

MINUTES OF BOARD OF DIRECTORS MEETING  
JUNE 23, 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 special session, open to the public, at the Atascocita Volunteer Fire Station Training Complex, 18425 Timber Forest Drive, Humble, Texas, 77346, at 6:01 p.m. on June 23, 2015, whereupon the roll was called of the members of the Board, to wit:

Owen H. 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, except Director Bogs. 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. Kent Spitzmiller, visitor to the meeting; 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 May 19, 2015, 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 May 19, 2015, as presented.

2. **Receive comments from the public.** There were no comments from members of the public.

3. **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 May 2015, a copy of which is attached hereto as Exhibit "B." Mr. Spencer noted that 98.03% of the District's 2014 taxes had been collected as of May 31, 2015.

Mr. Spencer reviewed a summary of the District's tax roll information.

Mr. Spencer reviewed a summary of the District's 2015 Preliminary Values provided by the Harris County Appraisal District, and reported that the District's preliminary estimate of net-taxable value for 2015 is \$505,649,404. He noted that the estimate is calculated prior to protests and includes the District's 2014 certified personal property value. In response to a question from the President, Mr. Spencer stated the District is not currently at risk for roll-backs.

Upon motion by Director Moore, 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 1627 through 1634 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

**4. Review Bookkeeper's Report.** The President recognized Mr. Rutt, who presented to and reviewed with the Board the Bookkeeper's Report for the month of May 2015, a copy of which is attached hereto as Exhibit "C."

Mr. Rutt noted that there is \$402.30 remaining from the annexation deposit for the 18-acre tract.

Mr. Rutt presented to and reviewed with the Board a draft budget for the fiscal year ending May 31, 2016, a copy of which is attached hereto as Exhibit "D."

Mr. Rutt stated that the District's Strategic Partnership Agreement ("SPA") revenue numbers do not match his records for the year, and that he will need a copy of the detailed listing of businesses to find the discrepancy. Mr. Spencer stated that he will provide contact information for the City of Houston representative who handles the District's SPA records.

Mr. Rutt presented to and reviewed with the Board a quarterly report of investment activity through the period ending May 31, 2015, a copy of which is attached to the Bookkeeper's Report.

Upon motion by Director Sulpizio, 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 11444 through 11465 to the persons, in the amounts, and for the purposes listed in the Bookkeeper's Report, and to approve the quarterly report of investment activity through the period ending May 31, 2015.

**5. Approve budget for fiscal year ending May 31, 2016.** 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 adopt the budget for the fiscal year ending May 31, 2016.

**6. 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 "E."

Mr. White reported that BGE attended a meeting of the Continental Plaza Land Owners Association (the "Association"), who is looking into the feasibility of establishing water and sewer service to their community. Mr. Froehlich noted that the Association holds regular meetings attended by five Board members, an attorney, and a community manager, and that during this meeting the Association discussed issues associated with platting, easements, and other internal issues with development of the property. Mr. Froehlich stated that he advised them to have a developer acquire the property and begin anew with plans for the area.

Mr. White updated the Board on the status of construction in Rivergrove. He reported that Section Three passed the re-inspection by Harris County on May 18, 2015, and the developer is waiting to receive the letter of approval. Mr. White reported that the construction of utilities to serve Rivergrove Section Four is complete, and the second concrete pour is scheduled for the week of June 15<sup>th</sup>, weather permitting. Mr. White noted that clearing in

Section 6 is complete, and requested authorization to advertise the construction contract for utilities to serve Rivergrove, Section Five.

Mr. White updated the Board on the status of construction in Kings Lake Estates. He reported that Principal Services, LTD completed construction of the utilities to serve Section 8, and presented Pay Estimate Nos. 1 and 2 from the contractor for the Board's approval, in the amount of \$1,504,769.41 and \$210,500.15, respectively. Mr. White reported that the paving contracts for Section 8 were executed, and that Notice to Proceed was issued on July 6, 2015. Mr. White reported that construction of Kings Lake Estates Lift Station No. 3 Expansion was delayed due to inclement weather, noting that the contractor returned to the site and resumed construction last week. He reported that BGE will begin designing Section 9 upon finalization of the land-plan by the developer.

Mr. Froehlich reported that representatives of the Madden tract may approach the Board in July to discuss annexation. He noted that the feasibility of development for the tract will depend on BGE's study results pertaining to floodplain and drainage.

Mr. Froehlich reviewed the capital improvement projects list, a copy of which is attached to the Engineer's Report. He noted that lift station construction is not immediately imperative, and recommended that the District document capacity increases so that if and when expansion is needed the District can provide a record detailing those connections that are responsible for the increase. Mr. Froehlich recommended that the District consider consolidating rehabilitation of its elevated storage tanks in order to save the cost of bidding multiple projects.

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. 1 in the amount of \$1,504,769.41 and Pay Estimate No. 2 in the amount of \$210,500.15 from Principal Services, LTD in connection with the Kings Lake Estates, Section Eight, Water, Sanitary Sewer & Storm Sewer Facilities construction project, and to authorize the engineer to advertise the construction contract for utilities to serve Rivergrove, Section Five.

7. **Authorize capacity commitments.** There were no new capacity commitments.

8. **Discuss and take any action in connection with annexation matters (18-acre tract).** The Board reviewed an Order Adding Land and Redefining Boundaries, and a proposed Amended District Information Form in connection with annexation of the 18-acre tract owned by Queman Properties, LLC, copies of which are attached hereto as Exhibit "F" and Exhibit "G", respectively. 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 and authorize filing of the Order and Amended District Information Form in the Harris County Real Property Records, and with the Texas Commission on Environmental Quality.

9. **Developer's Report.** There were no developers present.

10. **Status Report from GIS Municipal Services.** The President noted that Mr. McCoy will attend an upcoming meeting to review updates on the District's GIS map.

11. **Review Operations Report and authorize repairs.** The President recognized Mr. Villarreal, who presented to and reviewed with the Board the Operations Report for the month of May 2015, the lift station flow report, and a list of delinquent accounts, copies of which

are attached hereto as Exhibit "F." Mr. Villarreal reported that 94.25% of the water pumped was billed for the period ending June 1, 2015.

Mr. Villarreal stated that he coordinated with Mr. McCoy to address several leaking storm drains in the District.

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

Mr. Villarreal reviewed an Abbreviated Production Well Test report from G-M Services, a copy of which is attached to the Operations Report. He reported that Water Well No. 1 showed sand levels of 6 ppm at start up, and 2 ppm after running for approximately 45 minutes. He estimated that the tank will need to be cleaned within the next two years.

Mr. Villarreal reported that WWWMS prepared a draft Consumer Confidence Report and will publish the report on the District's website and distribute the link to District residents with their monthly water bill.

Mr. Villarreal reported that there may be issues with the transfer switch for Lift Station No. 3, which independently transfers into, and gets stuck, in neutral. He reported that WWWMS will present estimates to repair the transfer switch at the next meeting.

Mr. Villarreal reviewed the delinquent accounts listed for termination on June 18, 2015.

Upon motion by Director Green, 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 the termination of service to delinquent accounts, and to approve and authorize distribution of the Consumer Confidence Report to District residents.

**12. Approve Consumer Confidence Report.** This item was covered under the Operations Report.

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

**14. 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 July 21, 2015.



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President, Board of Directors

ATTEST:



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Secretary, Board of Directors

