

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 396
February 13, 2019

THE STATE OF TEXAS
COUNTY OF HARRIS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 396

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The board of directors (the "Board") of Harris County Municipal Utility District No. 396 (the "District") met in regular session, open to the public, at the offices of Norton Rose Fulbright, 1301 McKinney Street, Houston, Texas, on February 13, 2019, at 12:00 p.m.; whereupon the roll was called of the directors, to-wit:

Aldru Todd Aaron, President
Michael Brewer, Vice President
Chelsea Florack, Secretary
Tim Applewhite, Treasurer
James Brown, Assistant Secretary

All members of the Board were present. Also attending all or portions of the meeting were Ms. Robin Goin of Bob Leared Interests, Tax Assessor and Collector for the District; Ms. Kim Shelnett of Myrtle Cruz, Inc., Bookkeeper for the District; Ms. Cindy Fields of Brown & Gay Engineers, Inc. ("BGE"), Engineer for the District; Ms. Janet Dolan and Mr. Don Self of Inframark Water Infrastructure Operations ("Inframark"), Operators for the District; Mr. Bill Wilson, resident of the District; Ms. Julie Peak of Masterson Advisors ("Masterson"), financial advisor for the District; Mr. Michael Henn of Kudela & Weinheimer; and Ms. Kathleen Ellison and Ms. Amanda Dykmann of Norton Rose Fulbright US LLP ("NRF"), attorneys for the District.

The meeting was called 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. **Minutes.** The President opened discussion of the minutes of the meeting of January 9, 2019, previously distributed to the Board. Upon motion by Director Brown, seconded by Director Applewhite, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes, as presented.

2. **Approve Bookkeeper's Report, Payment of Bills, Including Review of Budget, Investment Report and Policy, and Any Necessary Changes.** The President recognized Ms. Shelnett, who presented to and reviewed with the Board the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "B." Ms. Shelnett presented nineteen checks and three deposit refunds for the Board's approval.

Upon motion by Director Applewhite, seconded by Director Florack, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Bookkeeper's Report and to authorize payment of the expenditures listed therein.

3. **Public Comments (3 minute limit).** The President welcomed Mr. Wilson to the meeting. Mr. Wilson complimented Inframark.

4. **Tax Assessor-Collector's Report, payment of bills, including any necessary requests for estimates of value, and water termination.** The President recognized Ms. Goin, who presented to and reviewed with the Board the Tax Assessor-Collector's Report for January, a copy of which is attached hereto as Exhibit "C." Ms. Goin reported that 96.2% of the District's 2018 taxes had been collected as of January 31, 2019. Ms. Goin presented two checks and two wire transfers for the Board's approval.

Upon motion by Director Florack, seconded by Director Brewer, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Tax Assessor-Collector's Report and to authorize the expenditures listed therein.

5. **Consider property tax exemptions.** The President recognized Ms. Ellison, who 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." Discussion ensued.

Upon motion by Director Brown, seconded by Director Applewhite, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Order Adopting Exemption from Taxation for Individuals Who are Disabled or are 65 Years of Age or Older, thereby granting an exemption of \$25,000 of the appraised value of residence homesteads for individuals who are disabled or are 65 years of age or older.

6. **Operator's Report, authorization of maintenance and termination of accounts.** The President recognized Ms. Dolan, who presented to and reviewed with the Board the Operator's Report for January, a copy of which is attached hereto as Exhibit "E."

Ms. Dolan stated that the Fairfield Districts' accountability for January was 99.9%.

Ms. Dolan stated that there are 16 delinquent accounts that will be tagged on February 11 and turned off on February 20.

Ms. Dolan reviewed the Fairfield call report and the District call report with the Board.

Upon motion by Director Brown, seconded by Director Florack, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operator's Report and terminate the delinquent accounts in accordance with the rate order

7. **Engineer's Report, authorization of any necessary engineering work or stormwater pollution prevention services.** The President recognized Ms. Fields, who presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "F."

Ms. Fields reported the cleaning and televising of the three oldest portions of the Regional sanitary sewer on Mason Road are complete. She said the results will be presented by Inframark at the next Joint Operations Council meeting.

Ms. Fields reported one-year warranty inspections are currently being held at Water Plant No. 1 on the two new hydropneumatic tanks. She stated tank no. 2 was inspected on January 23 and the contractor is currently addressing the resulting punchlist items. She said once that tank is back on-line, the other tank will be taken down and inspected.

Upon motion by Director Brown, seconded by Director Brewer, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report.

8. **Report on Joint Operations Council ("JOC").** Director Florack reported on various topics from the Joint Operations meeting.

9. **Sidewalk Project and any necessary action.** The President recognized Mr. Henn who presented to and reviewed with the Board the Landscape Architect's Report, a copy of which is attached hereto as Exhibit "G."

Mr. Henn presented for the Board's approval the Agreement between the District and Strickscapes, Inc. for the Schiel Road Sidewalk Project, a copy of which is attached hereto as Exhibit "H." He stated the cost of the project is \$21,376.04. Ms. Ellison stated she prepared the Agreement. Discussion ensued.

Upon motion by Director Brown, seconded by Director Brewer, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Agreement, contingent upon receipt of performance and payment bonds.

10. **Approve Order Authorizing Redemption of Bonds and any other action in connection with Bonds.** Ms. Peak presented to the Board three options for early redemption of maturities of the Unlimited Tax Bonds, Series 2012, from money in its general operation fund, copies of which are attached hereto as Exhibit "I." The Board decided to redeem the term bonds maturing on May 1, 2033 and May 1, 2036 in the aggregate principal amount of \$945,000. Ms. Ellison then presented to the Board an Order Authorizing Redemption of Bonds, a copy of which is attached hereto as Exhibit "J." Upon motion by Director Applewhite, seconded by Director Brown, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Order Authorizing Redemption of Bonds, thereby redeeming the May 1, 2033 and May 1, 2036 maturities of its Series 2012 Bonds on May 1, 2019 from moneys in its general fund.

11. **Approve Order Authorizing the Issuance of Unlimited Tax Refunding Bonds, Series 2019, a Bond Purchase Agreement, a Transfer and Paying Agency Agreement, a Deposit Letter, An Official Statement, and Authorizing the President or Vice President of the Board to Approve the Amounts, Interest Rates, Prices and Terms of the Bonds and Other Matters in Connection Therein.**

The President recognized Ms. Peak, who presented to and reviewed with the Board an updated refunding analysis, a copy of which is attached hereto as Exhibit "K." She said the Bonds qualified for bond insurance from Build America and also qualified for its green bond program.

Ms. Peak then reviewed with the Board an Underwriter Rankings, a copy of which is attached hereto as Exhibit "L." She discussed the underwriters and the Board decided to utilize SAMCO Capital Markets or George K. Baum. Upon inquiry from the President, Ms. Peak said she would contact the two underwriters and request proposals to determine the best fee.

Ms. Peak presented to and reviewed with the Board a Preliminary Official Statement, a copy of which is attached hereto as Exhibit "M."

Ms. Ellison presented to and reviewed with the Board the Order Authorizing the Issuance of Unlimited Tax Refunding Bonds, Series 2019, a Bond Purchase Agreement, a Transfer and Paying Agency Agreement, a Deposit Letter, An Official Statement, and Authorizing the President or Vice President of the Board to Approve the Amounts, Interest Rates, Prices and Terms of the Bonds and Other Matters in Connection Therein (the "Order"), a copy of which is attached hereto as Exhibit "N." She asked the Board to determine a minimum savings threshold for the Bonds. It was the consensus of the Board to set a minimum saving of 5.4% and designate the President to approve the amounts, interest rates, prices and terms of the Bonds. Upon motion by Director Brown, seconded by Director Florack, after full discussion and the question being put to the Board, the Board voted unanimously to authorize distribution of the Preliminary Official Statement and to approve the Order.

Director Brown left the meeting at this time.

12. **Adopt Continuing Disclosure Policies.** Ms. Ellison presented to and reviewed with the Board Continuing Disclosure Policies and Procedures, a copy of which is attached hereto as Exhibit "O."

Upon motion by Director Florack, seconded by Director Applewhite, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Continuing Disclosure Policies and Procedures.

13. **Report on AWBD Conference.** Director Applewhite discussed various topics from the Conference.

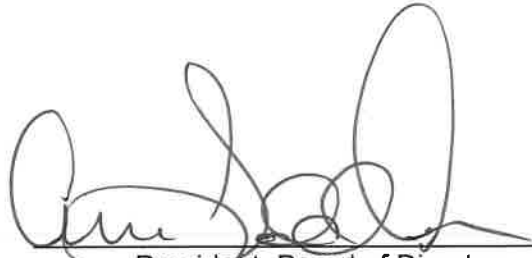
14. **Other Consultant and Director Reports.** There were no other reports.

15. **Next meeting date.** The Board set a tentative meeting date of March 13, 2019.

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 March 18, 2019.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

