

SOUTHERN MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT
REGULAR BOARD OF DIRECTORS MEETING

Minutes of the Southern Montgomery County Municipal
Utility District Board of Directors Regular Meeting held
on Wednesday, June 17, 2020 at 6:00 P.M., at the
Southern Montgomery County Municipal Utility District
Office (Board Room), 25212 Interstate 45, Spring, Texas

The Meeting of the Southern Montgomery County Municipal Utility District Board of Directors was held at the time and on the date stated above at the Board Room of the Southern Montgomery County Municipal Utility District, 25212 Interstate 45, Spring, Texas. Notice of the meeting had been given by notifying members and posting the Agenda at the Southern Montgomery County Municipal Utility District Office and on the District's website.

The President called the meeting to order at 6:00 p.m. The following members were in attendance and constituted a quorum:

Bruce Harrison	President
Terry Davis	Vice President
Patrick Joseph Atkinson	Secretary
Constance Kaylor	Treasurer
Greg Belanger	Director

Also present were: Rick Moffatt, the District's Utility Systems/General Manager; Kimberly Wright, acting General Manager; Amber Hurd, the District's engineer; Pastor Jason Shepherd; Sergeant Aaron Sumrall; Jorge Estrada, the District's operator; and Lori G. Aylett, the District Legal Counsel via telephone.

EXECUTION OF CERTIFICATE AS TO POSTING OF NOTICE OF MEETING:

Director Atkinson confirmed that the Certificate as to posting the notice of the meeting was executed. A copy of the Certificate is attached hereto and made a part hereof and to which reference is hereby made for all purposes (Attachment A).

PLEDGE OF ALLEGIANCE, INVOCATION AND MOMENT OF SILENCE:

Director Harrison led those present in the Pledge of Allegiance to the United States and to Texas.

Director Davis led the invocation.

COMMENTS FROM THE PUBLIC (ITEMS NOT INCLUDED ON THE AGENDA):

There were no public comments for the Board's consideration.

MINUTES OF THE MAY 20, 2020 REGULAR MEETING:

The minutes of the regular meeting held May 20, 2020 were presented for the Board's review and approval. Upon motion made by Director Kaylor, seconded by Director Atkinson, the Board voted unanimously to approve the minutes as presented.

CONSIDER CHURCH PROJECT ANNEXATION:

The Board discussed the options for participating with Church Project on construction of a lift station to serve their tract which would be annexed into the District. The District can consider at least four options: 1) the parties could split the cost of the lift station with the District paying for half and the church paying for the other half; 2) each connecting party could pay a pro rata share of the lift station; 3) the District could pay 100% of the lift station; 4) the District could allow Church Project to construct an interim private lift station. Historically, the developer has paid for building all lift stations, which are then accepted by the District for permanent maintenance. However, the Board noted that the church was not operated for profit and was not in the position of a traditional developer and was instead simply trying to get service to its tract. The Board discussed the pros and cons of each option in some detail. The Board noted that with Option 2, any other landowner who uses the lift station subsequent to its construction would have pay a pro rata share, which would allow the District to recover costs and spread the burden to future users. Option 2 also requires the Church to pay for water and sewer line extensions as required of all

new developments. The Church could recover some of these costs by a separate agreement with the District based on pro-rata share of capacity in the lines if a future user is connected. After full discussion, upon motion made by Director Davis, seconded by Director Atkinson, the Board voted to offer Option Two to the Church Project for its annexation tract.

SHERIFF'S REPORT:

Sergeant Aaron Sumrall gave a report on the statistics of the Sheriff's activities, a copy of which is attached (Attachment B). They are still short one officer in the District's contract. The Board discussed deployment of the traffic trailer and mileage on the various District purchased vehicles. Upon motion made by Director Kaylor, seconded by Director Belanger, the Board voted unanimously to approve the Sheriff's Report as presented.

DISTRICT OPERATOR'S REPORT:

Jorge Estrada presented the District Operations Report, a copy of which is attached (Attachment C). The operator supervised a sludge haul and greased various valves at the sewage treatment plant. The variable frequency drives were relocated to a proper location and variable frequency drives were installed at Water Plant No. 3. The operator is getting an alarm from the SCADA system at Cathedral Lakes and is still investigating the source. The operator fixed a line hit by AT&T. At the Brownstone development, the operator repaired a leaking valve gasket and replaced a valve stack that was knocked off. A customer at 25527 Pecan Valley had sewer problems, and the operator determined that the reclaimed water line had been bored through at that location. Upon motion made by Director Atkinson, seconded by Director Davis, the Board voted unanimously to approve the Operator's Report as presented.

DISTRICT ENGINEER'S REPORT (INCLUDING BUT NOT LIMITED TO):

Amber Hurd presented the District Engineer's Report, a copy of which is attached (Attachment D). For design projects, at the Nursery Road utility extension Phase 2, the engineer is addressing City comments, but the plans cannot be resubmitted until the developer acquires a sanitary sewer easement.

At Cathedral Lakes, the water line upgrade plans have been submitted to the City of Houston. For Oak Ridge Section 3, the feasibility study has been completed.

The engineer next discussed construction projects. With regard to the Wastewater Treatment Plant Aeration Basin Walkway and Air Header Replacement project, the contractor plans to construct support footings during the week of June 15th. At Elevated Tank No. 2, the contractor has completed pouring concrete for the tank pedestal. The engineer presented Pay Estimate No. 4 in the amount of \$253,575.00 and recommended its approval. Upon motion made by Director Kaylor, seconded by Director Belanger, the Board voted unanimously to approve the pay estimate as presented.

In development projects, the church is continuing fill operations at the Cathedral Lakes detention ponds on the east and west sides of the pond. At the Basilica Bay extension, close-out documents have been submitted to the County and the General Manager, and the plat has been recorded for Alta Cathedral Lakes.

Upon motion made by Director Davis, seconded by Director Atkinson, the Board voted unanimously to approve the Engineer's Report as presented.

GENERAL MANAGER'S REPORT:

Kimberly Wright presented the General Manager's Report, a copy of which is attached (Attachment E). Office personnel is still in holding pattern with regard to termination of water services, which have been suspended since the start of the COVID 19 pandemic. Donna Smith is exploring the use of a mobile app for billing payments, and if the District is an early adopter of this method of payment, the District may be able to use the application for free.

The General Manager updated drafts of the job descriptions and provided them to the Personnel Committee. The General Manager also researched provision of the Hepatitis B vaccination. It is the recommendation from CoAdvantage and follows OSHA standard that the District provide this to its employees. Upon motion made by Director Davis, seconded by Director Kaylor, the Board voted unanimously to offer vaccinations for occupational exposures as recommended by a health care physician to employees at the District's cost.

Stephanie Miller is developing a safety program, which should be available by September. The staff is working to develop a Preliminary Wastewater Treatment Plant Preliminary Budget, which should be available at the July meeting. The transition of duties between Rick Moffatt and Kim Wright continues to go well. With the Board's approval, Kim Wright can begin to take on some of Rick Moffatt's duties, such as the Investment Officer and Records Management Officer. Ms. Wright presented a schedule for upcoming tours of plant facilities.

In joint districts and partnerships, the San Jacinto River Authority did not raise their rates for this fiscal year. The Texas Water Development Board has approved Lone Star Groundwater Conservation District's management plan. The Texas Water Development Board is seeking nominations for individuals to serve on the Regional Flood Planning Group. The Board considered the qualifications of Stephanie Zertuche. Upon motion made by Director Atkinson, seconded by Director Davis, the Board voted unanimously to nominate Stephanie Zertuche to serve on the Regional Flood Management Group for the Texas Water Development Board.

The Truth-in-Taxation packet was received from the Montgomery County Tax Assessor/Collector, and the General Manager will provide them with key dates in the District's tax rate setting process, as well as information on debt service payments. Upon motion made by Director Kaylor, seconded by Director Davis, the Board voted unanimously to approve the General Manager's Report as presented.

UTILITY SYSTEMS MANAGER'S REPORT:

Rick Moffatt presented the Utility Systems Manager's Report, a copy of which is attached (Attachment F).

a) Commitments. The Board reviewed Commitment No. 379 to the Montgomery County Sheriff's substation. The substation will use 11 ESFCs of water and ten of sewer. This is actually less than what was previously allocated to the tracts. The attorney will work with the County Attorney for Montgomery County to determine whether platting of the tract will be necessary. Upon unanimous vote, the Board approved issuance of the utility commitment as presented. Mr. Nassir Ali contacted the Utility System's Manager about the possible annexation of a tract at Rayford Road and Geneva. The Utility

System's Manager provided information regarding costs for service of the tract, including impact fees. The Board discussed provision of services to Commitment 18R. The owner has failed to plat the tract within the time frame outlined previously by the Board. Upon motion made by Director Davis, seconded by Director Kaylor, the Board voted unanimously to authorize termination of services to the tract if the owner fails to provide evidence of platting.

The Board next discussed a District construction and maintenance project. A final inspection was done on the Reclaimed Water System Phase 4 project this morning. The Utility System's Manager presented Pay Application No. 5 in the amount of \$51,898.50 and recommended its approval. Upon motion made by Director Belanger, seconded by Director Kaylor, the Board voted unanimously to approve the pay estimate as presented.

The Utility System's Manager presented options for closure of Brookhaven Drive behind the District's offices. The Board considered closure options, but the Board agreed to take the matter under advisement.

Upon motion made by Director Belanger, seconded by Director Davis, the Board voted unanimously to approve the Utility Systems Manager's Report as presented.

APPOINT NEW INVESTMENT OFFICER:

The Board discussed the appointment of a new Investment Officer. The Board agreed to table the appointment until after the conclusion of the executive session.

RATE ORDER:

There was presented the attached Order Establishing Utility Rates and Adopting Rules and Regulations Relating to the Administration of its Utility Services and Establishing Penalties for Violation of those Rules and Regulations, sometimes referred to as the Rate Order (Attachment G). Upon motion made by Director Atkinson, seconded by Director Kaylor, the Board voted unanimously to approve the Rate Order as presented.

UNCLAIMED PROPERTY REPORT:

The Board reviewed an Unclaimed Property Report. Upon motion made by Director Belanger,

seconded by Director Davis, the Board voted unanimously to authorize submission of the Unclaimed Property Report to the Texas Comptroller.

REVIEW ETHICS LETTER AND UPDATE BY INVESTMENT OFFICER:

The Board discussed the ethics letter and update by the investment officer but agreed to table it until after the executive session.

REVIEW AND UPDATE, AS NECESSARY, DIRECTOR AND EMPLOYEE ETHICS MEMOS:

The Board reviewed Director and employee ethics memoranda. All Directors and employees completed conflict of interest questionnaires, noting no conflicts, with one exception: Director Harrison indicated that he was employed by Montgomery County and the District has a contract for law enforcement with Montgomery County.

REVIEW ETHICS POLICY:

The Board reviewed the Ethics Policy. The Board noted no changes to the existing policy.

PETITION TO CITY OF HOUSTON FOR ANNEXATION OF LAND:

The Board reviewed a Petition to the City of Houston for Annexation. Upon motion made by Director Kaylor, seconded by Director Davis, the Board voted unanimously to approve the Petition to the City of Houston for Annexation as presented.

COMMITTEE MEMBER REPORTS:

The Board discussed committee reports. Director Harrison noted that he had not recently attended any Oak Ridge North City Council meetings. Connie Kaylor stated that she had attended a recent Drainage District No. 6 meeting, which was uneventful. They appear to be buying a detention tract on Richards Road. Joe Atkinson discussed a person who was requesting water samples in his neighborhood. The Utility Systems Manager noted that these salespeople are not affiliated with the District and are requesting samples in an effort to sell water softening systems.

EXECUTIVE SESSION:

At 7:48 p.m., the Board convened in executive session pursuant to Texas Government Code §551.074 to discuss personnel matters. At 8:16 p.m., the Board reconvened in regular session.

PERSONNEL MATTERS:

Upon motion made by Director Davis, seconded by Director Kaylor, the Board voted unanimously to accept new job descriptions as written and the District organizational chart.

AUTHORIZE TRANSITION OF GENERAL MANAGER AND TAKE ACTION AS NEEDED FOR ITEMS DISCUSSED IN EXECUTIVE SESSION:

Upon motion made by Director Davis, seconded by Director Kaylor, the Board voted unanimously to appoint Kim Wright as the General Manager, removing her designation as "interim" and authorized her to be added to all banking and credit card accounts as General Manager in the place of Rick Moffatt.

APPOINT NEW INVESTMENT OFFICER:

Upon motion made by Director Davis, seconded by Director Belanger, the Board voted unanimously to appoint Kim Wright as investment officer, to act in the place of Rick Moffatt.

REVIEW ETHICS LETTER AND UPDATE BY INVESTMENT OFFICER:

The Board reviewed the ethics letter and update by Investment Officer Kim Wright. Ms. Wright completed the ethics disclosure and noted no personal business relationships. Upon motion made by Director Davis, seconded by Director Kaylor, the Board voted unanimously to accept the Investment Officer Disclosure and authorize its filing with the Texas Ethics Commission and in the District's records as required by law.

BOOKKEEPER'S REPORT:

The Board reviewed invoices and bills of the District. A Bookkeeper's Report and a list of the bills and checks is attached (Attachment H). Upon motion made by Director Kaylor, seconded by Director Davis, the Board voted unanimously to approve payment of the bills.

ADJOURN:

There being no further business for the consideration of the Board, upon motion made by Director Kaylor, seconded by Director Davis, and unanimously carried, the meeting was adjourned at 8:38 p.m.

APPROVED this the 15th day of July, A.D., 2020.

SEAL:



BH
Bruce Harrison President

Patrick J. Atkinson
Patrick Joseph Atkinson Secretary

- Attachment A: Certificate of Posting of Notice of Meeting
- Attachment B: Sheriff's Report
- Attachment C: Operator's Report
- Attachment D: Engineer's Report
- Attachment E: General Manager's Report
- Attachment F: Utility Systems Manager's Report
- Attachment G: Rate Order
- Attachment H: Bookkeeper's Report