

MINUTES OF BOARD OF DIRECTORS MEETING
MAY 19, 2015

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

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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 May 19, 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. Paul Villarreal and 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. Greg Sissel of BKD, LLP, auditor for the District; 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 April 21, 2015, previously distributed to the Board. 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 minutes of the meeting of April 21, 2015, as presented.

2. **Receive comments from the public.** There were no members of the public present at this time.

3. **Engage auditor for fiscal year ending May 31, 2015.** The President recognized Mr. Sissel, who presented to and reviewed with the Board an engagement letter to prepare the District's audit for the fiscal year ending May 31, 2015, a copy of which is attached hereto as Exhibit "B." Mr. Sissel stated that the District's fee is \$8,000, the same rate as the previous year, and that there were no changes in accounting standards. 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 engage BKD, LLP to prepare the District's audit for the fiscal year ending May 31, 2015.

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 April 2015, a copy of which is attached hereto as Exhibit "C." Mr. Spencer noted that 97.45% of the District's 2014 taxes had been collected as of April 30, 2015.

Mr. Spencer reviewed a summary of the District's tax roll information. He noted that the delinquent tax attorney filed suit on nine delinquent accounts this month.

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 Tax Assessor and Collector's Report, to authorize payment of check numbers 1615 through 1626 from the Tax Account to the persons, in the amount, and for the purpose listed therein.

5. Review Bookkeeper's Report. Mr. Rutt presented to and reviewed with the Board the Bookkeeper's Report for the month of April 2015, a copy of which is attached hereto as Exhibit "D." Mr. Rutt noted that there is \$3,041.52 remaining from the annexation deposit for the 18-acre tract. He noted he is coordinating with the bookkeeper for the Atascocita Joint Operations Board ("AJOB") for payment of the insurance policy fees associated with the sewer treatment plant. 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 Bookkeeper's Report, and to authorize payment of the check numbers 11414 through 11443 to the persons, in the amounts, and for the purposes listed in the Bookkeeper's Report.

6. Approve budget for fiscal year ending May 31, 2016. Mr. Rutt recommended that the Board defer action pending receipt of the final budget from AJOB. The Board agreed.

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

Mr. Froehlich reviewed the list of recommendations from the District's annual tank inspection, and discussion ensued regarding future capital projects in the District. Mr. Froehlich noted that the 2011 list of capital improvement projects is attached to his report and includes estimates for the cost of construction, engineering services, and contingency for replacing the Ground Storage Tank. Mr. Froehlich stated that the largest expense will be building out Water Plant No. 2. He noted that the Board can discuss this item in greater detail once AJOB has finalized its budget.

Mr. Froehlich reported that the District's Consent Application was submitted to the City of Houston for approval, and that BGE and the attorney have coordinated to address comments received from the City. He reported that he was contacted by the owner of Dirt Cheap Mulch Company at 4460 FM 1960 East who is interested in purchasing a portion of the 18-acre tract in order to relocate his business. He noted that he will keep the Board informed of any further developments.

The Board reviewed a Consent to Collateral Assignment of Municipal Utility District Reimbursables, a copy of which is attached hereto as Exhibit "F." Mr. Froehlich noted that payments for invoicing from BGE for engineering services, and from the contractor for Section Eight have been delayed pending the receipt of an approved form of Consent by Allegiance Bank. BGE is currently designing plans for the Lift Station No. 2 Expansion project, and will begin designing the plans for Section Nine once the developer has finalized the land plan. Construction of Section Eight Utilities are approximately 95% complete, and weather permitting, will be finished within the next two weeks. The site has been cleared for Lift Station No. 3, but recent weather has prevented the contractor from making significant progress on construction.

Mr. Froehlich updated the Board on the status of construction in Rivergrove. He reported that Section Three passed inspection by the TCEQ and was re-inspected by Harris County on May 18, 2015.

Mr. Froehlich reported that Clearwater Utilities, Inc. finished construction on the utilities to serve Rivergrove Section Four, and stated that the first concrete pour is scheduled for the week of May 18th, weather permitting. He presented to and reviewed with the Board Clearwater Utilities, Inc.'s Pay Estimate No. 2 in the amount of \$396,371.71 for approval, a copy of which is attached to the Engineer's Report.

Mr. Froehlich reported that BGE is planning to advertise the contract for construction of utilities to serve Section Five in June, and will request approval at the next Board meeting.

Mr. Froehlich reported that he received a call from the contractor surveying the Madden Tract but there has been no follow-up.

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 and authorize execution of the Consent to Assignment of Municipal Utility District Reimbursables relating to Kings Lake Estates Section Eight, and to approve Pay Estimate No. 2 in the amount of \$396,371.71 from Clearwater Utilities, Inc. in connection with the Rivergrove Section Four construction project.

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 discussed under the Engineer's Report.
10. **Approve Consent to Collateral Assignment of Municipal Utility District Reimbursables for Kings Lake Estates Section Eight to Allegiance Bank.** This item was approved under the Engineers Report.
11. **Developer's Report.** There were no developers present.
12. **Status Report from GIS Municipal Services.** There was no report.
13. **Review Operations Report and authorize repairs.** Mr. Villarreal presented to and reviewed with the Board the Operations Report for the month of April 2015, the lift station flow report, and a list of delinquent accounts, copies of which are attached hereto as Exhibit "G." Mr. Villarreal reported that 89.96% of the water pumped was billed for the period ending April 15, 2015.

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

Mr. Villarreal noted that the Board previously authorized WWWS to begin maintenance on booster pumps in the District. He reported that STP Services attempted to remove Booster Pump No. 4 at Water Plant No. 1 and found that the isolation valves were inoperable. He recommended that the District consider replacing the valves at Booster Pump Nos. 3 and 4 during the winter months, noting that the groundwater storage tank will need to be drained in order to perform the work.

Mr. Villarreal reported that WWWMS will prepare a draft Consumer Confidence Report once the TCEQ template becomes available.

Mr. Villarreal reported that the TCEQ requires that the District begin sampling for lead and copper analysis by June 1, 2015. He stated that WWWMS did not receive notice of the sampling deadline, and contacted both the TCEQ and Eastex Laboratory to request bottles to begin sampling as required.

Mr. Villarreal reviewed the delinquent accounts listed for termination on May 21, 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 and to authorize the termination of service to delinquent accounts.

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

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 June 23, 2015.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

