

MINUTES OF MEETING OF BOARD OF DIRECTORS
January 24, 2018

THE STATE OF TEXAS
COUNTY OF HARRIS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 322

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The board of directors (the "Board") of Harris County Municipal Utility District No. 322 (the "District") met in regular session, open to the public, at 1301 McKinney Street, Houston, Texas, on January 24, 2018, at 12:00 p.m.; whereupon the roll was called of the directors, to-wit:

Marc Newman, President
David Howell, Vice President
Johnny South, Secretary
Alison "Frizz" McGahan, Treasurer
Todd Griffin, Assistant Secretary

All members of the Board were present except Director Griffin. Also attending all or portions of the meeting were Ms. Kim Shelnutt of Myrtle Cruz, Inc., bookkeeper for the District; Mr. Jason Demel and Ms. Janet Dolan of Inframark Water Infrastructure Operations ("Inframak"), operators for the District; Ms. Michelle Guerrero of Bob Leared Interests, tax assessors and collectors for the District; Mr. Mark Swanson LJA Engineering, Inc., engineer for the District; and Ms. Jane Maher and Mr. Dimitri Millas of Norton Rose Fulbright US LLP ("NRF"), attorneys for the District.

The President called the meeting to order and, in accordance with notice posted pursuant to law, copies of certificates of posting of which are attached hereto as Exhibit "A," the following business was transacted:

1. **Review and approve minutes of meeting of December 21, 2017.** Proposed minutes of the meeting of December 21, 2017, previously distributed to the Board, were presented for review and approval. Upon motion by Director McGahan, seconded by Director South, after full discussion and having had the question put to the Board, the Board voted unanimously to approve the minutes of December 21, 2017, as presented.

2. **Public Comments.** There were no public comments.

3. **Adopt Order Calling Directors Election.** Mr. Millas presented to and reviewed with the Board the Order Calling Directors Election, a copy of which is attached hereto as Exhibit "B." Mr. Millas informed the Board that a Directors election is scheduled to occur on May 5, 2018.

Upon motion by Director South, seconded by Director Howell, after full discussion and having had the question put to the Board, the Board voted unanimously to adopt the Order Calling the Directors Election.

4. **Interlocal Agreement regarding centralized voting.** Mr. Millas presented to and reviewed with the Board the Resolution Approving Interlocal Agreement Regarding Election Procedures between the District, Harris County MUD No. 354, Harris County WCID No.

155, Harris County MUD No. 397 and Harris County MUD No. 396 ("Interlocal Agreement"), a copy of which is attached hereto as Exhibit "C." Mr. Millas stated that the agreement provides that the Fairfield districts will conduct their elections at the same polling place and during the same hours. He said that the districts which are required to hold elections will pay any election costs, and those districts which cancel their elections will not be responsible for the election costs.

Upon motion by Director McGahan, seconded by Director Howell, after full discussion and having had the question put to the Board, the Board voted unanimously to approve the Interlocal Agreement.

5. **Discuss website.** It was the consensus of the Board to further discuss the need for a website at the next meeting.

6. **Consider property tax exemptions.** The President recognized Mr. Millas, who reported that last year the Board granted a \$5,000 homestead property tax exemption for owners who are 65 years of age or older or who are disabled. Mr. Millas presented to and reviewed with the Board the Order Adopting Exemption from Taxation for Individuals Who Are Disabled or are 65 Years of Age or Older, a copy of which is attached hereto as Exhibit "D."

Upon motion by Director South, seconded by Director Howell, after full discussion and having had the question put to the Board, the Board voted unanimously to grant a \$5,000 homestead property tax exemption for those who are 65 years of age or older or who are disabled.

7. **Adopt Resolution Authorizing Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11, and 33.08 Tax Codes.** The President recognized Mr. Millas who presented to and reviewed with the Board the Resolution Authorizing Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11 and 33.08, Tax Code (the "Resolution"), a copy of which is attached hereto as Exhibit "E." Mr. Millas reported that the revenue collected by levying this penalty is used to pay the delinquent tax attorney for the services provided to the District.

Upon motion by Director South, seconded by Director McGahan, after full discussion and having had the question put to the Board, the Board voted unanimously to adopt the Resolution.

8. **Tax Assessor-Collector's Report, payment of certain bills, and any necessary action regarding delinquent accounts including termination of service.** The President recognized Ms. Guerrero, who presented to and reviewed with the Board the Tax Assessor-Collector's report for the month of December, a copy of which is attached hereto as Exhibit "F." Ms. Guerrero stated that 67.4% of the District's 2017 taxes had been collected as of December 31, 2017. She presented three checks for the Board's approval.

Upon motion by Director South, seconded by Director McGahan, after full discussion and having had the question put to the Board, the Board voted unanimously to accept the Tax Assessor-Collector's Report and to authorize payment of the expenditures listed therein.

9. **Authorize Tax Assessor to review SPA business list for City of Houston.** Upon motion by Director McGahan, seconded by Director Howell, after full discussion and the question being put to the Board, the Board voted unanimously to authorize Bob Leared Interests to review the SPA business list for City of Houston.

10. **Delinquent Tax report and Take Any Necessary Action Regarding Delinquent Accounts including Termination of Services.** There was no report.

11. **Report by District Operator, authorization of any necessary maintenance and termination of delinquent accounts.** The President recognized Mr. Demel, who introduced Ms. Dolan to the Board. He presented to and reviewed with the Board the Operator's Report, a copy of which is attached hereto as Exhibit "G."

Mr. Demel stated that the District's accountability for the month of December was 102%.

Mr. Demel requested authorization to turn two accounts with a balance of \$112.81 over to Collections Unlimited of Texas for collection.

Mr. Demel stated that there are 160 accounts on the delinquent list. Mr. Demel stated that he will verify if all the accounts are delinquent since the tag date was delayed due to weather.

Upon motion by Director South, seconded by Director McGahan, after full discussion and having had the question put to the Board, the Board voted unanimously to approve the Operator's Report, to turn two accounts with a balance of \$112.81 over to Collections Unlimited of Texas for collection, and to terminate the delinquent accounts in accordance with the rate order.

12. **Report on Joint Operations Council ("JOC").** The President reported on various approved projects at the JOC meeting.

13. **Engineer's Report, Capacity Commitment Letters, and other engineering activities.** The President recognized Mr. Swanson, who presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "H."

Mr. Swanson stated that for the Sanitary Sewer Rehabilitation for Chappell Ridge Section One and Garden Grove Section One, LJA has performed a preliminary review of the videos for the televised sanitary sewer system for the purpose of preparing an updated preliminary cost estimates and a proposal for engineering services. He stated that based on the bids for Inwood park Section One, the updated estimated cost of construction for Chappell Ridge Section One is \$110,000 with contingencies and the updated estimated cost of construction for Garden Grove Section One is \$170,000 with contingencies. He stated that LJA will prepare drawings and contracts with the goal of beginning construction in Spring of 2018.

Mr. Swanson stated that LJA received construction plans for review from Spartan Engineering Solutions for an AutoZone going in next to the Schlotzsky's off Cypresswood Drive. He stated that a check for \$2,500 review fee was received by the District's Bookkeeper. He stated LJA has not yet reviewed the plans.

14. **Report on Eminent Domain Filing.** The President recognized Mr. Millas, who stated that the District is required to file an annual report with the Texas Comptroller of Public Accounts to retain its right to eminent domain. He stated that NRF made this filing on behalf of the District. Upon motion by Director South, second by Director McGahan, after full discussion and the question being put to the Board, the Board voted unanimously to approve the filing of the Eminent Domain Report.

15. **Consider Arbitrage Engagement.** The Board reviewed an Engagement letter from Arbitrage Compliance, a copy of which is attached hereto as Exhibit "I." Upon motion by Director McGahan, seconded by Director Howell, after full discussion and the question being put to the Board, the Board voted by majority, with Director Newman opposing, to approve the engagement letter from Arbitrage Compliance.

16. **Bookkeeper's report, payment of bills, including review of budget, investment report and policy, and any necessary changes.** The President recognized Ms. Shelnutt, who presented to and reviewed with the Board the Bookkeeper's Report and monthly investment report, a copy of which is attached hereto as Exhibit "J."

Ms. Shelnutt presented 13 checks and nine deposit refunds for the Board's approval.

Upon motion by Director McGahan, seconded by Director Howell, after full discussion and having had the question put to the Board, the Board voted unanimously to accept the Bookkeeper's Report and to authorize the expenditures listed therein.

17. **Other Consultant Reports.** There were no reports.

18. **Next meeting date (February 16, 2018).** Ms. Maher noted that the agenda item has a typo and that the next meeting date is February 28, 2018. The Board set a tentative meeting date of February 28, 2018, at 12:00 p.m.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD,
the meeting was adjourned.

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The foregoing minutes were passed and approved by the Board of Directors on February 28, 2018.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

