PARKWAY UTILITY DISTRICT

MINUTES OF BOARD OF DIRECTORS MEETING

JANUARY 15, 2019

The Board of Directors (the "Board" or "Directors") of Parkway Utility District (the "District") met in regular session, at 6:30 p.m., at 12843 Tidwell Road, Houston, Texas, on Tuesday, January 15, 2019, pursuant to notice of said meeting posted in accordance with Chapter 551 of the Texas Government Code; whereupon the roll was called of the members of the Board, to-wit:

Brenda McNeil	President
Alphonso P. Rettig, Jr.	Vice President
Jennifer Balderas	Secretary
Ron Everhart	Assistant Secretary
Gloria M. Woods	Director

All members of the Board were present. Also attending were: Diane Bailey of McLennan & Associates, L.P. ("Bookkeeper"); Donna Bryant of Assessments of the Southwest ("Tax Assessor-Collector"); Bradley Jenkins and Kaci Schlachter of Jones|Carter ("Engineer" or "Jones|Carter"); Charlie Chapline and Rebecca Marcucci of Municipal District Services ("Operator" or "MDS"); Gary Syzek of Systems Project Management; Elliot M. Barner, attorney, and Diane F. Brewer, paralegal, of Radcliffe Bobbitt Adams Polley PLLC ("Attorney" or "RBAP"); and all persons on the attached attendance roster.

The President, after finding that the notice of the meeting was posted as required by law and determining that a quorum of the Board of Directors was present, called the meeting to order and declared it open for such business as may come before it.

PUBLIC COMMENT

The President first opened the meeting to public comment.

MINUTES

The President then directed the Board to consider the approval of the minutes of the special meeting of November 28, 2018 and the regular meeting of December 18, 2018. Upon a **motion** by Director Rettig, seconded by Director Balderas, after full discussion and with all Directors present voting aye, the Board approved the minutes of the special meeting of November 28, 2018 and the regular meeting of December 18, 2018, as presented.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Bryant presented to and reviewed with the Board the Tax Assessor-Collector's Report, a copy of which is attached hereto. Ms. Bryant reported that 45.27% of the 2018 taxes have been collected as of December 31, 2018.

Ms. Bryant next reported that the Delinquent Tax Roll is attached to the Tax Assessor-Collector's Report.

Upon a **motion** by Director Rettig, seconded by Director Woods, after full discussion and with all Directors present voting aye, the Board: 1) approved the Tax Assessor-Collector's Report, as presented; and 2) authorized payment of checks numbered 2029 through 2038 from the Tax Account.

ENGINEER'S REPORT

Regarding the Water Plant ("WTP") Improvements Project, Mr. Jenkins reported that there is no current pay estimate to be approved and that the contractor, Tidal Construction, Inc., began demolition of the electrical work the week of January 7, 2019, Mr. Jenkins went on to discuss the change order to be presented at the next Board meeting.

Mr. Jenkins then reported that Jones|Carter is in the design phase of the 2019 Sanitary Sewer Cleaning and Televising Project and requested authorization from the Board to advertise and bid the project.

Concerning the Lift Station No. 4 Emergency Sanitary Sewer Manhole Replacement Project, Mr. Jenkins presented revised Pay Estimate No. 2 and Final in the amount of $1,999.25 and recommended payment of same. Mr. Jenkins reported that there was a clerical error in the retainage calculation and the contractor sent a check to the District to reimburse the difference in amounts.

Next, Mr. Jenkins reported that the inspection of Lift Station Nos. 1, 2, 4 and 5 was completed in December 2018, and that he anticipates completing the report for such inspections in February 2019.

Mr. Jenkins next presented the draft Flushing Plan. It was the consensus of the Board to review further and discuss at the February 19, 2019 Board meeting.

Mr. Jenkins then reported that Sunrise Plastic Enterprise ("SP") had obtained one of the necessary easements for a private sanitary sewer line and that SP will be sending a check for funds necessary to construct the water line.

Mr. Jenkins next reminded the Board that the feasibility study for Global New Millennium ("Global") was discussed at the January 9, 2019 special meeting. Discussion ensued about requesting an additional deposit from Global. It was the consensus of the Board to not request an additional deposit.

Mr. Jenkins reported that Jones|Carter received a request from Harris County (the "County") for service to Sheldon Park. Discussion ensued and it was the consensus of the Board that Mr. Jenkins inform the County that such service cannot be provided.

Regarding the Forest Park Fire Line, Mr. Jenkins reported that he awaits revised plans addressing Jones|Carter's comments of the plan review.

Mr. Jenkins then reported that Jones|Carter is working on the water distribution model and will perform field testing for the Elevated Storage Tank Variance Alternate Capacity Request (ACR") once the new booster pumps are operational. The Water Supply Capacity variance was discussed, and Mr. Jenkins requested authorization to include that variance in the ACR.

Mr. Jenkins reported that Jones|Carter has completed preparation of the draft application to the Texas Commission on Environmental Quality ("TCEQ") for the District's next bond issuance. Mr. Jenkins went on to report that Jones|Carter will finalize the report for submission to the TCEQ upon completion of the Amended and Restated WWTP Agreement.

Mr. Jenkins reported that the TCEQ approved the District's Application for Approval of a Change in Project Scope and Approval to Release $1,469,704 from Escrow, a copy of which is attached hereto. Mrs. Bailey explained that reconciliation of expenses paid out of general operating will be reflected in the February 19, 2019 Board Meeting.

Mr. Jenkins next reported that the Emergency Preparedness Plan ("EPP") needs to be updated to reflect certain information. Discussion ensued regarding the costs associated with the updates and the nature of such updates.

Mr. Jenkins presented Jones|Carter's revised rate schedule and explained such rates.

Upon a **motion** by Director Rettig, seconded by Director McNeil, after full discussion and with all Directors present voting aye, the Board:

1) approved the Engineer's Report, as presented;

2) authorized the Engineer to advertise and bid the 2019 Sanitary Sewer Cleaning and Televising project;

3) approved revised Pay Estimate No. 2 and Final in the amount of $1,999.25 for the Lift Station No. 4 Emergency Sanitary Sewer Manhole Replacement Project;

4) authorized the Engineer to respond to Sheldon Park by email;

5) authorized the Engineer to update the EPP; and

6) authorized the Engineer to include the water supply variance in the ACR

Discussion ensued about how to serve the Global property. Mr. Jenkins stated that the WWTP is at its permitted capacity limit and that the sanitary sewer line along Tidwell needs to be enlarged

BOOKKEEPER'S REPORT

The Bookkeeper's Report and Investment Report were presented to and reviewed with the Board by Mrs. Bailey, copies of which are attached hereto. Mrs. Bailey reported that the District has approximately 6.47 months' operating reserve.

Upon a **motion** by Director Everhart, seconded by Director Rettig, after full discussion and with all Directors present voting aye, the Board approved the Bookkeeper's Report, as presented, and acted on the following:

1) authorized payment of checks numbered 9702 through 9775 from the General Fund;

2) authorized payment of checks numbered 1762 through 1765 from the Capital Projects Fund; and

3) adopted a resolution declaring intent to reimburse certain expenditures paid out of the Operating Fund.

OPERATOR'S REPORT

The Operator's Report was presented by Mr. Chapline, a copy of which is attached hereto.

Mr. Chapline reported that there are 2,425 connections in the District. Mr. Chapline next reported that the District accounted for 90% of water billed to customers.

Mr. Chapline discussed repairs and preventative maintenance performed on the WTP, water distribution and sanitary sewer collection systems.

Mr. Chapline then presented the Write-Off List dated January 4, 2019, identifying two (2) accounts totaling $908.55 for the Board's approval.

Mr. Chapline next presented the Delinquent Letter Accounts Listing Due January 15, 2019, a copy of which is attached to the Operator's Report.

Ms. Marcucci updated the Board regarding the Forest Park Apartments and reported that MDS credited Forest Park's account. Mr. Syzek reported that 18 units are currently occupied.

Upon a **motion** by Director Balderas, seconded by Director Woods, after full discussion and with all Directors present voting aye, the Board approved the Operator's Report, as presented, and authorized write-offs and terminations.

PARKWAY/GREENWOOD JOINT FACILITIES REPORT

Mr. Jenkins then presented the Joint Facilities Report, a copy of which is attached hereto. Mr. Jenkins reported that he met with A&S Engineers, Inc. ("A&S") last week.

Regarding the WWTP Agreement, Messrs. Jenkins and Barner reminded the Board that it is necessary to submit such agreement with the BAR.

Next, Mr. Jenkins discussed WWTP design and reported that preliminary engineering continues.

Discussion then ensued regarding the agreed-upon surface water increase from the City of Houston for the District and Greenwood Utility District and that impact fees for such increase must be paid by June 1, 2019.

Mr. Jenkins updated the Board regarding the Tidwell Road Improvement Project.

Mr. Jenkins then updated the Board regarding the Tidwell Lakes Force Main.

INSURANCE RENEWAL

Mr. Barner asked if the Board was interested in seeking insurance renewal proposals from other providers. It was the consensus of the Board to not seek proposals.

GREENS BAYOU COALITION ("GBC")

Mr. Barner explained the GBC donation program. A brief discussion ensued. Upon a **motion** by Director Rettig, seconded by Director Woods, after full discussion and with four (4) Directors present voting aye and Director Balderas abstaining, the Board agreed to participate in the GBC voluntary donation program.

ATTORNEY'S REPORT

Mr. Barner reported that Texas Local Government Code, Sections 203.062 and 403.0241, requires the annual filing of certain financial and tax-related information by all special purpose districts in the Texas Comptroller's Special Purpose District Public Information Database. Mr. Barner noted that such information must be filed with the Texas Comptroller annually by May 1st or a fine will be incurred. Upon **motion** by Director Everhart, seconded by Director Rettig, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the Attorney to file the required financial and tax-related information with the Comptroller by May 1, 2019.

Mr. Barner recommend review of the Amended and Restated WWTP Agreement at the January 28, 2019 special meeting.

Mr. Syzek last discussed the County's Fire Marshal inspection of the District Administration Building and occupancy limits for such building.

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

PASSED AND APPROVED this the 19th day of February, 2019.

Secretary, Board of Directors

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