

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 114

Minutes of Meeting of Board of Directors

April 9, 2018

The Board of Directors of Harris County Water Control and Improvement District No. 114 (the "District") met at the board's regular meeting place on April 9, 2018 in accordance with the duly posted notice of said meeting, with a quorum of directors present as follows:

Steven D. Fitzgerald, president
James P. Sibley, vice president
Stephen R. Feldman, secretary
Renee Alfaro, assistant secretary
Robert Robertson, assistant secretary

and being absent:

None

Also present were Vickey Sullivan of Equi Tax, Inc., Kim Shelnett of Myrtle Cruz, Inc., Mike Plunkett of Eagle Water Management, Inc., Tony Sarman of AEI Engineering, LLC, Mark W. Brooks of Young & Brooks, Mark Eyring of Roth & Eyring, PLLC, and District resident Kinsley Yates.

The president called the meeting to order and declared it open for such business as might come before the board.

APPROVAL OF MINUTES

Upon motion duly made, seconded and unanimously carried, the minutes of the prior meeting of March 12, 2018 were approved as presented.

ENGAGE AUDITOR

The board recognized Mark Eyring of the offices of Roth & Eyring, PLLC, who presented their proposal to audit the District's books and records for fiscal years 2018 and 2019 at an estimated fee of \$9,150 for each year. Roth & Eyring have performed audit services for the District for the past several fiscal years. The board has been pleased with their services and their fees remain competitive. After discussion, upon motion duly made, seconded and unanimously carried, the board accepted Mr. Eyring's proposal for fiscal years 2018 and 2019.

CONSULTANTS MONTHLY REPORTS

Vickey Sullivan of Equi Tax, Inc., the District's tax assessor, reported as to the status of District tax collections. Ms. Sullivan reported that the District is 97.0% collected for 2017 taxes.

After discussion, upon motion duly made, seconded and unanimously carried, the board approved the tax assessor's monthly report and payment of the tax bills presented.

Kim Shelnett of Myrtle Cruz, Inc., the District's bookkeeper, presented their monthly report. She also presented to the board a list of bills for the approval of payment, a copy of which is attached hereto. After discussion, upon motion duly made, seconded and unanimously carried, the board approved said bills and ordered checks issued on the appropriate District accounts in payment thereof.

After discussion, the board approved purchase of a \$245,000 1-year CD at Texas Exchange Bank.

Ms. Shelnett presented a draft budget for the District's coming fiscal year, which she reviewed with the board. She will make changes as requested by the board during the discussion, and will distribute a revised draft prior to the next board meeting.

Mike Plunkett of Eagle Water Management, Inc. the District's operators, reported as to District operations and facilities. Mr. Plunkett presented a list of delinquent accounts that were delinquent by more than 60 days and reported that the customers have been given written notice 10 days prior to this meeting of the opportunity to appear before the board of directors to explain, contest or correct the utility service bill and to show reason why the utility service should not be terminated for nonpayment. None of the customers on the list were present or have presented any statement on the matter. After discussion, upon motion duly made, seconded and unanimously carried, the board authorized the operator to terminate utility service to the unpaid accounts in accordance with standard procedures.

Tony Sarman of AEI Engineering, LLC, (AEI) the District's engineers, distributed a written summary engineer's report for the meeting reflecting the status of various projects that the engineers are working on for the District. Mr. Sarman reviewed their report with the board and responded to questions.

Mr. Sarman presented, recommended, and upon motion duly made, seconded and unanimously carried, the board approved Pay Estimate No. 4 to WW Payton Corporation on their contract for the Water Plant No. 1 Rehab project in the amount of \$490,540.50.

Mr. Sarman presented and reviewed a written report and evaluation coming out of the recent inspection of the 480,000 gallon GST at Water Plant No. 3. The board authorized preparation of a similar report as to the findings from the recent inspection of the 400,000 gallon GST at Water Plant No. 1. Mr. Sarman recommended and the board also authorized an inspection and evaluation of the 840,000 gallon GST at Water Plant No. 2.

The board confirmed the scheduled tour of District facilities starting with Water Plant No. 3 on the morning of April 13, 2018 at 8 a.m.

KLEINWOOD JOINT POWERS REPORT

Board member Steve Fitzgerald reported as to matters pending before the Kleinwood Joint Powers Board. The Joint Powers Board engineer is working on preliminary design for the Reclaimed Water Supply project as well as the related Chapter 210 permit application. Mr. Fitzgerald reported that the North Harris County Regional Water Authority has authorized their General Manager to finalize and sign the Alternative Water Use Incentive Agreement (the “Incentive Agreement”) in connection with the Reclaimed Water Supply project, and the Joint Powers Board authorized Mr. Fitzgerald to finalize and sign the Incentive Agreement on behalf of the Joint Powers Board. Cypress Forest PUD and Champions MUD are working on language for the Incentive Agreement related to their split of the Alternative Water Use Credits.

The Reclaimed Water Supply Agreement provides that if the NHCRWA does not approve the Incentive Agreement on or before April 30, 2018, the Reclaimed Water Supply Agreement shall automatically terminate unless the Joint Powers Board as Producer, and Cypress Forest PUD and Champions MUD as Providers, agree in writing to extend it. Accordingly, the Joint Powers Board agreed to extend the period for approval of the Incentive Agreement to June 30, 2018.

PENDING BUSINESS

The board welcomed visiting District resident Kinsley Yates, and responded to her questions regarding the District.

There being no further business to come before the board, the meeting was adjourned.

Secretary

Attachments: Bookkeeper’s Report