

GREENWOOD UTILITY DISTRICT

MINUTES OF MEETING OF BOARD OF DIRECTORS

NOVEMBER 14, 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, November 14, 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 Anthony Lasky 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"); Bill Blitch of Blitch Associates, Inc. ("Financial Advisor"); Jennifer Day of McCall Gibson Swedlund Barfoot PLLC ("Auditor"); 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.

MINUTES

The Board then considered approval of the minutes of the regular meeting of October 17, 2018. Mr. Radcliffe discussed an amendment to the October 17, 2018 minutes in response to Director Alamia's comment concerning annual review of consultants' contracts. Director Alamia discussed the importance of annual review of consultants' contracts. Director Alamia also informed the Board of customer complaints, including garbage collection and the lack of recycling services in the District.

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 October 17, 2018, as presented.

TAX ASSESSOR-COLLECTOR'S REPORT

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

Ms. Shaver reported that 97.92% of the 2017 taxes have been collected as of October 31, 2018.

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

Ms. Shaver reported that a reduction of appraised value was provided by the Harris County Appraisal District to an out-of-District customer, MTNB, Inc. As the water and sewer charges are based partly on property values, the District will issue a credit to this customer.

Upon a **motion** by Director Alamia, seconded by Director Flight, 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 1693 through 1696 from the Tax Account, with checks numbered 1641 and 1643 being voided; and 3) authorized a credit to MTNB, Inc.

PUBLIC COMMENT

The President opened the meeting to public comment. As no comments were offered, the President directed the Board to proceed with the agenda.

GREENWOOD COMMUNITY SAFETY GROUP (GCSG)

Mr. Radcliffe updated the Board regarding the first GCSG meeting and stated that information regarding property managers and management companies is needed.

Mr. Ainsworth entered the meeting at this time.

Mr. Radcliffe reported that his office is in the process of scheduling the next meeting when management company representatives and law enforcement can attend. Mr. Radcliffe inquired about the necessity to post an agenda. Since three (3) Directors indicated they intend to attend the next GCSG meeting, Mr. Radcliffe stated that an agenda will be posted.

FINANCIAL ADVISOR'S REPORT.

Regarding the \$7,920,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2018 (the "Series 2018 Bonds"), Mr. Blich reported that the Series 2018 Bonds are ready to close on November 20, 2018. Mr. Radcliffe discussed the Attorney General's preliminary approval letter.

Mr. Blich presented the Municipal Bond Report, a copy of which is attached hereto as Exhibit "B."

Next, Mr. Blich presented the Greenwood Rate Study, a copy of which is attached hereto as Exhibit "C." Mr. Blich stated that in order to add a fourth (4th) deputy to the District's Interlocal Agreement with the Harris County Constable's Office, Precinct No. 3 ("HCCO"), an 11.18 percent (11.18%) water rate increase would be necessary. Mr. Blich indicated that he does not recommend such increase at this time. Mr. Blich recommended holding town hall meetings to provide voters with information about an operations and maintenance tax election.

In response to a question from Director Alamia regarding a Rate Study distributed a couple of months ago, Mr. Blich stated that he was directed to put the Rate Study on hold until

Federal Emergency Management Agency ("FEMA") funds were received by the District. Mr. Bellamy updated the Board regarding insurance payments in excess of \$300,000 for damages due to Hurricane Harvey. Extensive discussion ensued.

Mr. Blich stated that the District currently has 62 percent (62%) operating reserve and he is looking toward a bond rating. Mr. Blich then suggested the use of reserve funds for the Outfall Repair Project. Mr. Blich stated that the majority of the District's infrastructure improvements have been made this year. Discussion ensued regarding the force main project that will be paid from the Series 2019 bonds.

Discussion ensued regarding the time it takes to add another patrol officer to the Interlocal Agreement with HCCO. Discussion ensued regarding homeowners' associations paying for law enforcement and Mr. Radcliffe stated that it is easier for water districts to provide law enforcement. Discussion next ensued regarding the time spent by law enforcement at commercial businesses and the apartment complex in the District.

Ms. Shaver exited the meeting at this time.

Director Alamia inquired regarding the Rate Study and Mr. Blich recommended waiting until FEMA funds are received before discussing a rate increase.

AUDITOR ENGAGEMENT

Ms. Day presented a proposal for auditing the financial statements for the fiscal years ending December 31, 2018, December 31, 2019 and December 31, 2020, and noted a fee range of \$16,500 to \$18,500 for preparation of such financial statements, plus a fee range of \$3,000 to \$4,000 for the audit of the joint water facilities activity for the years ending 2018, 2019 and 2020, and a fee range of \$3,000 to \$4,000 for the audit of the joint wastewater facilities activities for fiscal years ending 2018, 2019 and 2020.

Upon a **motion** by Director Flight, seconded by Director Wisener, after full discussion and with all Directors voting aye, the Auditor was engaged to prepare the District's annual audit for fiscal years ending December 31, 2018, December 31, 2019 and December 31, 2020, a copy of which is attached as Exhibit "D," and to prepare the annual management letters.

Ms. Day 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 Mr. Lasky. After a review of current fund balances, expenditures and investments, Mr. Lasky reviewed current year-to-date revenues and expenditures against the budget.

Mr. Lasky presented wiring instructions for the Series 2018 bond closing, as well as a check payable to Camcorp Interests, Inc. for developer reimbursement.

Mr. Lasky presented the Quarterly Investment Inventory Report, a copy of which is attached as Exhibit "F."

Next, Mr. Lasky distributed the draft General Operating Fund Budget for Fiscal Year Ending December 31, 2018, a copy of which is attached as Exhibit "G." Mr. Lasky also distributed draft budgets for the Regional Wastewater Treatment Plant and Surface Water Transmission Facility for Fiscal Year Ending December 31, 2018. Mr. Radcliffe noted that the budgets for the joint facilities will be discussed at the November 28, 2018 special joint meeting.

Upon a **motion** by Director Primeaux, seconded by Director Flight, 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 7441 through 7499 from the General Fund;
- b. authorized payment of checks numbered 1024 through 1025 from the Capital Projects Fund;
- c. authorized payment of checks numbered 2124 through 2137 from the Regional Sewage Treatment Plant Fund;
- d. authorized payment of checks numbered 4071 through 4076 from the Surface Water Facilities Fund; and
- e. adopted a resolution declaring official intent to reimburse expenditures from proceeds of future tax exempt bonds for Bay Utilities, LLC ("Bay") Pay Estimate Nos. 1 and 2 in the amounts of \$137,767.50 and \$320,728.50, respectively.

ENGINEER'S REPORT

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

Tidwell Lakes (150 Acres)

First, Mr. Ainsworth updated the Board regarding Tidwell Lakes and reported that houses are still being constructed. Mr. Ainsworth reported that he received a proposal from Van De Wiele & Vogler, Inc. in the amount of \$6,000 to evaluate the Tidwell Lakes Water Plant. Mr. Ainsworth added that the \$6,000 will be reimbursable from future bond funds. Mr. Radcliffe explained the need for an evaluation.

Upon a **motion** by Director Primeaux, seconded by Director Wisener, after full discussion and with all Directors present voting aye, the Board approved the proposal from Van De Wiele & Vogler, Inc. in the amount of \$6,000 to evaluate the Tidwell Lakes Water Plant.

Mr. Ainsworth next reported that he is working on the annexation map.

Mr. Ainsworth then discussed transition of services and reported that a joint reading of customer service meters is currently scheduled for November 26 or 27, 2018. Mr. Ainsworth stated that the District will begin operating the facilities on November 26, 2018, Tidwell Utilities will bill Tidwell Lakes customers around December 6, 2018 and payments will be received by MDS. Mr. Ainsworth noted that the first billing cycle will be a short billing period and MDS will read meters around December 15, 2018. Mr. Ainsworth discussed Tidwell Lakes' accounts

receivable and Eli Sasson's deposit records. Mr. Ainsworth added that if Tidwell Lakes customers default, they will have to pay the account in full, as well as a deposit.

In response to a question regarding water quality from a member of the public, Mr. Bellamy stated that he will sample the water in Tidwell Lakes. Mr. Bellamy also stated that the lines may need to be flushed. Mr. Bellamy went on to state that the Engineer will work with the Operator to produce good water.

Mr. Ainsworth responded to a question from the public regarding streets in the Tidwell Lakes Subdivision and stated that such streets have not been accepted by Harris County (the "County"). Mr. Ainsworth added there is nothing structurally wrong with the streets. Mr. Ainsworth stated that he has requested Mr. Sasson to provide all correspondence to the County regarding street acceptance. Mr. Ainsworth assured members of the public that he will find a way to get the streets accepted by the County.

Hidden Meadow (180 Acres)

Mr. Anderson first reported that the developer bid and awarded the contract for the Hidden Meadow Backslope Interceptor and Outfall Project and requested the District's concurrence with the award of contract to Davis Dirt & Services in the amount of \$24,350.00.

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 Pay Application No. 3 and Final in the amount of \$55,381.45 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.

Mr. Anderson reported that Hidden Meadow, Sections 11 and 14 are currently on hold.

Mr. Anderson had nothing new to report regarding street acceptance for Hidden Meadow, Sections 6, 13 and 15.

Evergreen

Mr. Anderson reported that work is complete at Evergreen Villas, Section 3, and East Little York Road WS&D with Principal Services, Ltd. ("Principal").

Facility and Utility Projects

Water Plant No. 1 ("WP No. 1"). Mr. Anderson reported that Recoating of WP No. 1 Ground Storage Tank No. 1 with CFG Industries, LLC ("CFG") is ongoing. Mr. Anderson presented Pay Application No. 1 in the amount of \$43,200.00 and Change Order No. 1 in the amount of \$15,500 and recommended approval of same.

Tidwell Lakes Force Main. Mr. Anderson reported that construction activities for the Tidwell Lakes Force Main work with Bay are ongoing. Mr. Anderson presented Bay's Pay Application Nos. 1 and 2 in the amounts of \$137,767.50 and \$329,728.50, respectively, and recommended approval of same.

Miscellaneous Engineering Projects and Requests for Service

CIVE Retail Development. Mr. Anderson reported that A&S and MDS have reviewed the proposed CIVE repair development plans and provided a No Objection Letter.

Dollar General. Mr. Anderson next reported that A&S received an application for service and a deposit for a Dollar General Store near the intersection of C. E. King Parkway and Tidwell Road.

The Vireo Apartments, LP ("The Vireo"). Mr. Anderson reported that A&S awaits revised development plans and the proposed detention pond access is being coordinated with the developer's engineer. Mr. Radcliffe presented the Drainage Facilities Reimbursement Agreement and explained the detention facilities. Mr. Radcliffe reported that although the developer is building an apartment complex, the developer will only receive reimbursement for the detention pond.

Tidwell Road Widening Project. Mr. Radcliffe discussed the County's counter-offer of \$1.25 per square foot and recommended payment of \$1.25 per square foot to the County.

Series 2018 Bonds. Mr. Anderson reported that punchlist items were addressed by the Operator and A&S requested a pre-purchase inspection by the Texas Commission on Environmental Quality ("TCEQ") and awaits a scheduled date.

Bond Application Report No. 10 ("BAR 10"). Mr. Anderson next reported that the proposed Table IV for BAR 10 is being updated to include the Tidwell Lakes Force Main Project and appraisal of the Tidwell Lakes Water Plant.

JOINT FACILITIES REPORT

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

Joint Facilities Agreement

Mr. Anderson reported that the Joint Facilities Agreement will be discussed at the November 28, 2018 meeting and added that such agreement must be included in BAR 10.

Outfall Repair Project

Mr. Anderson reported that the Repair of Erosion of Wastewater Treatment Plant Outfall with RAC Industries, LLC ("RAC") project is complete.

Fine Screen Installation

Mr. Anderson reported that installation of the fine screen by C3 Constructors, LLC ("C3") is complete. Mr. Anderson presented C3 Pay Application No. 1 and Final in the amount of \$75,000 and the Certificate of Final Completion and recommended approval of both items. Mr. Anderson discussed the disposal of shop towels at the District's facilities. Mr. Bellamy stated that he has never seen the disposal of shop towels into wastewater treatment facilities to this magnitude. Mr. Bellamy recommended including a notation on the District's utility bills about disposal of rags and shop towels into the District's waste disposal system.

Messrs. Anderson and Bellamy reported that they will continue to monitor the situation and keep the Board informed.

WWTP Design

Mr. Anderson next reported that the project engineer report, site clearing, grubbing and detention work is ongoing based on the increase in required flow. Mr. Anderson added that the project is on schedule and A&S is scheduled to advertise the site clearing, grubbing and detention project in the first quarter of 2019.

Mr. Anderson reported that the TPDES WWTP discharge permit amendment process was submitted to the TCEQ.

Mr. Anderson next reported that work on the management of identified poorly draining areas with Wetlands Professional Services has been delayed due to poor weather conditions. Mr. Anderson anticipates presenting the report at the next Board meeting.

Surface Water Transmission Facility ("SWTF")

Mr. Anderson reported that work on the design of the SWTF is ongoing.

Surface Water Increase from City of Houston

Mr. Anderson presented a Proposal for Professional Engineering Services for the Greenwood/Parkway Utility District ("Parkway") Waterline Upgrade along Tidwell Road, a copy of which is attached as Exhibit "I." Mr. Anderson discussed the proposed schedule for this project.

Harris County Tidwell Road Improvements

Mr. Anderson reported that A&S continues to work with the County on the Tidwell Road Expansion Project and provided a summary of funding for the different portions of the project.

Mr. Ainsworth stated that a revised Engineer's agreement will be presented for the Board's consideration at the next Board meeting.

Upon a **motion** by Director Flight, seconded by Director Alamia, 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 the developer for award of contract to Davis Dirt & Services for the Hidden Meadow Backslope Interceptor and Outfall Project in the amount of \$24,350.00;
- b. concurred with Crosstex's Pay Application No. 3 and Final in the amount of \$55,381.45 for Hidden Meadow, Section 9, WS&D;
- c. approved CFG Pay Application No. 1 in the amount of \$43,200.00 and Change Order No. 1 in the amount of \$15,500 for the Recoating of Ground Storage Tank No. 1 at Water Plant No. 1;

- d. approved Bay Pay Application Nos. 1 and 2 for the Tidwell Lakes Force Main Project in the amounts of \$137,767.50 and \$320,728.50, respectively;
- e. authorized the Engineer to proceed with a feasibility study for the Dollar General Store;
- f. approved the Drainage Facilities Reimbursement Agreement with The Vireo;
- g. approved the County's counter-offer of \$1.25 per square foot for the Tidwell Road Widening Project;
- h. approved C3's Pay Application No. 1 and Final in the amount of \$75,000 and the Certificate of Final Completion; and
- i. approved the Proposal for Professional Engineering Services for the Greenwood/Parkway Waterline Upgrade along Tidwell Road, subject to Parkway's approval of same.

Mr. Blich 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 2,624 connections.

Mr. Bellamy reported that the District has accounted for 91.9% 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 98.5% 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 15 taps have been installed during the prior month and a total of 380 taps have been installed to-date in 2018.

Mr. Bellamy presented the Write-Off List dated October 26, 2018, a copy of which is attached to his report, and reported three (3) accounts totaling \$1,636.13.

Mr. Bellamy reported that the Delinquent Letter Accounts Listing Due November 14, 2018, is attached to his report.

Director Alamia thanked MDS for flushing the lines in Evergreen Villas. Director Alamia also discussed water theft by an Evergreen Villas resident.

Upon a **motion** by Director Flight, seconded by Director Primeaux, after full discussion and with all Directors present voting aye, the Board: 1) approved the Operator's Report, as presented; and 2) authorized write-offs and terminations.

WEBSITE REPORT

Mr. Radcliffe confirmed that the Drinking Water Quality Report is published on the District's website.


MAY 4, 2018 DIRECTORS ELECTION

Mr. Radcliffe first discussed appointment of a designated agent for the May 4, 2019 Election. Upon **motion** by Director Primeaux, seconded by Director Wisener, after full discussion and with all Directors present voting aye, the Board appointed Radcliffe Bobbitt Adams Polley PLLC as the District's designated agent for the Election.

Mr. Radcliffe reported that the District must post a Notice of Deadline to File Applications for Place on the Ballot no later than Monday, December 17, 2018. Mr. Radcliffe further reported that the first day to file an application for a place on the ballot is Wednesday, January 16, 2019, and the last day to file an application for a place on the ballot is Friday, February 15, 2019, at 5:00 p.m. Upon a **motion** by Director Flight, seconded by Director Wisener, after full discussion and with all Directors present voting aye, the Board authorized the Attorney to post the Notice of Deadline to File Applications for Place on the Ballot.

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

SIGNED, PASSED and APPROVED this the 19th day of December, 2018.


Asst. Secretary, Board of Directors

EXHIBITS:

- A - Tax Assessor-Collector Report
- B - Municipal Bond Report
- C - Greenwood Rate Study
- D - Proposal for auditing the financial statement for the FYEs 12-31-18, 12-31-19 and 12-13-20
- E - Bookkeeper's Report and Investment Report
- F - Quarterly Investment Inventory Report
- G - General Operating Fund Budget for FYE 12-31-18
- H - Engineer's Report/Correspondence Items
- I - Proposal for Professional Engineering Services for Greenwood/Parkway Waterline Upgrade along Tidwell Road
- J - Operator's Report