

MINUTES OF REGULAR MEETING
GRAND MISSION MUNICIPAL UTILITY DISTRICT NO. 1
FORT BEND COUNTY, TEXAS

10 June 2019

THE STATE OF TEXAS
COUNTY OF FORT BEND

The Board of Directors (the "Board") of Grand Mission Municipal Utility District No. 1 (the "District") of Fort Bend County, Texas, met in regular session, open to the public, on the 10th day of June, 2019, at the regular meeting place thereof, at the offices of Coats Rose, P.C., 9 Greenway Plaza, Suite 1000, Houston, Texas, outside the boundaries of the District, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Maury J. Rubin	President
Darrell A. Hawthorne	Vice President
Milton E. (Bill) Blicht	Secretary/Treasurer
Judson Brown	Assistant Secretary
Vicente M. Salazar III	Assistant Vice President and Assistant Secretary

and all of said persons were present, thus constituting a quorum.

Also present were Lori Buckner of Myrtle Cruz, Inc. ("Cruz"), the District's Bookkeeper; Anna Duarte, representing Tax Tech, Inc. ("Tax Tech"), the District's Tax Assessor/Collector; Lisa Bonham of Jones & Carter, Inc. ("Jones & Carter"), the District's Engineer; Bryan Chapline of Municipal District Services, L.L.C. ("District Services"), the District's Operator; and Dick Yale, Cole Konopka, and Debbie Russell of Coats Rose, P.C. ("Coats Rose"), the District's Attorney.

First, the Board reviewed the minutes of the 13 May 2019 regular Board of Directors meeting. Upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of 13 May 2019 as written.

Then Ms. Duarte submitted the Tax Assessor/Collector's Report for the Board's review. She listed the amounts wired out of the District's tax account, including \$50,000 in revenues from the tax for bonded debt to the District's Debt Service Fund and \$10,668.12 in revenues from the tax for maintenance and operations to the Operating Fund, and she asked the Board's approval of seven checks written on the tax account.

After further review, upon a motion duly made and seconded, the Board voted unanimously to accept the Tax Assessor/Collector's Report and to authorize disbursements out of the District's tax account as listed. A copy of the Tax

Assessor/Collector's Report is attached to and shall be considered to be part of these minutes.

The Board next discussed engaging an auditor to prepare the annual financial report for the fiscal year ending 30 June 2019. Mr. Yale stated that the Board approved an evergreen engagement letter on 22 May 2017 between the District and McCall Gibson Swedlund Barfoot PLLC ("McCall") for auditing services. He noted that no action is necessary if the Board desires to continue to work with McCall. The Board concurred to continue the engagement with McCall for preparation of the annual financial report for the fiscal year ending 30 June 2019.

Next, Ms. Buckner reviewed the Bookkeeper's Report with the Board. She listed the balances and reviewed the activity for each of the accounts of the District and the accounts for the regional facilities administered by the District on behalf of the District, Grand Mission Municipal Utility District No. 2 ("MUD No. 2"), Fort Bend County Municipal Utility District No. 143 ("MUD No. 143"), and Fort Bend County Municipal Utility District No. 165 ("MUD No. 165"). She reviewed the comparison of budgeted to actual revenues and expenditures for each of the Operating Funds for eleven months of the fiscal year ending 30 June 2019. Ms. Buckner reported that the District's operating account at Compass Bank was closed due to suspicion of fraudulent activity. She noted that a new operating account was opened at Compass Bank to replace the closed account.

Ms. Buckner called attention to the Operating Budgets for the Operating Fund of the District and the Operating Funds for each of the regional facilities administered by the District. Upon a motion duly made and seconded, the Board voted unanimously to adopt the Operating Budgets for the Operating Fund of the District and the Operating Funds for each of the regional facilities. Ms. Buckner then noted that the District is required to escheat unclaimed funds, such as uncashed customer refunds, to the Texas Comptroller of Public Accounts after one year (and after three years for unclaimed funds in the District's Tax Account). She explained that checks issued but returned to the District or left uncashed for the period from 1 March 2017 through 28 February 2018 would have to be escheated to the State by 1 July 2019. Upon a motion duly made and seconded, the Board voted unanimously to instruct Ms. Buckner to assemble the necessary information to escheat any unclaimed funds as required.

Director Rubin asked if there was anything unusual in the monthly bills and if all participants in the regional facilities were paying the District in a timely manner. Ms. Buckner assured the Board that there were no unusual bills, and she said that all payments were being made timely. The Board then completed the review of the bills to the District and to the regional facilities.

Ms. Buckner also reviewed the Investment Report and the Pledged Securities Report. A copy of each item is included in the Bookkeeper's Report. Upon a motion duly made and seconded, the Board voted unanimously to authorize payment of the bills to the District and to the regional facilities and to accept the Investment Report.

A copy of the Bookkeeper's Report is attached to and shall be considered to be part of these minutes.

Next, the Board briefly reviewed the Patrol Activity Report for May 2019 under the Fort Bend County Contract Deputy Program. Director Hawthorne said that he was not aware of any problems. A copy of the report is attached as an exhibit to these minutes.

The Board then reviewed the North Fort Bend Water Authority (the "Authority") Memorandum for the 22 May 2019 meeting. A copy of the memorandum as provided to the Directors is attached as an exhibit hereto.

Director Brown had received the Monthly Report from Off Cinco regarding activity on the District's website. A copy of the report is attached as an exhibit hereto.

Mr. Konopka informed the Board that because the Fifth Amendment to Second Amended and Restated Agreement for Financing, Construction, Ownership, Operation, and Maintenance of Water Facilities (the "Fifth Amendment") was not on the agenda for the May meeting, the Board would need to ratify approval of the Fifth Amendment. Upon a motion duly made and seconded, the Board voted unanimously to ratify approval of the Fifth Amendment.

Mr. Chapline asked the Board to consider an adjustment to the rates for services from District Services. He noted that typically he asked for an increase at this time in alternate years. He mentioned that the cost for operations has increased. Mr. Chapline told the Board that the proposed increase had been incorporated into the Operating Budget for the District. Mr. Chapline indicated that District Services was trying to keep rates charged to the District consistent with the rates charged to MUD No. 2. After review, upon a motion duly made and seconded, the Board voted unanimously to accept the proposed schedule of rates from District Services. Copies of the accepted Schedule of Rates and a Certificate of Interested Parties are attached to and shall be considered to be parts of these minutes. The form 1295 for District Services will be filed with the Texas Ethics Commission as required.

Mr. Chapline then reviewed the Operations Report with the Board. He summarized information about the number of connections in the District and in the regional system. He reported 96.29% accountability of water purchased from the Authority and pumped from the wells in the regional water distribution system. He stated that the regional wastewater treatment plant (the "Plant") had operated within the limits of the parameters in the Permit to Dispose of Wastes for the reporting period.

Reviewing work performed during the past month, Mr. Chapline next presented a proposal from Neil Technical Services, Corp. ("NTS") to replace two lift pumps at Lift Station 3 ("LS3") with Flygt brand pumps in the amount of \$17,750.00. The proposal is a part of the Operations Report. After discussion, upon a motion duly made and

seconded, the Board voted unanimously to accept the proposal from NTS to replace the two lift pumps at LS3 in the District.

Mr. Chapline presented a request from Deanna Williams of 7411 Crystal Blue Lane in the District regarding poor air quality around the Plant. He stated that Ms. Williams complained that the odor emanating from the Plant site in the District is unbearable and she requested that the District take any necessary actions to remedy the cause of the smell. Ms. Bonham informed the Board that she will respond to Ms. Williams about the possible causes of the odor and the District's efforts to respond to the complaint.

Then Mr. Chapline called the Board's attention to the Delinquent Letter Accounts Listing of customers who were delinquent in the payment of amounts due to the District for water and sewer services, as included in the Operations Report. He assured the Board that all notifications had been provided to the customers, as required pursuant to the District's Consolidated Rate Order. The Board observed that there were no persons present to protest their billing from the District. After review, upon a motion duly made and seconded, the Board voted unanimously to authorize termination of services to the accounts that remained unpaid on the deadline date.

Upon a motion duly made and seconded, the Board voted unanimously to accept the Operations Report. A copy of the Operations Report is attached to and shall be considered to be part of these minutes.

Next, Ms. Bonham reviewed the Monthly Status Report with the Board. She said that G&A Boring Directional, the contractor for the construction of underground utilities for the 8.378-acre tract, has installed the waterline and is currently installing the force main.

Ms. Bonham informed the Board that Jones & Carter will hold the annual Municipal Separate Storm Sewer System Operator Training on Wednesday, 19 June 2019. She added that a draft of the Storm Water Permit application is complete and will be presented at the July Board meeting.

Ms. Bonham reported that Jones & Carter received the executed proposal from Blackline LLC to complete the construction management of the commercial utility and paving extension for the Grand Mission Commercial Development. She stated that Rodriguez Construction Group, LLC should begin construction of the project soon.

Reviewing the Monthly Status Report for the regional facilities, Ms. Bonham called attention to the CDC Unlimited, LLC ("CDC") invoice for maintenance of the detention facilities, including mowing and debris removal. She told the Board that Jones & Carter will submit the plans and specifications for the water plant number three expansion to the Texas Commission on Environmental Quality (the "TCEQ") for review before the end of June.

Regarding the expansion of the Plant, Ms. Bonham reported that Jones & Carter had just received Pay Estimate No. 6 in the total amount of \$218,748.09 from T&C Construction, Ltd. ("T&C"). She added that T&C had also submitted Change Order No. 3 in the amount of \$19,000.00 relating to the change in pump manufacturer and including a credit for the cost of the fine bubble diffuser. A copy of the payment request and change order are attached as exhibits to the minutes. Ms. Bonham listed the work performed by T&C in recent months. She stated that the contract should be complete by the end of the year.

Ms. Bonham then told the Board that Jones & Carter received the draft Permit for the Plant from the TCEQ. She stated that she will publish the public notice of the permit as required later in June.

Ms. Bonham informed the Board that a large sinkhole within the Plant site near the influent manhole led to the discovery of the failure of a 24-foot deep manhole at that location. She reported that Jones & Carter notified the TCEQ of the necessity of an emergency repair and a request to waive competitive bidding requirements due to the emergency nature of the repair. A copy of the letter to the TCEQ is attached as an exhibit to these minutes. Ms. Bonham added that the TCEQ approved the repair by letter dated 6 June 2019, a copy of which is attached as an exhibit to these minutes. She estimated the cost of the repair of the manhole at the Plant to be \$250,000. Director Rubin noted that the cost of the repair should be in the current fiscal year's budget.

Ms. Bonham next presented an update to Jones & Carter's Professional Services Agreement ("PSA") to increase fees due to an increase in regulations and the cost of doing business. She reviewed a summary of the changes to the PSA, a copy of which is attached to the minutes. Upon a motion duly made and seconded, the Board voted unanimously to approve the updated PSA between the District and Jones & Carter. A copy of the PSA is attached as an exhibit to the minutes.

In connection with the Regional Detention Pond Rehabilitation (the "Rehabilitation"), Ms. Bonham reminded the Board that when the District advertised for bids earlier in the year, the bids came in higher than projected. She stated that Jones & Carter is now requesting authorization to re-advertise for bids for the project.

After review, upon a motion duly made and seconded, the Board voted unanimously to approve the payment to CDC, the payment to T&C for the Plant expansion, the change order for the Plant expansion, the emergency repair to the manhole at the Plant, the authorization to advertise for bids for the Rehabilitation, and the Monthly Status Report. A copy of the Monthly Status Report is attached to and shall be considered to be part of these minutes.

The Board next reviewed a memorandum prepared by Coats Rose containing a summary of bills passed during 86th Legislative Session in 2019.

After review of a proposal from Simple Recycling for free curbside pickup of clothing and home goods, the Board directed Coats Rose to forward the proposal from Simple Recycling to the Grand Mission Homeowners Association for review and action if appropriate. A copy of the proposal is attached as an exhibit to these minutes.

There being no further business to come before the Board, upon a motion duly made and seconded, the Board voted unanimously to adjourn.



Secretary, Board of Directors

