

MINUTES OF BOARD OF DIRECTORS MEETING  
OCTOBER 20, 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 October 20, 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 for 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 of Brown & Gay Engineers ("Brown & Gay" or "BGE"), engineer for the District; Mr. Don Rutt of Donald Rutt, C.P.A., bookkeeper 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; Ms. Donna Zapatka, and Ms. Lillian and Mr. Randall McDougal, residents of the District; and Mr. Michael Swartz 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 September 15, 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 September 15, 2015, as presented.

2. **Receive comments from the public.** The President recognized Ms. Zapata, who voiced concerns regarding increases in the amount of her water bill in recent months. She stated that her water bill was higher during the period she was away on vacation than when she returned, and stated that there are no leaks at her property and only a small irrigation system would have used water during this period. She asked for the Board's consideration in adjusting her bill.

Ms. McDougal addressed the Board to request an adjustment on last month's water bill due to irregular usage amounts, noting that the most recent water bill she received for her property at 5614 Green Timbers had returned to the normal amount, and that there were no leaks found at her property.

It was the consensus of the Board to review and take necessary action in response to customer complaints regarding irregular water bills, copies of which are attached to the Operations Report, at special meeting at the President's house next Monday, October 26, 2015 at 6:00 p.m.

**3. Order Setting Tax Rate and Levying Tax for 2015.** The Board reviewed an Order Setting Tax Rate and Levying Tax for 2015 (the "Order"), a copy of which is attached hereto as Exhibit "B." 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 levying a tax rate of \$0.52 per \$100 assessed valuation (\$0.39 for debt service and \$0.13 for operations and maintenance).

**4. Order Authorizing Unlimited Tax Refunding Bonds, Series 2015.** The President recognized Mr. Nesmith, who reviewed with the Board a summary of pricing results in connection with the sale of the District's Unlimited Tax Refunding Bonds, Series 2015, a copy of which is attached hereto as Exhibit "C".

Mr. Nesmith reported that three bids were received, and recommended that the Board accept the low bid from Regions Bank, at a net effective interest rate of 2.73%.

Mr. Swartz stated that, should the Board choose to accept the bid, NRF recommends adoption of an Order Authorizing Unlimited Tax Refunding Bonds, Series 2015, , a Transfer and Paying Agency Agreement, an Escrow Agreement, and an Investor Letter, and Authorizing Officials to Approve the Amounts, Interest Rates, Prices, and Terms Thereof, and Certain Other Matters Relating Thereto; and Other Matters in Connection Therewith (the "Order"), and approve the form of the proposed Paying Agency Agreement, copies of which are attached hereto as Exhibit "D" and Exhibit "E", respectively.

Mr. Swartz noted that the Order includes a section acknowledging that, due to a scrivener's error, the bond order and the bond relating to the Issuer's Outstanding Unlimited Tax Bonds, Series 2009 incorrectly states the optional redemption date for the Series 2009 Bonds to be October 1, 2016, rather than the correct date of October 1, 2018, and authorizes such correction.

Mr. Nesmith stated that the financial advisor will finalize the bids and recirculate a report with the final numbers of the bond sale for review. Mr. Nesmith noted that the financial advisor is recommending the Board approve The Bank of New York Mellon Trust Company, N.A. as Escrow Agent for the Bonds, and presented an engagement letter for signature.

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 adopt the Order and approve the proposed Paying Agency Agreement as presented, and to approve designation of The Bank of New York Mellon Trust Company, N.A. as Escrow Agent for the sale of the bonds.

**5. 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 September 2015, a copy of which is attached hereto as Exhibit "F." Mr. Spencer noted that 99.17% of the District's 2014 taxes had been collected as of September 30, 2015.

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

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 1645 through 1647 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

6. **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 September 2015, a copy of which is attached hereto as Exhibit "G."

Mr. Rutt noted that \$2,499.79 is due from Queman Properties, LLC for costs associated with annexation of the 18-acre tract.

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 Bookkeeper's Report, and to authorize payment of the check numbers 11542 through 11571 to the persons, in the amounts, and for the purposes listed in the Bookkeeper's Report.

7. **Quarterly Investment Report.** Discussion ensued regarding approval of the Quarterly Investment Report for the period ending May 31, 2015, copies of which were distributed to the Board for review after the last meeting. 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 Quarterly Investment Report, a copy of which is attached hereto as Exhibit "H."

8. **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 "I."

Mr. Froehlich reported that No. 494 issued revised checks for capacity purchases that are based on the calculated rate for 2015 at their last meeting, noting that the checks are currently with No. 494's attorney for distribution.

Mr. Froehlich reported that Harris County released building permits for Rivergrove, Section Four. He reported that clearing is complete in Section Five, and that BGE is currently addressing agency comments on the plans for utility construction. Mr. Froehlich presented Pay Estimate No. 4 in the amount of \$20,317.50 from Double Oak Construction for approval, a copy of which is attached to the Engineer's Report.

Mr. Froehlich reported that clearing is complete in Section Six, and that BGE is requesting authorization to begin designing construction plans.

Mr. Froehlich noted that the Board previously approved award of the contract for KLE Lift Station No. 2 Expansion to T&C Construction for \$365,250, and stated that BGE is presenting the contracts today for signature by the Board.

Mr. Froehlich reviewed updates on the construction of Kings Lake Estates ("KLE"). He reported that construction is complete in Section Eight, and presented Pay Estimate No. 4 in the amount of \$134,095.77 from Principal Services for approval, a copy of which is attached to the Engineer's Report. He noted that the developer is currently working with CenterPoint to provide power to the section.

Mr. Froehlich reported that construction continues on KLE Lift Station No. 3, and presented Pay Estimate No. 1 in the amount of \$166,079.70 from McDonald Municipal and Industrial for approval, a copy of which is attached to the Engineer's Report.

Mr. Froehlich noted that BGE will keep an eye on construction of the Hampton Inn, and will have a survey crew on site for inspection when they begin laying pavement.

In response to a question from the President, Mr. Froehlich reported that BGE issued a capacity commitment for water service to the owner of the proposed convenience store at FM 1960 and Woodland Hills Drive. He noted that, for the time being, the sanitary sewer service for the property will come from a septic tank.

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 payment of Pay Estimate No. 4 in the amount of \$20,317.50 to Double Oak Construction in connection with Rivergrove, Section Five; to authorize BGE to design plans for Rivergrove, Section Six; to approve payment of Pay Estimate No. 4 in the amount of \$134,095.77 to Principal Services in connection with KLE Section 8, and to approve payment of Pay Estimate No. 1 in the amount of \$166,079.70 to McDonald Municipal and Industrial in connection with construction of KLE Lift Station No. 3.

9. **Authorize capacity commitments.** This item was addressed under the Engineer's Report.

10. **Developer's Report.** There was no report.

11. **Status Report from GIS Municipal Services.** The President noted that the Board received a quarterly report from Mr. Wilson, a copy of which is attached hereto as Exhibit "J."

12. **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 September 2015, the lift station flow report, and a list of delinquent accounts, copies of which are attached hereto as Exhibit "K." Mr. Villarreal reported that 90% of the water pumped was billed for the period ending October 1, 2015.

Discussion ensued regarding drought conditions.

Mr. Villarreal reported that WWWMS opened the District's interconnect with No. 106 this month to accommodate the water service requirements during renovations at No. 106's water plant. He noted that the usage and invoice to No. 106 will be included in next month's report.

Mr. Villarreal reviewed the Texas Department of State Health Services Water Analysis Reports, copies of which are attached to the Operations Report.

Mr. Villarreal presented to and reviewed with the Board a renewal agreement from Generator Service in the proposed amount of \$10,250 for annual preventative maintenance for the District's lift stations, a copy of which is attached to the Operations Report. He noted that the agreement provides for a service and load test, and three quarterly visits for all five of the District's lift stations.

Mr. Villarreal presented to and reviewed with the Board a renewal agreement from Generator Service in the proposed amount of \$6,250 for annual preventative maintenance at the District's water plants, a copy of which is attached to the Operations Report. He noted that the agreement provides for one annual testing and three quarterly visits for Water Plant Nos. 1 and 2.

Mr. Villarreal reviewed the delinquent accounts listed for termination on October 22, 2015.

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 Operations Report, to authorize the termination of service to delinquent accounts, and to approve and authorize execution of the renewal agreements for annual preventative maintenance at the District's water plants and lift stations, as presented.

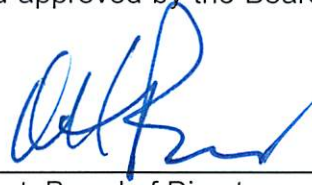
13. **Executive Session pursuant to Section 551.074, Texas Government Code.**  
The Board did not convene in executive session.

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 November 17, 2015.



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President, Board of Directors

ATTEST:



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Secretary, Board of Directors

