

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

14 October 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 14th day of October, 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) Blich	Secretary/Treasurer
Judson Brown	Assistant Secretary
Vicente M. Salazar III	Assistant Vice President and Assistant Secretary

and all of said persons were present, except Director Salazar, 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; Joseph Ellis of McCall Gibson Swedlund Barfoot PLLC ("McCall Gibson"), the District's Auditor; 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; Lynn Hodges, a resident of the District; 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 9 September 2019 regular Board of Directors meeting. Upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of 9 September 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 \$20,000 in revenues from the tax for bonded debt to the District's Debt Service Fund and \$6,723.14 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. Ms. Duarte noted that the District's 2018 levy was 99.50% collected. 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.

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 three months of the fiscal year ending 30 June 2020. Ms. Buckner added that \$195,000 was transferred from the District's Collection Account to the District's Operating Fund.

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 in a timely manner. 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.

The Board then reviewed a Patrol Activity Report for September 2019 under the Fort Bend County Contract Deputy Program (the "Deputy Program"). A copy of the Patrol Activity Report is attached as an exhibit to these minutes. Ms. Hodges addressed the Board regarding the Deputy Program. She distributed a report reflecting the patrol activity in the Grand Mission area during the months of April, May, and June, a copy of which is attached to these minutes. Ms. Hodges reported that she has numerous cameras positioned around her home so she is able to monitor the patrol activity in her area of the neighborhood, which she believes is lacking. Ms. Hodges expressed her intention to request a list of contacts of other districts from the Fort Bend County Constable (the "Constable") to determine whether those districts are satisfied with the performance of the Constables. She stated that she plans to return to report on the evaluations received from other districts regarding same.

Ms. Russell informed the Board that there was no North Fort Bend Water Authority (the "Authority") Memorandum for the 25 September 2019 meeting at this time.

The Board next reviewed the Monthly Report from Off Cinco regarding activity on the District's website. A copy of the report is attached as an exhibit hereto.

Then Mr. Ellis reviewed the Annual Financial Report for the District for the fiscal year ended 30 June 2019. He urged the Board to review the Management's Discussion and Analysis which constituted the Board's summary of the financial information for the District. Mr. Ellis called attention to the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, and he summarized activity in the District's accounts for the fiscal year. He noted that the ending balances in the District's Operating Fund, the Debt Service Fund, and the Construction Fund were favorable. Next, he summarized information about the special revenue funds for the regional Water Plants, the regional Wastewater Treatment Plant (the "Plant"), and the regional detention facilities.

Mr. Ellis then reviewed the Notes to Financial Statements. He said that the notes were essentially the same as last year. Reviewing the comparison of budgeted to actual revenues and expenditures, he observed that the budgeted amounts were close to the actual revenues and expenditures. Mr. Ellis stated that McCall Gibson has no recommendations for changes to the bookkeeping for the District and the regional facilities. He said that the District's accounting was complicated but that everything appeared to be in good order. In answer to a question from Director Rubin concerning the District's balances, Mr. Ellis replied that the District's fund balances are higher than most districts' balances.

The Board then completed the review of the Annual Financial Report for the year ended 30 June 2019. Upon a motion duly made and seconded, the Board voted unanimously to authorize McCall Gibson to finalize the Annual Financial Report; to authorize filing of the Annual Financial Report with the Texas Commission on Environmental Quality ("TCEQ") and other agencies as required; and to authorize execution of the Letter of Representations by the Board. A copy of the Letter of Representations is attached to these minutes as an exhibit. The draft Annual Financial Report and the final Annual Financial Report will be filed in the permanent records of the District.

Ms. Buckner next presented an amended operating budget for the fiscal year ending 30 June 2020 reflecting the 2019 tax rate for maintenance and operations. Upon a motion duly made and seconded, the Board voted unanimously to adopt the amended operating budget. A copy of the amended operating budget is attached to the Bookkeeper's Report.

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. Mr. Chapline reported 98.40% accountability of water purchased from the Authority and pumped from the wells in the regional water distribution system. He stated that the Plant had operated within the limits of the parameters in the Permit to Dispose of Wastes (the "Permit") for the reporting period. Mr. Chapline next informed the Board of the failure of a blower at the Plant. He presented a proposal from Neil Technical Services, Corp. ("NTS") in the amount of \$12,992 for repair of same, a copy of which is attached to the Operations Report.

Then Mr. Chapline called the Board's attention to the Delinquent Letter Accounts Listing of the accounts that 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.

Mr. Chapline also called attention to the Collection Accounts Detail Listing, as included in the Operations Report. He said that the account listed was scheduled to be written off the books and records of the District and turned over to a collection agency. Upon a motion duly made and seconded, the Board voted unanimously to authorize District Services to write off the account listed and turn it over for collection.

Upon a motion duly made and seconded, the Board voted unanimously to approve the proposal from NTS for repair of the blower at the Plant and 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 Engineer's Monthly Status Report with the Board. She said that G&A Boring Directional, the contractor for the construction of the extension of underground utilities to serve the 8.378-acre tract north of the Fort Bend Westpark Tollway, has completed the installation and testing of the facilities. Ms. Bonham noted that Jones & Carter will receive a report on the results of the testing and advise the Board of same.

Ms. Bonham informed the Board that the Storm Water Management Plan was submitted to the TCEQ on 16 July 2019. She explained that the District should receive the TCEQ's approval in October 2019.

Ms. Bonham reported that a pre-construction meeting among Blackline LLC; Rodriguez Construction Group, LLC; and Jones & Carter was held on 13 August 2019 in connection with completion of the construction management of the commercial utility and paving extension for the Grand Mission Commercial Development. She went on to explain that construction of the project has commenced and should be complete in October 2019.

Reviewing the Engineer's 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 presented the contracts for the detention pond rehabilitation (the "Rehab Project") between the District and Aranda Industries, LLC ("Aranda") to the Board for execution. Mr. Yale then presented the memorandum from Coats Rose concerning the bonds and insurance provided by Aranda. A copy of the memorandum is attached hereto.

Ms. Bonham informed the Board that Jones & Carter coordinated the inspection of Water Plant No. 1 ("WP 1"). She added that ground storage tank no. 1 and hydropneumatic tank no. 1 at Water Plant No. 2 ("WP 2") were inspected on 9 October 2019. She advised that a small crack was found on a seam in the hydropneumatic tank. Ms. Bonham reported that the inspection of the remainder of WP 1 and WP 2 is scheduled for 23 October 2019.

As to the expansion of the Water Plant No. 3 (the "Expansion"), Ms. Bonham presented the construction contracts for the Expansion between the District and W.W. Payton Corporation ("Payton") for execution. Mr. Yale then presented the memorandum from Coats Rose concerning the bonds and insurance provided by Payton. A copy of the memorandum is attached hereto.

Regarding the expansion of the Plant, Ms. Bonham told the Board that Jones & Carter had received Pay Estimate No. 10 in the total amount of \$348,651.00 from T&C Construction, Ltd. ("T&C"). A copy of the payment request is attached as an exhibit to the minutes. Ms. Bonham informed the Board of the work performed by T&C in recent months. She also reported that the current contract for the expansion of the Plant provides for the installation of crushed concrete for the driveway into the Plant. Ms. Bonham suggested that the Board consider changing the crushed concrete to solid concrete to reduce the amount of dust to nearby residences in the District. The Board agreed to address the change in the concrete at the November Board of Directors meeting.

Ms. Bonham told the Board that Jones & Carter received the renewal Permit for the Plant with an expiration date of 13 September 2024. She noted that copies of the Permit were distributed to District Services, Coats Rose, and participants in the Plant.

Ms. Bonham then requested approval to begin preparation of the plans and a bid package for the construction of a new eight-foot concrete fence around the Plant (the "Fence"). She explained that a representative of Jones & Carter met with District residents to review the proposed plans for the Fence. Ms. Bonham reported that the residents present at the meeting all approved the plans for the Fence as presented. She then informed the Board that Jones & Carter received another odor complaint about the Plant from residents who reside north of the Plant (the "North Side Residents"). Ms. Bonham said that Albert Lazcano of Jones & Carter met with the North Side Residents and explained the ongoing plans for expansion of the Plant, including equipment to address odor control. She stated that Mr. Lazcano also reviewed with the North Side Residents the plans for the Fence to be constructed around the Plant. Ms. Bonham noted that Jones & Carter will send a monthly update to the North Side Residents about the progress made on the expansion of the Plant.

After review, upon a motion duly made and seconded, the Board voted unanimously to authorize execution of the contracts for the Rehab Project between the District and Aranda, to authorize execution of the contracts for the Expansion between the District and Payton, approve the payment to CDC, approve the payment to T&C for

the Plant expansion, authorize preparation of the plans and bid package for construction of the Fence, and accept the Monthly Status Report. A copy of the Monthly Status Report is attached to and shall be considered to be part of these minutes.

Mr. Yale called attention to a letter from the TCEQ regarding a Notice of Violation for Compliance Evaluation Investigation at the Plant (the "Violation Notice"), a copy of which is attached as an exhibit to these minutes. Mr. Chapline explained that District Services responded by supplying all requested information and documentation to the TCEQ. Mr. Yale requested that a copy of the response be forwarded to Coats Rose for the District's records. A copy of District Service's response to the Violation Notice from the TCEQ 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