

GREENWOOD UTILITY DISTRICT

MINUTES OF MEETING OF BOARD OF DIRECTORS

MAY 16, 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, May 16, 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"); Bill Blitch of Blitch Associates, Inc. ("Financial Advisor"); Jennifer Day of McCall Gibson Swedlund Barfoot PLLC ("Auditor"); Mark Janik of Gromax Development; Shane Stuckey of Stuckey's Contract Services ("Stuckey's"); Gary Syzek of Systems Project Management; and Ross J. Radcliffe, attorney, and Diane F. Brewer, paralegal, of Radcliffe Bobbitt Adams Polley PLLC ("Attorney" or "RBAP").

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 regular meeting of April 18, 2018. Upon a **motion** by Director Wisener, seconded by Director Flight, after full discussion and with all Directors present voting aye, the Board approved the minutes of the regular meeting of April 18, 2018, as presented.

MAY 5, 2018 OPERATIONS AND MAINTENANCE TAX ELECTION

Mr. Radcliffe directed the Board to consider certain election issues.

Director O'Neill, serving as the presiding officer of the Canvassing Authority, then announced that the Operations and Maintenance Tax Election had been held in the District on Saturday, May 5, 2018 (the "Election") for the purpose of implementing an operations and maintenance tax not to exceed 50 cents (\$0.50) per one hundred dollars (\$100) valuation of taxable property. Mr. Radcliffe then reviewed the Election returns and reported that the proposition failed with the following votes: For – 6 votes Against – 24 votes.

Mr. Radcliffe noted that there was one (1) provisional vote cast in the Election.

Upon a **motion** by Director O'Neill, seconded by Director Wisener, after full discussion and the question being put to the Canvassing Authority, the Canvassing Authority voted unanimously to adopt an Order Canvassing Returns and Declaring Results of the Operations and Maintenance Tax Election, a copy of which is attached hereto as Exhibit "A."

Next, the Board considered the payment of the election officials in connection with the Election. Upon a **motion** by Director Primeaux, seconded by Director Wisener, after full discussion and the question being put to the Board, the Board voted unanimously to approve payments to the election officials.

Director Alamia entered the meeting at this time.

AUDITOR'S REPORT

Ms. Day next distributed and discussed the District's draft audit report for the fiscal year ended December 31, 2017, and responded to questions from the Board. Ms. Day discussed Hurricane Harvey's (the "Hurricane") impact on the District's tax revenue. Mr. Radcliffe recommended including a statement in the Audit Report regarding the Hurricane. Upon a **motion** by Director Alamia, seconded by Director Wisener, after full discussion and with all Directors present voting aye, the Board approved the audit report as presented, subject to a ten (10) day comment period for Directors and consultants to review and provide any additional comments, and authorized the audit's submittal to all regulatory agencies.

Mr. Syzek entered the meeting at this time.

STUCKEY'S CONTRACT SERVICES

Mr. Stuckey presented a Consent to Assumption of Contract, a copy of which is attached hereto as Exhibit "B," and a new contract reflecting a name change of the company, a copy of which is attached hereto as Exhibit "C." Discussion ensued regarding track mowing and the fertilizer used in the District. Mr. Stuckey added that all of the District's detention ponds are included in the new contract.

Director O'Neill asked about installation of signs in the areas around the detention ponds. Mr. Stuckey indicated that he would contact Mr. Radcliffe regarding the signs. Director O'Neill stated that he will meet Mr. Stuckey to discuss placement of the signs.

Discussion ensued regarding the timing of inspection of the detention ponds. It was the consensus of the Board to keep the inspection schedule as it is at this time.

Upon a **motion** by Director Wisener, seconded by Director Flight, after full discussion and with all Directors present voting aye, the Board approved the contract with Stuckey's reflecting the name change and including all District detention ponds, subject to certain corrections and receipt of a Form 1295 Certificate of Interested Parties.

Mr. Stuckey 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 "D," were next 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 first reported tap revenue for the month of \$28,000.

Ms. Turner next presented the Quarterly Investment Inventory Report for the Period Ending March 31, 2018, a copy of which is attached hereto as Exhibit "E."

Ms. Turner reported that interest rates have increased up to two percent (2%) and asked if the Board would consider investing in Certificates of Deposit ("CDs"). Ms. Turner stated that she can provide the Board with a spreadsheet tracking CDs interest rates. Mr. Blich recommended keeping the District's investments in TexPool. Ms. Turner also discussed Texas Class which is currently offering interest rates over two percent (2%).

Next, Ms. Turner discussed checks for advances and hotel accommodations in connection with the Association of Water Board Directors Summer Conference.

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 7142 through 7188 from the General Fund;
- b. authorized payment of checks numbered 1009 through 1011 from the Capital Projects Fund;
- c. authorized payment of checks numbered 2041 through 2053 from the Regional Sewage Treatment Plant Fund; and
- d. authorized payment of checks numbered 4028 through 4035 from the Surface Water Facilities Fund.

Ms. Day exited the meeting at this time.

TAX ASSESSOR-COLLECTOR'S REPORT

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

Ms. Shaver reported that 96.42% of the 2017 taxes have been collected as of April 30, 2018.

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

Upon a **motion** by Director Wisener, seconded by Director Flight, after full discussion and with all Directors present voting aye, the Board approved the Tax Assessor-Collector's Report, as presented; and authorized payment of checks numbered 1649 through 1660 from the Tax Account, with checks numbered 1593, 1594 and 1650 being voided.

Ms. Shaver 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 "G."

Tidwell Lakes (150 Acres)

Mr. Ainsworth first reported that Eli Sasson is back in town and ready to transfer the Tidwell Lakes Wastewater Treatment Plant ("TLWWTP") to the District, but noted the roads still need to be paved. Mr. Ainsworth also reported that Mr. Sasson is working on the digester. Mr. Ainsworth reported that the TLWWTP permit was renewed in the name of Tidwell Utilities and will expire on December 1, 2022.

Mr. Anderson next discussed Tidwell Lakes Annexation No. 2 and reported that Mr. Sasson has not sold any lots in Sections 3 or 6.

Hidden Meadow (180 Acres)

Mr. Anderson reported that the Notice to Proceed was issued for Hidden Meadow, Section 9 WS&D with Crosstex Construction, Inc. ("Crosstex") and construction has commenced.

Mr. Anderson next reported that the Hidden Meadow, Sections 10 and 12, WS&D work by C. E. Barker, Ltd. is ongoing. Mr. Anderson presented a revised maintenance agreement with Harris County (the "County") for culvert crossing maintenance in Sections 8, 10 and 11.

Mr. Anderson reported no change during the past period regarding the detention ponds.

Mr. Anderson reported no change during the past period regarding road acceptance issues. Mr. Anderson also reported that A&S will present information as requested by the Board.

Bavaria

Mr. Anderson reported no change during the past period regarding the detention pond.

Evergreen

Mr. Anderson reported that work is ongoing at the Evergreen Villas, Section 2, WS&D.

Mr. Anderson next reported that work is ongoing 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 the District's Auditor requested the Board sign a proposal for the Recoating of Water Plant No. 1 Ground Storage Tank ("GST") No. 1 with CFG Industries, LLC which was previously verbally approved by the Board. Mr. Anderson next reported that this project is currently on hold and will proceed once the rehabilitation of GST No. 2 is complete.

Rehabilitation of Ground Storage Tank No. 2 at Water Plant No. 1. Mr. Anderson reported that construction activities, including floor and wall reconstruction for this project is ongoing. Mr. Anderson noted that additional work on the center column support was required for reconstruction. Mr. Anderson presented Change Order No. 1 in the amount of \$4,900 and recommended approval.

Tidwell Lakes Force Main. Mr. Anderson then reported that the District's Auditor also requested the Board sign a proposal for Tidwell Lakes Force Main project which was previously verbally approved by the Board. Mr. Anderson went on to report that A&S is going through the submittal process for County approval, including plan approval and easement acquisition across the Harris County Flood Control District ("HCFCD"). Mr. Anderson presented a Bid Tabulation for the Tidwell Lakes Force Main Project, a copy of which is attached to the Engineer's Report, and reported that ten (10) bids for such project were received. Mr. Anderson recommended issuance of the Notice of Award to Bay Utilities, LLC in the amount of \$697,890.

Out-of-District Service

Mr. Anderson had nothing new to report.

Miscellaneous Engineering Projects and Requests for Service

The Vireo. Mr. Ainsworth updated the Board regarding The Vireo and addressed his concerns with the District's ability to serve The Vireo with the current water supply received from the City of Houston (the "City"). Mr. Ainsworth discussed reimbursement of the detention pond. Mr. Ainsworth reported that the utility commitment expired and circumstances have changed. Mr. Ainsworth stated that the project needs to be reviewed again and Mr. Radcliffe stated that another deposit needs to be requested.

Tidwell Road Widening Project. Mr. Anderson reported that A&S continues to work with the County on the expansion project, including driveway access, fencing modifications and meter easements.

Series 2018 Bond Application Report ("BAR"). Mr. Anderson reported that work and coordination with the developers, Attorney and Financial Advisor continues on the BAR. Mr. Anderson also reported that appraisals were received.

Sheldon Independent School District ("SISD"). Mr. Ainsworth discussed the SISD surface water transmission line plans and the City's approval. Mr. Ainsworth stated that he has questions for the City and that Elliot Barner has attempted to communicate with the City. Mr. Ainsworth stated that he will continue to follow-up with the City.

Discussion ensued regarding a flooded car storage lot and Mr. Ainsworth indicated that to-date, the District has not been approached about providing service to such lot.

Mr. Ainsworth next reported that he was approached by a manufactured home developer regarding development along Tidwell Road. Mr. Ainsworth indicated that he will have more information next month.

Mr. Blitch exited the meeting at this time.

JOINT FACILITIES REPORT

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

Outfall Repair Project

Mr. Ainsworth first reported that Stuckey's took a soil sample at the outfall site due to potential erosion problems.

Fine Screen Installation

Mr. Ainsworth reported that A&S awaits delivery and installation of the fine screen which is scheduled for June 15, 2018.

Regional Wastewater Treatment Plant ("RWWTP")

Mr. Ainsworth next reported that A&S and Jones|Carter met on May 9, 2018, to review the RWWTP planning and design. Mr. Ainsworth also reported that Parkway Utility District agreed moving forward with the project. Mr. Ainsworth presented a Proposal for Professional Engineering Services for GUD/PUD Wastewater Treatment Plant Expansion to 1.45 MGD, a copy of which is attached hereto as Exhibit "I."

Surface Water Transmission Facility ("SWTF")

Mr. Anderson reported that a proposed design and construction schedule will be presented at the June Board meeting.

Upon a **motion** by Director Primeaux, 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. approved execution of the revised Harris County maintenance agreement for culvert crossings in Hidden Meadow upon completion by the County;
- b. approved execution of the proposal for Recoating of Water Plant No. 1 GST No. 1;
- c. approved Change Order No. 1 in the amount of \$4,900 for the GST No. 2 at Water Plant No. 1;
- d. approved execution of the proposal for the Tidwell Lakes Force Main, approved issuance of a Notice of Award to Bay Utilities, LLC in the amount of \$697,890, approved execution of contracts, subject to Attorney approval of bonds and insurance, and approved issuance of a Notice to Proceed for the project upon execution of contracts; and
- e. approved execution of the Proposal for Professional Engineering Services for the WWTP Expansion to 1.45 MGD.

At this time, Director Alamia inquired regarding the District's park bond authority. Mr. Ainsworth stated that no park bonds have been sold to-date since the Board is currently addressing development in the District and the District's facilities.

OPERATOR'S REPORT

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

Mr. Bellamy reported that the District currently has 2,435 connections.

Mr. Bellamy reported that the District has accounted for 95.4% 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 84.5% and there were no excursions at the WWTP.

Mr. Bellamy reported that a total of 22 taps have been installed during the prior month and a total of 212 taps have been installed to-date in 2018.

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

Mr. Bellamy presented the Write-Off List dated April 26, 2018, a copy of which is attached to his report, and reported three (3) accounts totaling \$7,485.39. Mr. Janik indicated that his paver will try to help with collection of the \$7,362.27 past due account.

Mr. Bellamy reported that the Delinquent Letter Accounts Listing Due May 11, 2018, is attached to his report.

Mr. Bellamy next reported that he had spoken with Director O'Neill earlier in the month about a pump that needed to be replaced.

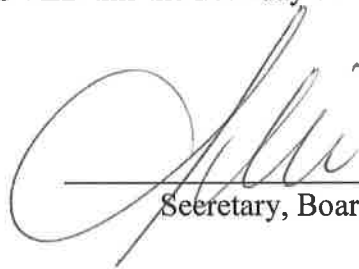
Upon a **motion** by Director Wisener, seconded by Director Primeaux, after full discussion and with all Directors present voting aye, the Board approved the Operator's Report, as presented; and authorized write-offs and terminations.

ATTORNEY'S REPORT

Mr. Radcliffe then discussed the Continuing Disclosure Report and explained that under the provisions of the District's outstanding Bond Orders, the District is required to make an annual disclosure filing; and pursuant to the rules of the Securities and Exchange Commission, certain material events that may have a negative financial impact upon the District's ability to meet its financial obligations must be disclosed. Upon a **motion** by Director Wisener, seconded by Director Primeaux, after full discussion and with all Directors present voting aye, the Board approved the Continuing Disclosure Report and authorized the filing of the report with the securities repositories and the Texas State Comptroller.

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

SIGNED, PASSED and APPROVED this the 20th day of June, 2018.



Secretary, Board of Directors

EXHIBITS:

- A - Order Canvassing Returns and Declaring Results of the Operations and Maintenance Tax Election
- B - Consent to Assumption of Contract
- C - Agreement for Maintenance
- D - Bookkeeper's Report and Investment Report
- E - Quarterly Investment Inventory Report
- F - Tax Assessor-Collector Report
- G - Engineer's Report/Correspondence Items
- H - Joint Facility Report
- I - Proposal for Professional Engineering Services for GUD/PUD Wastewater Treatment Plant Expansion to 1.45 MGD
- J - Operator's Report