

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 396
June 12, 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 June 12, 2019, at 11:30 a.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, except Director Brown. Also attending all or portions of the meeting were Ms. Kim Shelnuft of Myrtle Cruz, Inc., Bookkeeper for the District; Ms. Robin Goin of Bob Leared Interests, tax assessor and collector for the District; Ms. Cindy Fields of Brown & Gay Engineers, Inc. ("BGE"), Engineer for the District; Mr. Don Self and Ms. Janet Dolan of Inframark Water Infrastructure Operations ("Inframark"), Operators for the District; Mr. Jake Wright and Mr. Bill Wilson, residents of the District; and Ms. Leslie Bacon and Ms. Amanda Mease 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 Vice President opened discussion of the minutes of the meeting of May 8, 2019, previously distributed to the Board. Discussion ensued. 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 approve the minutes of May 8, 2019.

2. **Public Comments (3 minute limit).** The Vice President welcomed Mr. Wilson and Mr. Wright to the meeting. Mr. Wilson inquired about the District's sidewalk project. Director Applewhite responded.

The President entered at this time.

3. **Approve Continuing Disclosure Report and authorize filing.** Ms. Bacon reviewed the annual Continuing Disclosure Report ("CDR"), a copy of which is attached hereto as Exhibit "B."

Upon motion by President Aaron, seconded by Director Applewhite, after full discussion and the question being put to the Board, the Board voted unanimously to approve the annual CDR and authorize NRF to file.

4. Tax Assessor-Collector's Report, payment of bills, including any necessary requests for estimates of value, and water termination. The Vice President recognized Ms. Goin, who presented to and reviewed with the Board the Tax Assessor-Collector's Report for May, a copy of which is attached hereto as Exhibit "C." Ms. Goin reported that 99% of the District's 2018 taxes had been collected as of May 31, 2019. Ms. Goin presented three checks for the Board's approval.

Ms. Goin reported the District's 2019 Preliminary Value came in at \$380,809,898.

Upon motion by Director Applewhite, seconded by President Aaron, 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. Operator's Report, authorization of maintenance and termination of accounts. The Vice President recognized Ms. Dolan, who presented to and reviewed with the Board the Operator's Report for May, a copy of which is attached hereto as Exhibit "D."

Ms. Dolan stated that the Fairfield Districts' accountability for May was 97.98%.

Ms. Dolan stated that there are 24 delinquent accounts that will be tagged on June 13 and will be turned off on June 20.

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

Director Brewer asked if Inframark monitors the installation of pools. Ms. Dolan reported Inframark does its best to monitor any such activity.

Upon motion by President Aaron, 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 to terminate the delinquent accounts in accordance with the rate order.

6. Approve Bookkeeper's Report, Payment of Bills, Including Review of Budget, Investment Report and Policy, and Any Necessary Changes. The Vice President recognized Ms. Shelnut, who presented to and reviewed with the Board the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "E." Ms. Shelnut presented twenty-three checks and five deposit refunds for the Board's approval.

Discussion ensued regarding investments. Upon motion by Director Applewhite, seconded by President Aaron, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the investments discussed and approve adding Bancorp South and Simmons Bank to the District's authorized broker list.

Director Applewhite discussed with the Board a segment of sidewalk previously installed by another entity which was deemed an illegal crossing by the County. He said in order to grant the District's permit and finish the sidewalk project, the County has asked the District to remove the segment of sidewalk. Discussion ensued.

Upon motion by President Aaron, 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, to authorize payment of the expenditures listed therein and authorize check no. 2328 to Strickscapes, Inc. in the amount of \$925.00 for removal of sidewalk.

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 on the Schiel Road widening project. She said BGE reviewed the proposed schematic layout for Phase 2 of the Schiel Road widening and provided comments to the County. She said this portion extends from west of Fairfield Place Drive to west of Mason Road. She noted the County anticipates construction to begin in April of 2020.

Ms. Fields reported on the one-year warranty inspections of the hydropneumatic tanks at Water Plant No. 1. She stated the second tank has been drained and inspected and the resulting punchlist has been distributed to the contractor and the work has not been completed.

Ms. Fields reported BGE has been authorized to begin design of a new generator to serve the Wastewater Treatment Plant.

8. **Sidewalk Project and any necessary action.** This item was previously addressed. Director Applewhite left at this time.

9. **Report on Joint Operations Council ("JOC").** Ms. Fields reported on various topics from the JOC meeting.

10. **Consider Insurance Proposals (expires 7/29/19).** The Board reviewed the Insurance Proposal from Harco Insurance Services, a copy of which is attached hereto as Exhibit "G." Discussion ensued. Upon motion by President Aaron, seconded by Director Florack, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Insurance Proposal from Harco Insurance Services for 7/29/2019 through 7/29/2020.

11. **Resolution Authorizing Indemnification of Directors.** Ms. Bacon presented to and reviewed with the Board a Resolution Authorizing Indemnification of Directors, a copy of which is attached hereto as Exhibit "H." She said this resolution allows the District to pay the deductible on Directors and Officer's liability insurance to the extent allowed by law if a third party claim is asserted against a Director.

Upon motion by Director Brewer, seconded by Director Florack, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Resolution.


12. **Other Consultant and Director Reports.** The Board requested NRF contact the website manager and ask how residents are being notified of the District's website.

13. **Next meeting date.** The Board set their next meeting date of July 10, 2019, 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 July 10, 2019.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

