

MINUTES OF BOARD OF DIRECTORS MEETING
SEPTEMBER 15, 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, 5619 FM 1960 East, Humble, Texas 77346, at 6:01 p.m. on September 15, 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. Ryan Nesmith of Robert W. Baird & Co., financial advisor to 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 August 18, 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 August 18, 2015, as presented.

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

3. **Annual Report of Financial Information and Operating Data.** Mr. Nesmith stated that the District files this report with the Municipal Securities Rulemaking Board at its fiscal year end, and that it includes the District's final audit in addition to certain tax and operating information gathered from District consultants. 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 District's Annual Report of Financial Information and Operating Data for the fiscal year ending May 31, 2015, a copy of which is attached hereto as Exhibit "B."

4. **Tax Collector's Report and authorize payment of certain bills.** The President recognized Mr. Spencer, who presented to and reviewed with the Board the Tax Assessor and Collector's Report for the month of August 2015, a copy of which is attached hereto as Exhibit

"C." Mr. Spencer noted that 99.10% of the District's 2014 taxes had been collected as of August 31, 2015.

Mr. Spencer reviewed a summary of the District's tax roll information. In response to a comment made by Director Green, Mr. Spencer stated that he will review the over-65 tax exemption qualifications of the tax account for Brown-Sullinger Kelly.

Mr. Spencer presented to and reviewed with the Board the 2015 certification of appraised and taxable values provided by HCAD, and a 2015 Effective Tax Rate Worksheet, copies of which are attached hereto as Exhibit "D." He noted that levying the same tax rate of \$0.52 per assessed \$100 valuation results in an annual increase in taxes paid by the average homestead of \$48.64.

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 Tax Assessor and Collector's Report, to authorize payment of check numbers 1641 through 1644 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

5. Order Designating Officer to Calculate and Publish Tax Rates for 2015. The President recognized Mr. Nesmith, who presented to and reviewed with the Board the financial advisor's tax rate analysis and recommendation, a copy of which is attached hereto as Exhibit "E." He recommended that the Board maintain its tax rate, and levy a debt service rate of \$0.39, yielding surplus amounts that will support upcoming bond sales by the District for developer reimbursements.

The Board reviewed an Order Designating Officer to Calculate and Publish Tax Rates and Taking Other Actions In Connection With the Levy of a Tax for 2015 (the "Order"), a copy of which is attached hereto as Exhibit "F."

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 Order, thereby authorizing the tax officer to publish the proposed tax rate of \$0.52 per \$100 assessed valuation (\$0.39 for debt service and \$0.13 for operations and maintenance).

6. Review Bookkeeper's Report. The President noted that Mr. Rutt cannot attend the meeting today, and discussion ensued regarding coordinating the signing and distribution of checks for the month.

Upon motion by Director Sulpizio, seconded by Director Green, after full discussion and the question being put to the Board, the Board voted unanimously to authorize payment of the checks as listed in the Bookkeeper's Report for the month of August, a copy of which is attached hereto as Exhibit "G."

7. Review Investment Policy and accept related party disclosures from bookkeeper and investment officer. The Board reviewed a Resolution Reviewing Investment Policy and Making any Desirable Changes Thereto (the "Resolution"), a copy of which is attached hereto as Exhibit "H." Ms. Lagow noted that NRF does not recommend any changes be made to the existing policy. The Board agreed that no changes are needed. Upon motion by Director Sulpizio, seconded by Director Green, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Resolution as presented, and to accept the related disclosure memorandum from the bookkeeper.

8. **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 "I."

Mr. Froehlich reported that the District received a letter from Rana Mahmood, P.E. on behalf of his client, who is requesting 2 ESFC of water and sanitary sewer capacity to serve a convenience store proposed for location at FM 1960 and Woodland Hills Drive, a copy of which is attached to the Engineer's Report. Mr. Froehlich stated that the District can provide the requested amount of water service, however a septic system will be needed to meet the sanitary sewer service requirements for the tract.

Mr. Froehlich reviewed updates on construction of the Rivergrove Development. He reported that BGE received bids on the contract for Kings Lake Estates Lift Station No. 2 expansion to serve the Rivergrove Development on September 4, 2015. BGE recommends award of the contract to the lowest bidder, T&C Construction, for \$365,250.00. He informed the Board that KB Homes has hired a contractor to finish the Amenity Lake at the entrance to the development, noting that no MUD facilities are involved in this section.

Mr. Froehlich reported that reviewed updates on construction of Kings Lake Estates ("KLE"). He stated that paving is complete and curbs were installed in KLE Section 8, and reviewed with the Board Pay Estimate No. 2 in the amount of \$556,963.83 to Harris Construction Co., LTD, a copy of which is attached to the Engineer's Report.

In response to a question from the Board, Mr. Froehlich reported that BGE is coordinating with the operator and engineer for the proposed Hampton Inn on how they will connect the requested water service line, fire-hydrant line, and irrigation line to the District's existing utilities. He noted that BGE will survey and ensure they are building in accordance with approved plans.

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 the developer's award of the contract for KLE Lift Station No. 2 Expansion to T&C Construction for \$365,250.00, and to approve payment of Pay Estimate No. 2 in the amount of \$556,963.83 to Harris Construction Company, LTD in connection with Kings Lake Estates Section 8 Paving contract.

Discussion ensued regarding the proposed issuance of refunding bonds. Mr. Nesmith presented to and reviewed with the Board an analysis of refunding certain maturities of the District's Series 2005 Unlimited Tax Bonds and 2007 Unlimited Tax Bonds, a copy of which is attached hereto as Exhibit "F." Mr. Nesmith stated that the proposed refunding would currently refund a portion of the District's Series 2005 Unlimited Tax Bonds, and advance refund a portion of the Series 2008 Unlimited Tax Bonds to produce debt service savings.

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 authorize District consultants to proceed with preparation of authorizing documents in connection with the proposed refunding bond issuance, and to authorize solicitation of bids for review and acceptance at the next meeting.

9. **Authorize capacity commitments.** Ms. Lagow reported that NRF mailed the check and proposed Assignment of Capacity received from No. 494 on September 11, 2015 along with a cover letter requesting payment at the extrapolated 2015 rate. In response to a

resident that repairs are needed, and that service will be terminated next month unless the payment arrangement is met.

Mr. Gherke reviewed the delinquent accounts listed for termination on August 17, 2015.

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 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 October 20, 2015.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

