

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, February 24, 2021 at 6:00 P.M.,
via video and telephone conference.

The Meeting of the Southern Montgomery County Municipal Utility District Board of Directors was held at the time and on the date stated above via video and telephone conference. 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.

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

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|-------------------------|----------------|
| Terry Davis | Vice President |
| Patrick Joseph Atkinson | Secretary |
| Constance Kaylor | Treasurer |
| Greg Belanger | Director |

Also present were: Kimberly Wright, the District's General Manager; Jorge Avila and Tim Gordy, the District's Operators; Donna Smith, Administrative and Customer Service Manager; Sergeant Aaron Sumrall; Mr. Aaron Alford, representing Woodmere Development Company; Ms. Amber Hurd, the District Engineer; Ms. Zuanny Rebollar, P&Z Logistics, Inc., Mr. Jeff Martin, P&Z Logistics, Inc.; Mr. Max Marino, Lucky Acre; Mr. Gordon Jones, Chipotle; Mr. Paul Gaucher, Chipotle; and Lori G. Aylett, the District Legal Counsel.

CALL TO ORDER:

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).

INVOCATION:

Director Belanger led the invocation.

PLEDGE OF ALLEGIANCE:

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

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

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

BREIFINGS AND PRESENTATIONS:

a) ZM Commercial Investments. The Board reviewed a status report from ZM Commercial Investments. The Board reminded their representative that timely updates must be provided to the General Manager throughout the development process.

REGULAR AGENDA:

a) Notice of Hearing. The Board opened a public hearing on alleged violations of the District's' policies by Lucky Acre. The General Manager reported on the facts and circumstances surrounding the alleged violations. The property was occupied before all the punch list items were completed, in contravention of the District's policies and explicit instructions. The General Manager noted that the owner has been cooperative since receiving the Notice of Hearing, but there is still one outstanding issue about a possible storm sewer infiltration. Mr. Max Marino addressed the Board of Directors and stated that he was the owner of the project and was completely unaware that there was any issue until the Notice of Violation was received. His builder had informed him that everything had been taken care of, and the owner promised to have all outstanding issues resolved by Friday. He apologized for the oversight. After a thorough deliberation regarding the violation, upon motion made by Director Belanger, seconded by Director Atkinson, the Board voted unanimously to levy a penalty of \$2,000 for the

violation.

The Board opened a hearing on alleged Rate Order violations by Chipotle. The General Manager described the facts and circumstances surrounding the alleged violation and noted that they had occupied the premises before the punch list items were complete. They had been apprised of the Rate Order requirements and notified several times during the development process not to occupy the facility until all punchlist items were complete. Mr. Gordon Jones addressed the Board of Directors. He works with BE Sawdust Limited, the single tenant in the lease. His team constructed the building. Mr. Paul Gaucher also addressed the Board and apologized for the oversight. He noted that at the end of the construction, the contractor could not final out their contract until Chipotle came in to finish the kitchen interior. Chipotle opened with the fire and health department inspections, and it had been their belief that they had completed all inspections. He stated that it was honest and unintentional mistake. The General Manager noted that Chipotle had been very cooperative since being notified of the violation and had resolved all issues. Representatives of Chipotle apologized to the Board for the violation. The Board discussed the facts and circumstances in some detail. At the conclusion of the discussion, upon motion made by Director Atkinson, seconded by Director Belanger, the Board voted unanimously to levy a \$1,000 penalty against Chipotle.

b) Annexation. The Board discussed the annexation agreement for the Bahr tract. Aaron Alford stated that they are not planning to close the purchase of the land until April. Their land plan calls for development of 197 lots, but this number may go up or down slightly. The Board requested that the developer finalize the number of lots, and the District will place the item back on the agenda for March or April.

c) Approval of Minutes. The minutes of the regular meeting held January 20, 2021 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.

The minutes of the special meeting held January 27, 2021 were presented for the Board's review and approval. Upon motion made by Director Kaylor, seconded by Director Belanger, the Board voted

unanimously to approve the minutes as presented.

d) Sheriff's Report. Sergeant Aaron Sumrall presented the Sheriff's report, a copy of which is attached (Attachment B). There is a full slate of deputies in the District's contract. In accordance with the Board's previous approval, the Sheriff has begun the process of trying to purchase new vehicles. However, the contractor is unable to give a time frame on when the vehicles can be delivered. Upon motion made by Director Atkinson, seconded by Director Kaylor, the Board voted unanimously to approve the Sherriff's report as presented.

e) District Operator's Report. Jorge Avila and Tim Gordy presented the Operator's Report, a copy of which is attached (Attachment C). The Board commended the District operators on a job well done during the winter storm. The Board stated that they knew it was very difficult to keep water pressure up during that situation, and all employees were to be commended. The operator provided a detailed explanation of activities undertaken during the freezing weather and District equipment that needed to be repaired. In response to a question from the Board, Tim Gordy reported that the incident involving the fish kill at the wastewater treatment plant has been resolved to the Texas Commission on Environmental Quality's satisfaction. After discussion, upon motion made by Director Kaylor, seconded by Director Belanger, the Board voted unanimously to approve the operator's report as presented.

f) District Engineer's Report. Amber Hurd presented the District Engineer's Report, a copy of which is attached (Attachment D). She stated that she had requested that representatives of P&Z Logistics attend the meeting to discuss recent issues regarding their contract work in the District. P&Z Logistics has completed the installation of the water line, but there were issues with their installation. They hit some of the District's facilities during construction. Mr. Martin addressed the Board and stated that they have changed foreman since the incident. Jorge Avila stated that additional problems had been caused because the contractor had initially told the operator that the force main that they hit had been repaired. It was not fixed properly and as a result, the operator had to respond to an emergency call-out. The operator confirmed that the repair is now complete. The contractor assured the Board that they had the matter well in hand and would complete the job with no further issues.

Ms. Hurd then presented an overview of the bid tab for the Water Well No. 1 Rehabilitation. She recommended awarding the contract to Weisinger for \$60,198 for the Water Well No. 1 rehabilitation. Upon motion made by Director Atkinson, seconded by Director Kaylor, the Board voted unanimously to approve awarding the contract to Wesinger.

Design plans for the utility improvements for Oak Ridge North Section No. 3 are 50% complete. When the plans are at 60%, they will be submitted to the District, County, City of Houston, and private utilities. Ms. Hurd and the Cobb Fendley team continues work on the ten-year capital improvements plan. She provided that a meeting has been scheduled with District personnel next week to discuss AWIA compliance and the required Risk and Resilience Assessment.

Ms. Hurd then presented Pay Estimate No. 12 for the elevated storage tank in the amount of \$135,697.50 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 LOMR was received for the Cathedral Lakes subdivision, and the Brown plat has been resubmitted to the City of Houston.

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

g) General Manager's Report. Kimberly Wright presented the General Manager's Report, a copy of which is attached (Attachment E). Stefanie Miller and Bonita Chatham sent out second notices to persons who have not completed back-flow preventer annual inspections. She provided that Ms. Miller will proceed with sending out the third notices in the near future. She reminded the Board that services will be discontinued for non-compliance with the District's Rate Order. Ms. Wright continued by providing that the District would have scheduled disconnections for non-payment for the billing period of November through January at this time, but the Board agreed that it was not appropriate to disconnect services this soon after the winter storm. The General Manager then provided that it is possible that due to the weather event and leaks, an increase in requests for adjustments and payment plans are anticipated. She provided that staff will monitor the volume of requests and, if necessary, provide a

recommendation for the Board's consideration on how such requests should be handled.

The General Manager presented a proposal for conducting a valve survey throughout the District. It will take approximately 150 hours for District personnel to do the work, and much of the work will need to be performed outside of regular business hours, requiring \$7,000 to \$8,000 of overtime. The Board noted that the project was well worth the District's time and money, as it will identify missing valves, provide additional attribute information, identify issues for the issuance of work orders, and reconcile current data in the District's GPS system. Upon motion made by Director Atkinson, seconded by Director Kaylor, the Board voted unanimously to conduct the in-house valve survey.

Ms. Wright then described the Mobile Service Application available through Tyler Technologies. She discussed the benefit of field staff having access to live data in the field. She provided that the cost for the module is \$1,400.00. Ms. Wright continued by explaining that Tyler will also be rolling out an asset management module for testing in the near future. After speaking with Tyler, there may be an opportunity for the District to participate as an early adopter at no cost and/or at a reduced rate. The Board voted unanimously to authorize staff to move forward with the Mobile Service Application. Ms. Wright will continue to provide updates on the status of the asset management application.

The General Manager presented the health insurance renewal proposal. This year, there was a reduction in premium cost for renewal of the policy with minor changes. The General Manager did not recommend any changes to the current coverage. Upon motion made by Director Atkinson, seconded by Director Belanger, the Board voted unanimously to approve the health insurance renewal proposal as presented.

The General Manager discussed the GIS program and its continuing importance to the District going forward. The District spent considerable costs adding technology for utilization of the GIS system. The District's engineer is trying to work off the backlog of GIS data that needs to be entered. Ms. Wright provided information to the Board reflecting total consulting costs for the last few years related to the implementation and updates to GIS and what the District could pay to add an employee to have someone dedicated to this effort and to assist in other areas as well. Ms. Wright provided that no action was

required at this time, but she requested the Board review the information provided so that they are informed on the GIS costs spent by the District and the potential costs if desired that the tasks be handled in-house. She provided that staff will continue to work with the consultants to accomplish the GIS tasks identified. Director Davis noted that it was his position that the District should not hire an employee for a "catch up" job if the employee's services will not be needed after a short period of time, such as one or two years.

Ms. Wright provided an update on the meeting with the Regional Subsidence and Groundwater Research Consortium. One recommendation provided by the Science Advisory Committee is that more GPS stations be installed in the southern part of Montgomery County to monitor water levels and subsidence. The preliminary cost per station is anticipated to be approximately \$10,000 each and \$1,000 per year to monitor. The Board indicated that they were interested in participating in the cost of installation and monitoring of such a station and/or stations, since it can provide data to the District and other entities regarding water levels and the potential for subsidence. Director Atkinson noted that he had attended the recent GMA-14 meeting and that more information would be provided later in the meeting, but he wanted to note that while they are working to develop desired future conditions (DFCs), it appears that Lone Star will not be in favor of any DFC that includes a subsidence component. Upon motion made by Director Belanger, seconded by Director Atkinson, the Board voted unanimously to approve the General Manager's report as presented.

h) Discuss inquiring with ORN if they have an interest in the Reclaimed Water Project. The General Manager asked if the City of Oak Ridge North should be approached about participating in construction of reclaimed water lines in their boundaries. The Board members noted that this had been discussed in the past with their officials, but there is a new City manager and new council members so it would be worth approaching them again.

i) Cyber Security Training for the Directors. Lori Aylett discussed the requirement for cyber security training and provided information regarding the deadlines and potential sources for approved training.

j) Resolution Authorizing Challenge of the Appraisal Roll. There was presented the attached Resolution Authorizing Challenge to Appraisal Roll (Attachment F). The attorney noted that the preliminary tax roll comes out in May, and the tax assessor has a limited amount of time to challenge any errors or omissions that are found on the preliminary roll. The tax assessor should be authorized to make such challenges on the District's behalf. Upon motion made by Director Belanger, seconded by Director Atkinson, the Board approved the resolution as presented.

k) Annual Report to Texas Comptroller Pursuant to SB625 (Texas Local Government Code, Chapter 203, Subchapter D). The attorney for the District then discussed with the Board the requirements of Senate Bill 625. The law requires districts to annually provide certain records and information concerning the District's finances and tax rates to the Texas Comptroller of Public Accounts. The comptroller has created a special information database on their website, where the information will be assembled, updated, and made available to the public free of charge. The required information is already publicly available in other places, but the law requires submission of the information to the comptroller. The information includes the name of the District, the names of the Board members, any employees, addresses, websites if applicable, names of certain consultants, the total amount of bonds authorized by District voters, the aggregate principal amount of bonds issued, the tax rate, and audited financial information. Upon motion made by Director Atkinson, seconded by Director Kaylor, the Board authorized the attorney to prepare and file the required report by the April 1, 2021 deadline.

EXECUTIVE SESSION:

At 8:36 p.m., the Board convened in executive session pursuant to Texas Government Code §551.071 to receive advice from the attorney regarding attorney client privileged matters and §551.074 to discuss personnel matters. At 8:58 p.m., the Board reconvened in regular session. Upon motion made by Director Atkinson, seconded by Director Kaylor, the Board voted unanimously to authorize installation of signs at all District plants and facilities prohibiting open and concealed carry weapons.

COMMITTEE MEMBER REPORTS:

The Board considered committee member reports. Director Kaylor attended the DD6 meeting.

Director Atkinson gave a further report on GMA-14 activities. He stated that they never discussed the impact of using surface water on subsidence. He suggested that Board members consider attending the Lone Star Groundwater Conservation meetings.

FINANCIAL REPORTING AND DISBURSEMENTS:

Upon motion made by Director Kaylor, seconded by Director Atkinson, the Board voted unanimously to approve the bookkeeper's report as presented (Attachment G).

ADJOURN:

There being no further business for the consideration of the Board, upon motion made by Director Kaylor, seconded by Director Belanger, and unanimously carried, the meeting was adjourned at 9:25 p.m.

APPROVED this the 17th day of March, A.D., 2021.



Bruce Harrison President

SEAL:



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/Utility Systems Report
- Attachment F: Resolution Authorizing Challenge to Appraisal Roll
- Attachment G: Bookkeeper's Report