

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 114

Minutes of Meeting of Board of Directors

June 11, 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 June 11, 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
Robert Robertson, assistant secretary

and being absent:

Renee Alfaro, assistant secretary

Also present were Vickey Sullivan of Equi Tax, Inc., Kim Shelnett of Myrtle Cruz, Inc., Chris Oliver of Eagle Water Management, Inc., Tony Sarman of AEI Engineering, LLC, and Mark W. Brooks of Young & Brooks.

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 meetings of April 11, 2018, April 13, 2018, and May 14, 2018 were approved as presented.

NHCRWA FEES

The board reviewed spreadsheets previously distributed by board president Steve Fitzgerald reflecting calculations of the amount of the District subsidy of the customer Regional Water Authority fee ("RWA Fee") fee if the District continues with the rate that was in effect earlier this year, as compared to increasing the customer RWA Fee by the same amount (\$.50) as the North Harris County Regional Water Authority fee increase effective April 1, 2018, as also compared to passing the entire Regional Water Authority water fees through to the customers. After discussion, the board agreed to defer making any changes to the RWA Fee at the present time and asked that the agenda for the September board meeting include an item to consider a possible change then.

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 98.0% 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.

It was noted that the HCAD accounts for the lift station no. 1 site need to be updated as to the District's correct name and address. After discussion, the board unanimously authorized signature of correction forms by president Fitzgerald for submission to HCAD.

Kim Shelnutt 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 unanimously authorized the purchase of four \$240,000 1-year CDs at interest rates of not less than 2.0%.

Chris Oliver of Eagle Water Management, Inc. the District's operators, reported as to District operations and facilities. Mr. Oliver 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.

After discussion, the board unanimously authorized AEI to begin design of the lift station no. 1 and no. 2 rehab projects.

KLEINWOOD JOINT POWERS REPORT

Board member Steve Fitzgerald reported as to matters pending before the Kleinwood Joint Powers Board. The phase I electrical modifications at the plant are nearly complete. The Joint Powers Board engineer is working on the site plans and preliminary design for the Reclaimed Water Supply project, including coordination with Cypress Forest PUD for site access to the proposed distribution station. The 210-permit application has been submitted to the TCEQ for review. The Alternative Water Use Incentive Agreement with the North Harris County Regional Water Authority in connection with the Reclaimed Water Supply project has been approved and signed by all parties.

The Reclaimed Water Supply Agreement provides that if the TCEQ does not approve the Chapter 210 Authorization on or before June 30, 2018, the Reclaimed Water Supply Agreement shall automatically terminate unless the 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 TCEQ approval of the Chapter 210 Authorization to August 31, 2018.

PENDING BUSINESS

After discussion, it was agreed that the next board meeting will be held on July 23, 2018, as a quorum of the board will not be available on the regular meeting date.

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

Secretary

Attachments: Bookkeeper's Report