

GREENWOOD UTILITY DISTRICT

MINUTES OF MEETING OF BOARD OF DIRECTORS

AUGUST 28, 2019

The Board of Directors (the "Board" or "Directors") of Greenwood Utility District (the "District") met in regular session, at 6:30 p.m. on Wednesday, August 28, 2019, at 11702A Tidwell Road, Houston, Texas 77044, 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:

Gary Flight	President
Mary O'Neill	Vice President
Christina Guerra	Secretary
Robert L. Primeaux	Assistant Secretary
David Alamia	Director

All members of the Board were present, except Director Primeaux. Also attending were Anthony Lasky of Municipal Accounts & Consulting L.P. ("Bookkeeper" or "MAC"); Esther Shaver of Assessments of the Southwest ("Tax Assessor/Collector" or "ASW"); Ronald D. Anderson II of A&S Engineers, Inc. ("Engineer" or "A&S"); Johnny Bellamy of Municipal District Services ("Operator" or "MDS"); Bill Blich of Blich Associates, Inc. ("Financial Advisor" or "Blich"); Elliot M. Barner and John Thomas Foster, attorneys, 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. As no comments were offered, the President directed the Board to proceed with the agenda.

MINUTES

The Board then considered approval of the minutes of the special meeting of July 9, 2019 and the regular meeting of July 17, 2019. Upon a **motion** by Director Alamia, seconded by Director Guerra, after full discussion and with all Directors present voting aye, the Board approved the minutes of the special meeting of July 9, 2019 and the regular meeting of July 17, 2019, as presented.

TAX ASSESSOR-COLLECTOR'S REPORT

The Tax Assessor-Collector's Report for July 2019 was next presented by Ms. Shaver, a copy of which is attached hereto as Exhibit "A." Ms. Shaver reported that 91.52 percent of the 2018 taxes have been collected as of July 31, 2019.

Ms. Shaver presented correspondence from an owner of property in the annexed portion of the Tidwell Lakes Subdivision ("Tidwell Lakes") requesting that the District waive penalties and fees assessed on a delinquent tax account for the 2018 tax year. Mr. Barner and Ms. Shaver then explained the Texas Tax Code requirements that allow taxing entities to make such waivers and that the property owner in question does not meet the requirements for granting such a waiver. In response to a question from Mr. Barner regarding the six percent (6%) decrease in the collection of taxes from the current year to the 2017 tax year, Ms. Shaver confirmed that such decrease is related to the number of delinquent accounts in Tidwell Lakes.

Upon a **motion** by Director Guerra, seconded by Director O'Neill, 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 1822 through 1824 from the Tax Account; and 3) denied the request to waive penalties and fees.

FINANCIAL ADVISOR'S REPORT

Mr. Blich then presented his tax rate study for the proposed 2019 tax rate (the "Tax Rate Study"), a copy of which is attached hereto as Exhibit "B." Mr. Blich reviewed with Board the Tax Rate Study, which includes a total ad valorem tax rate of \$0.74 per \$100 of assessed value for the year 2019 for debt service purposes. Mr. Blich also explained that while the proposed tax rate is lower than the previous tax year, such rate will generate more tax revenue than the previous tax year because property values have increased. A discussion then ensued regarding Mr. Blich's recommendations in the Tax Rate Study and the publication requirements for notice of the 2019 tax rates. In response to a question, Mr. Barner reminded the Board that authorizing publication of the proposed 2019 tax rate does not set such rate and that the Board must hold a public hearing to set such tax rate. Upon a **motion** by Director Alamia, seconded by Director Guerra, after full discussion and with all Directors present voting aye, the Board authorized publication of the proposed 2019 tax rate of \$0.74 per \$100 assessed value and set the public hearing regarding such rate at the regular meeting of Wednesday, September 18, 2019, at 6:30 p.m.

Mr. Blich then presented a study regarding revenues generated from the District's water and sewer rates (the "Rate Order Study"), a copy of which is attached hereto as Exhibit "C." Mr. Blich explained the various options for increasing water and sewer rates in the Rate Order Study, including Case C and Case 2, respectively. Mr. Blich reminded the Board that the purposes of any increase identified in such study is to increase the District revenues in order to provide for: 1) increased costs of patrol services, solid waste collection, and other operation and maintenance expenditures; and 2) increase the District's operating fund reserve. An extensive discussion then ensued regarding the various options presented in the Rate Order Study. In response to a question regarding the City's surface water fees, Messrs. Blich and Barner explained that the City increases such fees annually and the District passes 100% of such fee through to the District's customers. Upon a **motion** by Director O'Neill, seconded by Director Alamia, after full discussion and with all Directors present voting aye, the Board approved

amending the Rate Order to increase water rates as reflected in Case B and to increase the sewer rates as reflected in Case 2 of the Rate Order Study, effective September 1, 2019.

BOOKKEEPER'S REPORT AND INVESTMENT REPORT

The Bookkeeper's Report and Investment Report, copies of which are attached hereto as Exhibit "D," 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.

Messrs. Barner and Lasky next clarified procedures related to payment of fees of office in accordance with Texas Water Code, Section 49.066 and recommended that Mr. Lasky pay such fees of office by direct deposit method to those Directors that chose such method following the completion of the requisite sworn verification, acknowledgement of such verification by the Board in the Board meeting and approval of the Bookkeeper's Report. Mr. Lasky then explained that such fees would be directly deposited the next day after the Board meeting.

In response to a question from Director O'Neill regarding the miscellaneous budget line item on the budget for the fiscal year ending 2020, Mr. Lasky explained that such line item was for various expenses that couldn't be easily categorized under other line items in the budget. A brief discussion ensued and Mr. Lasky explained that he would further review expenses associated with such line item in order to determine if they should fall under another item on the budget.

Mr. Lasky then presented the Quarterly Investment Inventory Report for the Period Ending June 30, 2019, a copy of which is attached as Exhibit "E."

Upon a **motion** by Director O'Neill, seconded by Director Guerra, after full discussion and with all Directors present voting aye, the Board approved the Bookkeeper's Report and Investment Report, and acted on the following: a) authorized payment of checks numbered 7906 through 7953 from the General Fund; b) authorized payment of checks numbered 1055 through 1056 from the Regional Wastewater Treatment Facilities (the "RWWTF") Fund; and d) authorized payment of checks numbered 4128 through 4133 from the Surface Water Facilities Fund.

ENGINEER'S REPORT

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

Regarding Tidwell Lakes, Mr. Anderson first reported that A&S has not conducted any new service connection inspections during the past period. Mr. Anderson also reported that A&S has reviewed Van De Wiele & Vogler, Inc. ("Van De Wiele") appraisal for the Tidwell Lakes Water Plant. Mr. Anderson then reported that A&S has requested that Van De Wiele appraise the water, sewer and drainage facilities located within the annexed portion of Tidwell Lakes, Sections, 1, 2 and 9.

Mr. Anderson reported that the Tidwell Lakes Force Main construction performed by Bay Utilities, LLC ("Bay") is now complete. Mr. Anderson next presented Change Order No. 2 in the amount of \$4,300 and a Certificate of Substantial Completion and recommended approval of same.

Regarding the Tidwell Lakes Wastewater Treatment Plant, Mr. Anderson reported that the Tidwell Wastewater Utilities, LLC ("TWWU") is performing certain valve modifications at such plant to improve flow from the District to such plant. Mr. Anderson further reported that flow data to such plant has been measured and a payment of the invoice for such flow has been sent to the Bookkeeper for payment to RES Development.

Regarding the Hidden Meadow Subdivision ("Hidden Meadow"), Mr. Anderson reported that the Backslope Interceptor and Outfall Project is complete. Mr. Anderson requested the Board's concurrence to the Certificate of Final Completion for such project.

Mr. Anderson next reported that construction activities have commenced in Hidden Meadow, Section 11, and water, sewer and drainage facilities ("WS&D") work with Fellers & Clark, LP ("F&C") is ongoing. Mr. Anderson requested the Board's concurrence to F&C Pay Application No. 1 in the amount of \$433,263.17 for Hidden Meadow, Section 11, WS&D.

Mr. Anderson then reported that WS&D construction activities in Hidden Meadow, Section 14, are complete.

Mr. Anderson reported that design of the upgrades to Water Plant No. 2 upgrades have been submitted to all agencies with jurisdiction and are under review by such agencies.

Mr. Anderson next reported that certain revisions to the draft Bond Application Report (the "BAR"), which is subject to the Texas Commission on Environmental Quality (the "TCEQ") approval and a prerequisite for the issuance of bonds, have been required since its approval at the last Board meeting as the result of increased construction costs for infrastructure. Messrs. Anderson and Barner then explained that due to such increases, the Board needed to re-approve the BAR. Mr. Anderson then explained that the BAR also included costs associated with issuing a Bond Anticipation Note ("BAN") in order to pay for the costs associated with the additional surface water needing to be purchased from the City of Houston.

Next, Mr. Anderson presented information related to the proposed development of an approximate 390,000 square foot warehouse to be used for light-industrial purposes. Mr. Anderson explained that the property for the development is currently out-of-District and would require annexation. A brief discussion ensued regarding the proposed use of such warehouse and the taxable value of such warehouse.

Regarding the Vireo Apartments, LP project (the "Vireo"), Mr. Anderson reported that construction activities are ongoing. Mr. Anderson also reported on a recent inspection of the detention pond serving the Vireo that included the Vireo's contractor and Stuckey's Contract Services. Mr. Anderson explained that A&S identified certain minor items that needed to be completed prior to the District's assumption of maintenance of such pond.

Mr. Anderson then reported that A&S received updated plans for a proposed gas station to be located at C. E. King Parkway and Huntford Lane and that such plans have been updated and are currently under review by A&S and MDS. Mr. Anderson added that such plans identify a different site layout than the plans previously submitted.

JOINT FACILITIES REPORT

Mr. Anderson next reported on the recent inspection by representatives of A&S, Jones|Carter and Harris County Flood Control District ("HCFCD") of the back slope for the RWWTF Outfall. Mr. Anderson also reported that A&S has prepared a course of action memorandum for review prior to sending such memorandum to HCFCD. In response to a question from Mr. Barner, Mr. Anderson stated that such memorandum had been provided to the Parkway Utility District ("Parkway") and that he understood from Jones|Carter that Parkway and had no objections to the memorandum. Mr. Anderson added that such memo was sent to HCFCD and he awaits a response.

Mr. Anderson next reported that A&S met with Jones|Carter to discuss flow monitoring methodology to more accurately measure flow entering the RWWTF. Mr. Anderson recommended installing two (2) battery operated flow meters, one (1) for the District and one (1) for Parkway, in the influent manholes adjacent to the RWWTF site. Mr. Anderson then reported that the Hach DDS Program ("Hach") allows the District and Parkway to lease such flow meters for approximately \$10,500 per District per year and maintenance of such flow meters would be handled by Hach. Mr. Anderson stated that he understands from Jones|Carter that Parkway has agreed to rent the flow meters from Hach. Mr. Anderson added that his research indicates that the flow meters are 93% to 95% accurate and recommended renting such flow meters for a period of one (1) year. In response to a question from Director Alamia, Mr. Anderson stated that the flow meters are not widely used because such equipment is used for shared facilities and most of A&S' clients have single plants. Mr. Anderson indicated that he has provided information about the flow meters and associated costs to the Board. Extensive discussion ensued. The Board agreed to place the item on the next meeting agenda for further discussion and possible action.

Regarding the status of the RWWTF's design, Mr. Anderson reported that A&S continues work on such design and that the site clearing, grubbing and detention pond design is being revised at the request of Harris County (the "County").

Regarding the Surface Water Transmission Facility ("SWTF"), Mr. Anderson added that the TCEQ has approved design of the plans for the improvements to the SWTF.

Regarding the County's widening of Tidwell Road, Mr. Anderson reported that the District and Parkway have executed the revised agreement for the infrastructure work by the County.

Messrs. Anderson and Barner then discussed the Van De Wiele proposal for water, sewer and drainage in Tidwell Lakes, Sections 1, 2 and 9. In response to a question from Mr. Barner, Mr. Anderson stated that the estimated cost of such proposal is approximately \$10,000. Mr. Anderson added that he has requested the cost of such proposal, and he awaits a response from Van De Wiele. A brief discussion ensued regarding approval of the proposal that included an amount not to exceed so that Van De Wiele could begin as soon as possible.

Upon a **motion** by Director Alamia, seconded by Director O'Neill, 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: 1) Approved appraisal work by Van De Wiele at a cost not to exceed \$15,000; 2) Approved Bay Change Order No. 2 in the amount of (\$4,300); 3) Approved the Certificate of Substantial Completion for the Tidwell Lakes Force Main; 4) Concurred with the Certificate of Final Completion for the Hidden Meadow Backslope Interceptor and Outfall; 5) Concurred with F&C Pay Application No. 1 in the amount of \$433,263.17 for Hidden Meadow, Section 11, WS&D; 6) Authorized revisions to BAR 10; and 7) Approved the Consent to Encroachment Agreement between Houston (CE King) DTP, LLC for the Dollar General Store sign installation along Tidwell Road.

OPERATOR'S REPORT

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

Mr. Bellamy first reported that the District currently has 2,779 equivalent single-family connections. Mr. Bellamy then reported that the District has accounted for 92.9% of the water pumped by billing to the District's customers during the prior month. Mr. Bellamy next reported that the percentage of design capacity used at the RWWTF during the prior month was 81.8% and there were no excursions.

Mr. Bellamy then presented the Preventative Maintenance Summary of ongoing maintenance items in the District, a copy of which is attached to the Operator's Report.

Mr. Bellamy updated the Board on the TCEQ's notice of violations for the RWWTF's permit and stated that he awaits further correspondence from the TCEQ regarding any penalties for such violations. Mr. Bellamy stated that such violations had been previously discussed with the Board in prior meetings and that the recent notice sent by the TCEQ was related to such violations. Mr. Bellamy next discussed the nature of the violations, including the level of ammonia discharge from the RWWTF. Mr. Bellamy explained that MDS has previously resolved similar violations in the past for other Districts. Mr. Bellamy then discussed MDS' process for effluent sampling and reporting such results to the TCEQ. Mr. Foster then explained that he had spoken with the TCEQ's reviewer responsible for reviewing such violations and explained that the TCEQ will be providing additional information on any penalties at a later date.

In response to a question from Mr. Barner, Mr. Bellamy stated that the violations were reported to Parkway since the same Operator's Report is presented by MDS to Parkway at its Board meetings.

Mr. Bellamy next reported that eight (8) new water taps have been installed during the prior month and a total of 115 such taps have been installed to-date in 2019.

Mr. Bellamy reported that the Delinquent Letter Accounts Listing Due August 21, 2019, is attached to his report.

Mr. Bellamy presented the Fire Hydrant Inspection Report, a copy of which is attached hereto as Exhibit "H." Mr. Bellamy reminded the Board that fire hydrants are inspected annually. Mr. Bellamy recommended the installation of 99 road reflectors and repairing any hydrants that are hard to operate.

Mr. Bellamy then presented information regarding two (2) properties located on York Bend Lane where the water lines connecting such properties to the District's water system are connected through water meters that are located on the adjacent property. Mr. Bellamy went on to explain that the customer at one of the properties had recently been past due on his/her water account and service was terminated. However, the service was actually terminated to the adjacent property. After the customer at such property notified MDS that their water had been disconnected, MDS discovered that issue and review the accounts for both properties, since both properties had actually been receiving the others' bill. A brief discussion ensued. In response to a question, Mr. Barner reminded Mr. Bellamy and the Board that the District is not responsible for the locations of the water lines, since such lines are on private property, and that such lines were not installed by or on behalf of the District. Further discussion ensued regarding the District's options for relocating such lines, including requiring the property owners to execute a release and indemnity agreement prior to MDS relocating such lines. Mr. Bellamy added that as a result of this issue, one customer had paid higher water bills for usage at the adjacent property and that he recommended reimbursing customer that overpaid the amount of \$583.88.

Mr. Bellamy then presented the Write-Off List dated July 29, 2019, a copy of which is attached to the Operator's Report. A discussion then ensued regarding the process for closing out certain accounts, including situation where customers do not provide notice that they are moving and a new customer applies for service at the same property. Mr. Bellamy stated that non-homeowners are required to present a lease agreement as a condition for water service and homeowners are required to present a deed when requesting such service. Mr. Bellamy added that all customers are required to pay a deposit before service is provided.

Upon a **motion** by Director Guerra, seconded by Director O'Neill, after full discussion and with all Directors present voting aye, the Board approved the Operator's Report, as presented, and acted on the following: 1) authorized write-offs and terminations; and 2) approved and adjustment to the water bill for the customer on York Bend Lane in the amount \$583.88.

PROCEDURES FOR DISTRICT ADMINISTRATION CLEANING

Mr. Barner explained to the Board that he had placed this item on the agenda after discussing such item with Director Flight. Mr. Barner then reviewed the recently Amended Ethics Policy and the provisions related to the duties of directors and explained that, in his opinion, the Board needed to make a determination whether it considered cleaning the District's Administration Building as falling within the scope of such duties. Mr. Barner also recommended that the Board determine the scope of cleaning needing to be performed. In response to a question, Mr. Barner stated that directors cannot receive two (2) fees of office in one day and that if a director cleans the building and request a fee of office, such cleaning would have to be performed on a day other than a day where a director had already collected a fee of office for performing the duties of director. A brief discussion ensued and it was the consensus of the Board to postpone action on this item until a future Board meeting.

DISTRICT INSPECTIONS BY DIRECTORS

Mr. Barner discussed the presentation of reports at District meetings by Directors driving through the District to inspect the District's facilities and what was observed during such inspections. Director Alamia inquired regarding an inspection form. Mr. Barner suggested the Directors alternate inspections each month.

Discussion ensued regarding fees of office and the activities for which Directors will receive a fee of office.

Mr. Barner recommended that Board review the Amended Ethics Policy and determine what will be inspected and if a fee of office should be paid.

AUTHORIZE ATTENDANCE AT ASSOCIATION OF WATER BOARD DIRECTORS FALL SEMINAR AND MID-WINTER CONFERENCE

Mr. Barner reminded the Board that if it wanted to attend the upcoming Association of Water Board Directors-Texas ("AWBD") 2019 Fall Seminar and Mid-Winter Conference, it would need to authorize such attendance. Mr. Barner also reminded the Board that the Mid-Winter Conference will be held in Dallas, Texas, on Friday, January 17, 2020, through Saturday, January 18, 2020. Upon a **motion** by Director O'Neill, seconded by Director Guerra, after full discussion and with all Directors present voting aye, the Board authorized the Directors' attendance on behalf of the District.

AUTHORIZE ATTENDANCE AT RBAP CYBER SECURITY SEMINAR

Mr. Barner then presented information related to an upcoming seminar being held by RBAP, regarding issues related to cyber security. Mr. Barner explained that if the Board wanted to attend such seminar, it was free of charge and that such seminar will be held on Saturday, September 14, 2019, at the Hyatt Regency Intercontinental Hotel from 9:30 a.m. to noon. Upon a **motion** by Director Alamia, seconded by Director Guerra, 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 16th day of October, 2019.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned above a solid horizontal line.

Secretary, Board of Directors

EXHIBITS:

- A - Tax Assessor-Collector Report
- B - Tax Rate Recommendation
- C - Rate Study
- D - Bookkeeper's Report and Investment Report
- E - Quarterly Investment Inventory Report
- F - Engineer's Report/Correspondence Items
- G - Operator's Report
- H - Fire Hydrant Inspection Report