Villas, Section 2 WS&D;
- d. authorized A&S to release the feasibility study to CIVE for the retail center and to review the construction plans; and
- e. authorized execution of the revised Proposal, Preliminary Opinion of Construction Costs for the WWTP Expansion to 1.875 MGD.

Mr. Janik exited the meeting at this time.

OPERATOR'S REPORT

The Operator's Report was presented by Mr. Bellamy, a copy of which is attached hereto as Exhibit "J."

Mr. Bellamy first reported that the District currently has 2,569 connections.

Mr. Bellamy reported that the District has accounted for 95.3% of the water pumped by billing to the District's customers during the prior month.

Mr. Bellamy reported that the percent of design capacity at the WWTP during the prior month was 90.2% and there were no excursions at the WWTP.

Mr. Bellamy presented the Preventative Maintenance Summary, a copy of which is attached to the Operator's Report.

Mr. Bellamy reported that a total of 47 taps have been installed during the prior month and a total of 355 taps have been installed to-date in 2018.

Mr. Bellamy presented the Write-Off List dated August 29, 2018, a copy of which is attached to his report, and reported three (3) accounts totaling \$497.07.

Mr. Bellamy reported that the Delinquent Letter Accounts Listing Due September 17, 2018, is attached to his report.

Mr. Bellamy presented the Hydrant Inspection, a copy of which is attached hereto as Exhibit "K." Mr. Bellamy reminded the Board that fire hydrants were painted in 2015. Mr. Bellamy then reported that the estimated cost to repair fire hydrants is \$16,807.25 and the cost to install 114 road reflectors is \$1,311.00.

Mr. Bellamy reported that the bar screen is in operating and working well.

Director O'Neill mentioned the cost of water due from Parkway. Discussion ensued. Mr. Radcliffe stated that the cost is being investigated at this time. Mr. Bellamy noted that the cost to produce water will be included on future Operator's Report.

Mr. Bellamy reported that the District used groundwater credits in payment of Harris-Galveston Subsidence District disincentive fees and recommended not using well water until February 2019.

Upon a **motion** by Director Primeaux, seconded by Director Alamia, after full discussion and with all Directors present voting aye, the Board: 1) approved the Operator's Report, as presented; 2) authorized write-offs and terminations; and 3) authorized the Operator to repair fire hydrants at a cost of \$16,807.25 and install 114 road reflectors at a cost of \$1,311.00.

WEBSITE REPORT

Mr. Radcliffe discussed adding the Harris County Constable's Office tip line telephone number to the District website and to place a notation on the District's utility bills.

ASSOCIATION OF WATER BOARD DIRECTORS

Mr. Radcliffe requested the Board's authorization of the Directors' attendance at the Association of Water Board Directors-Texas ("AWBD") 2018 Fall Seminar on Tuesday, October 30, 2018, and Mid-Winter Conference in Austin, Texas, on Friday, January 25, 2019, through Saturday, January 26, 2019. Upon a **motion** by Director Primeaux, seconded by Director Wisener, after full discussion and with all Directors present voting aye, the Board authorized the Directors' attendance on behalf of the District.

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

SIGNED, PASSED and APPROVED this the 17th day of October, 2018.


Secretary, Board of Directors

EXHIBITS:

- A - Patrol Service Report
- B - General Fund History and Rate Study
- C - Tax Rate Recommendation
- D - Draft Official Statement Dated September 19, 2018
- E - Bookkeeper's Report and Investment Report
- F - Order Reviewing Investment Policy and Investment Strategies
- G - List of Authorized Brokers
- H - Tax Assessor-Collector Report
- I - Engineer's Report/Correspondence Items
- J - Operator's Report
- K - Hydrant Inspection