

MINUTES OF BOARD OF DIRECTORS MEETING  
MARCH 17, 2015

THE STATE OF TEXAS §  
COUNTY OF HARRIS §  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109 §

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 109 (the "District") met in regular session, open to the public, at the Holiday Inn Express & Suites Atascocita, at 5619 FM 1960 East, Humble, Texas 77346, at 6:01 p.m. on March 17, 2015, whereupon the roll was called of the members of the Board, to wit:

Owen Parker, President  
Glenn R. Bogs, Vice President  
Chris Green, Secretary  
Robin Sulpizio, Assistant Secretary  
Cheryl Moore, Treasurer/Investment Officer

All members of the Board were present. Also attending all or parts of the meeting were Mr. Clinton Gehrke of Water Waste Water Management Services, Inc. ("WWWMS"), operator for the District; Mr. Matt Froehlich and Mr. Nathan White of Brown & Gay Engineers ("Brown & Gay" or "BGE"), engineer for the District; Mr. Tim Spencer of Ad Valorem Appraisals, tax assessor and collector for the District; Mr. Don Rutt of Donald Rutt, C.P.A., bookkeeper for the District; Mr. Wilson McCoy of GIS Municipal Services; and Ms. Emerald Lagow, paralegal, of Norton Rose Fulbright US LLP, attorneys for the District.

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

1. **Minutes.** The Board considered the proposed minutes of the meeting of February 17, 2015, copies of which were previously distributed to the Board. Upon motion by Director Green, seconded by Director Sulpizio, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting of February 17, 2015, as presented.

2. **Receive comments from the public.** The President reviewed a notice from the Region H Water Council regarding a proposed grant application to benefit the Texas Water Development Board. He stated that the Board received copies of the latest rebate and yield restriction report from Arbitrage Compliance Specialists on the District's outstanding bond issuances.

3. **Discuss renewal of District Insurance.** The President noted that the District's current policy with WIN/Highpoint Insurance Group expires on May 22, 2015. It was the consensus of the Board to seek a renewal insurance proposal from the current provider for review at the next meeting.

4. **Review Tax Collector's Report and authorize payment of certain bills.** Mr. Spencer presented to and reviewed with the Board the Tax Assessor and Collector's Report for the month of February 2015, a copy of which is attached hereto as Exhibit "B." Mr. Spencer noted that 94.76% of the District's 2014 taxes had been collected as of February 28, 2015. Mr.

Spencer reviewed a summary of the District's tax roll information. Upon motion by Director Bogs, seconded by Director Moore, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Tax Assessor and Collector's Report, to authorize payment of check number 1600 from the Tax Account to the person, in the amount, and for the purpose listed therein, and to authorize Perdue, Brandon, Fielder, Collins & Mott, LLP to collect delinquent 2014 taxes, pursuant to the terms of its contract with the District.

**5. Engage delinquent tax attorney to enforce the collection of delinquent taxes.** This item was addressed under the Tax Assessor and Collector's Report.

**6. Review Bookkeeper's Report.** Mr. Rutt presented to and reviewed with the Board the Bookkeeper's Report for the month of February 2015, a copy of which is attached hereto as Exhibit "C." He noted that there is \$9,142.44 remaining from the annexation deposit for the 18-acre tract. Upon motion by Director Bogs, seconded by Director Sulpizio, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Bookkeeper's Report, and to authorize payment of the check numbers 11363 through 11387 to the persons, in the amounts, and for the purposes listed in the Bookkeeper's Report.

Mr. Rutt reviewed a quarterly investment report for the period ending February 28, 2015, a copy of which is attached to the Bookkeeper's report. Upon motion by Director Bogs, seconded by Director Green, after full discussion and the question being put to the Board, the Board voted unanimously to approve the quarterly investment report as presented.

**7. Engineer's Report.** Mr. White presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "D."

Mr. White reviewed with the Board the results from inspection of the Elevated Storage Tanks ("ESTs") at Water Plant No. 1 ("WP1") and Water Plant No. 2 ("WP2"). He noted that such report was provided to WWWMS. Mr. White reported that the EST at WP1 has minor exterior staining and coating defects, and light to mild corrosion and coating defects on its interior. He reported that the interior of the EST at WP2 is in a similar condition, but its exterior showed staining, some coating defects, and corrosion. BGE will continue to monitor the condition of the tanks annually, and is recommending that the Board consider rehabilitation of the ESTs within the next three years, as listed in the plan of capital improvement projects. Mr. Froehlich noted that the Board should consider undertaking the rehabilitation project and building out Water Plant No. 2 should development begin on the tracts currently proposed for annexation.

Mr. White reported that BGE conducted an annual warranty inspection on the interior of the Groundwater Storage Tank at WP1 last week. He noted that there are no issues with the tank's interior, however exterior issues from prior inspections remain.

Mr. White reported that no new capacity requests were received during the month of February.

Mr. Froehlich reported that BGE prepared the required survey documents and provided them to Ms. Lagow for the consent application to the City of Houston to annex the 17.815-acre tract at Woodland Hills and FM 1960. He requested that the Board authorize submittal of the consent application, contingent upon the receipt of necessary authorizing documents from the owner and lienholder, and subject to changes by District consultants.

Mr. White updated the Board on the status of construction in Rivergrove. He reported that Section One passed TCEQ inspection and has been accepted by Harris County. He reviewed with the Board Pay Estimate No. 3-Final in the amount of \$3,827.19 from Crostex Construction for approval, a copy of which is attached to the Engineer's Report.

Mr. White reported that Section Two passed inspection by the TCEQ and has been accepted by Harris County. He reported that Section Three passed TCEQ inspection, and the contractor is working to address comments from Harris County. He reported that the contractor is finishing construction of a waterline in Section Four, and estimated that utility construction will finish within the week, weather permitting.

Mr. White reported that Sections Five and Six are currently being cleared, and reviewed with the Board Pay Estimate No. 2 in the amount of \$77,877.90, and Pay Estimate No. 3 in the amount of \$6,300, each from Double Oak Construction Inc., for approval, copies of which are attached to the Engineer's Report.

Mr. White reported that BGE issued notice to proceed effective March 6, 2015 to Principal Services, LTD for construction of Kings Lake Estates Section Eight Utilities with a contract term of 60 calendar days. He stated that BGE issued notice to proceed for Kings Lake Estates Lift Station No. 3 on April 1, 2015, with a contract term of 180 calendar days.

Mr. Froehlich noted that he met with Mr. Madden and his real estate agent last month to discuss floodplain issues, and potential annexation and utility service to the Madden tract. He stated that BGE drafted a proposal for due diligence work to estimate mitigation costs to prepare the property development. He noted that he will keep the Board informed of any updates.

Upon motion by Director Green, seconded by Director Sulpizio, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report, to approve Pay Estimate No. 3 and Final in the amount of \$3,827.19 from Crostex Construction in connection with Rivergrove, Section One utilities construction project, to approve Pay Estimate No. 2 in the amount of \$77,877.90, and Pay Estimate No. 3 in the amount of \$6,300 from Double Oak Construction in connection with clearing and grubbing of Rivergrove Sections Five and Six, and to authorize the attorney and engineer to prepare the necessary documentation and submit the District's consent application to the City of Houston, contingent upon receipt the appropriate documentation from the owner of the 18-acre tract proposed for annexation.

8. **Authorize capacity commitments.** There were no new capacity commitments.
9. **Discuss and take any action in connection with annexation matters (18-acre tract).** This item was addressed under the Engineer's Report.
10. **Developer's Report.** There were no developers present at this time.
11. **Discuss status of preparation of GIS System by GIS Municipal Services.** Mr. Wilson reported that GIS system is up to date, with the exception of recent construction in Rivergrove. In response to a question from the President, Mr. Froehlich stated that he is forwarding updates to Mr. Wilson as development in the District moves forward.

Mr. Wilson noted that his internet provider may increase service costs, and stated that he will update the Board once he receives official notice.

12. **Review Operations Report and authorize repairs.** Mr. Gherke presented to and reviewed with the Board the Operations Report for the month of February 2015, the lift station flow report, and a list of delinquent accounts, copies of which are attached hereto as Exhibit "E." Mr. Villarreal reported that 91.54% of the water pumped was billed for the period ending March 1, 2015.

Mr. Gherke reported that there were no new tap requests this month.

Mr. Gherke reported that a resident at 19503 Alinawood Drive is requesting that the Board waive their late fee and credit card processing fee. The Board directed the operator to issue a credit for their penalty amount of \$7.23.

Mr. Gherke reported that a resident at 5303 Straight Arrow Drive is requesting an extension on their water bill until April 3, 2015. It was the consensus of the Board to grant such request.

Mr. Gherke reported that WWWS submitted the District's 2014 Water Smart Application.

Mr. Gherke presented to and reviewed with the Board a report from GM Services on the District's water wells, a copy of which is attached to the Operations Report. He noted that Water Well No. 1 showed increased sand production. He recommended that the Board consider repairing this item in the near future.

Mr. Villarreal reviewed the delinquent accounts listed for termination on March 19, 2015.

Upon motion by Director Bogs, seconded by Director Moore, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operations Report, to authorize termination of service to delinquent accounts, and to ratify approval of the submission of the District's 2014 Water Smart Application.

13. **Ratify approval of submittal of the District's Water Smart Application.** The Board ratified its approval under the previous item.

14. **Executive Session pursuant to Section 551.074, Texas Government Code.** The Board did not convene in executive session at this time.

15. **Other matters.** There were no other matters.

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

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The above and foregoing minutes were passed and approved by the Board of Directors on April 21, 2015.



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President, Board of Directors

ATTEST:



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Secretary, Board of Directors

