

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, March 17, 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.

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: Kimberly Wright, the District's General Manager; Jorge Avila and Tim Gordy, the District's Operators; Sergeant Aaron Sumrall; Mr. Jason Eldridge, District Engineer; Ms. Donna Smith, Administrative and Customer Service Manager; Mr. Art Smalley; and Lori G. Aylett, the District's 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 Davis led the invocation.

PLEDGE OF ALLEGIANCE:

Director Harrison 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.

REGULAR AGENDA:

a) Notice of Hearing – A&J Smalley, L.P. Kim Wright addressed the Board regarding alleged violations of the Rate Order by A&J Smalley. They began demolition on their site and concluded without plugging the sewer line at the property line. The District advised Mr. Smalley on several occasions of the requirements, and he did not schedule inspections with the District. Eventually, the District performed the work to plug the line at a cost of \$500.

Art Smalley stated that the District's allegations were not accurate. He stated that he capped the line inside the property line. District Operator Jorge Avila stated that the line had not been capped at the proper location, and the last time Mr. Avila discussed the matter with the construction contractors, the operator advised them of the location to cap and assisted the contractors by marking it. Mr. Smalley stated that he never got that message and has since paid the inspection fees. After discussion, Director Atkinson made a motion to charge Mr. Smalley \$500 cost to cap the line with no penalty. The motion died for a lack of a second. Upon motion made by Director Belanger, seconded by Director Atkinson, the Board voted with a vote of four to one, with Director Davis opposing, to charge the \$500 capping cost and a \$500 penalty.

b) Approval of Minutes. The minutes of the regular meeting held February 24, 2021 were

presented for the Board's review and approval. Upon motion made by Director Davis, seconded by Director Belanger, the Board voted unanimously to approve the minutes as presented.

c) Sheriff's Report. Sergeant Aaron Sumrall presented the Sheriff's report, a copy of which is attached (Attachment B). The Sherriff reported on activities in the District. One major sting occurred at a massage parlor where prostitution was allegedly occurring. Arrests were made, and the facility was shut down. After discussion, upon motion made by Director Belanger, seconded by Director Atkinson, the Board voted unanimously to approve the Sherriff's report as presented.

d) District Operator's Report. Jorge Avila and Tim Gordy presented the Operator's Report, a copy of which is attached (Attachment C). The District received correspondence from the Texas Commission on Environmental Quality regarding the chlorine discharge and corresponding fish kill. Their investigation is complete, and the matter may be sent to enforcement.

The Operator reported on events related to the winter storm and noted that the Sulphur Dioxide line froze under the ground, and this issue will cause a permit violation. The Operator is laying a replacement line that is smaller in diameter with more insulation. Director Harrison requested that the operator prepare a list of all action items for improvement or repair to District facilities that have come to the Operator's attention due the winter storm.

Tim Gordy also reported that there was a leak underneath the effluent channel. With the new elevated storage tank online, the water tanks at Water Plant No. 2 overflowed, and adjustments were made as necessary. The Operator also plans to have the main lift station vacuumed. After discussion, upon motion made by Director Kaylor, seconded by Director Atkinson, the Board voted unanimously to approve the Operator's Report as presented.

e) District Engineer's Report. Jason Eldridge presented the District Engineer's Report, a copy of which is attached (Attachment D). The well rehabilitation contract for Water Well No. 1 has been prepared, and the contractor Weisinger is in the process of getting bonds and insurance in place.

The design for the Oak Ridge North Section No. 3 utility improvements are approximately 50% complete. At Cathedral Lakes, the contractor, P&Z Logistics, is continuing to have issues. They had

anticipated that certain lines would be without water for six to eight hours, and the work was scheduled for the weekend to minimize disruption to customers on the line. Instead, the job took 18 hours. There has been a lack of communication between contractors and District employees. In several instances, the contractor has operated District water valves without notification. The Board discussed the contractor's performance in some detail and noted that they would continue to monitor the situation closely. The District is withholding the 10% retainage on their contract. The engineer presented Pay Estimate No. 1 to P&Z Logistics in the amount of \$116,676 and recommended its payment. Upon motion made by Director Davis, seconded by Director Atkinson, the Board voted unanimously to approve the pay estimate as presented. The engineer presented Change Order No. 1 to same contract in the amount of \$6,137.66 and recommended its approval. Upon motion made by Director Kaylor, seconded by Director Atkinson, the Board voted unanimously to approve the change order as presented.

Elevated Storage Tank No. 2 is full. Contractor Landmark is requesting additional contract days due to weather events beyond their control. Upon motion by Director Kaylor, seconded by Director Davis, the Board voted unanimously to grant the additional contract days requested. The engineer presented Pay Estimate No. 13 to the same contractor in the amount of \$71,219.25 and recommended its approval. Upon motion made by Director Belanger, seconded by Director Davis, the Board voted unanimously to approve the Pay Estimate No. 13 as presented.

The contractors are continuing to work at the Cathedral Lakes detention pond. Montgomery County is reviewing the LOMR for the Cathedral Lakes site, and the engineer is waiting on the City of Houston to review the Brown plat. Upon motion made by Director Kaylor, seconded by Director Davis, the Board voted unanimously to approve the engineer's report as presented.

f) Administrative and Customer Service Report. The Board reviewed the Administrative and Customer Service Report. The District has not received any requests for adjustment due to the winter storm, but if those are received, the office will develop a log for the Board's consideration. Staff is working on a reclaimed water flyer. The District provided wholesale water to several entities during the year, and water data was provided to all wholesale customers by the deadline so that those entities could

begin preparation of their Consumer Confidence Reports.

Ninety people are still on the list for non-compliance for the backflow prevention testing and inspections. These accounts will be fined \$500, and the services will be terminated on March 23, 2021. Five of the customers notified the District that they are attempting to make the replacements to their backflow prevention devices which were damaged during the winter storm, so that those accounts will not be terminated, as they have made contact with District staff. Stefanie Miller is ordering iPads for mobile use by operators. This will provide for use of the Mobile Service Order app, Field Logic app for capturing meter reads, and referencing GIS in the field. Upon motion made by Director Belanger, seconded by Director Kaylor, the Board voted unanimously to approve the Administrative and Customer Service Report as presented.

g) General Manager's Report. Kimberly Wright presented the General Manager's Report, a copy of which is attached (Attachment E). ZM did not update the General Manager on their status of their progress. The Board noted that they would take the matter up again next month if the contractor continued to be non-responsive.

Regarding new annexations, Dixon paid the annexation deposit, and the developer of the Bahr tract added lots to their development, and an updated draft of the annexation agreement should be on the next agenda, but is dependent on the updated information being received from the developer. The Church Project metes and bounds description has been provided to the District Engineer.

The General Manager recommended consideration of minor revisions to the Rate Order at a future meeting. The Board noted that they had not increased the waste collection fees in several years, while charges to the District by the trash collector have increased during that time. The Board directed the staff to draft revisions to the Rate Order including a possible \$5.00 increase.

Representatives of Lone Star Groundwater Conservation District will be in attendance at next week's Special Board Meeting. Staff continued discussions with the Regional Groundwater Science Partnership regarding the costs and the Science Advisory Council's input on locations for GPS stations to measure subsidence.

Ms. Wright reported on a sewer backup that occurred in a home in the District. The backup was caused by a blockage in the District's line. The District submitted a claim to the District's insurance company that was denied. The attorney noted that the District can obtain an endorsement to provide sewer backup coverage. The attorney advised that the District does have sovereign immunity, but most districts choose to pay homeowner deductibles for sewer backups that are caused by the District's line a gesture of good will. Kim Wright will investigate the cost of adding an endorsement to the District's insurance policies for additional coverage for sewer backups. Upon motion by Director Kaylor, seconded by Director Davis, the Board voted unanimous to approve the General Manager's report as presented.

h) Phase II (Small) MS4 Annual Report for Members of the South Montgomery County Storm Water Coalition. The Board discussed the Phase II (small) MS4 Annual Report for members of the South Montgomery County Stormwater Coalition. The attorney recommended approval of the information to be provided in the annual report and execution of the report by the Board President. Upon motion made by Director Davis, seconded by Director Kaylor, the Board voted unanimously to approve the information to be provided to Chris Johnson for the completion of the Phase II (Small) Annual MS4 Report and to authorize its submission to the TCEQ as required by law.

i) Engagement for Arbitrage Compliance Services Unlimited Tax Refunding Bonds Series 2016. The attorney presented the Annual Maintenance Report for the arbitrage rebate compliance and engagement letter for 5th year on the 2016 Bonds. The District is in compliance with all federal law regarding arbitrage and rebate matters. It is appropriate to engage Arbitrage Compliance Services to conduct a 5th year report on the 2016 Bonds. Upon motion made by Director Atkinson, seconded by Director Kaylor, the Board voted unanimously to approve the Arbitrage Rebate Compliance Report and Engagement Letter as presented.

EXECUTIVE SESSION:

At 8:28 p.m., the Board convened in executive session pursuant to Texas Government Code §551.074 to discuss personnel matters. At 8:41 p.m., the Board reconvened in regular session.

COMMITTEE MEMBER REPORTS:

The chair entertained committee member reports. With regard to GMA-14, Director Atkinson continues to attend their meetings. Everyone is eager to meet with Lone Star representatives next week.

There was a brief discussion regarding the Personnel Committee. Kim Wright stated that it has been helpful to meet with the Personnel Committee prior to each regular Board meeting so that minor items can be discussed and direction can be obtained. She encouraged other committees as the Board desires, to be engaged with finance and budgeting and/or other activities.

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 F).

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 9:20 p.m.

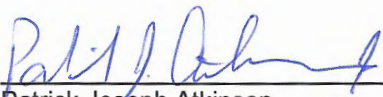
APPROVED this the 21st day of April, A.D., 2021.

SEAL:





Bruce Harrison President



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: Bookkeeper's Report