

MINUTES OF BOARD OF DIRECTORS MEETING  
DECEMBER 15, 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, 5619 FM 1960 East, Humble, Texas 77346, at 6:01 p.m. on December 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 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 and Mr. Nathan White 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. Don Rutt of Donald Rutt, C.P.A., bookkeeper for the District; Mr. Wilson McCoy of GIS Municipal Services; Mr. Akbar Kasamali of Champions Real Estate Group, joined by the President of the Continental Landowners Association, and Ms. Martha Meneser, Ms. Laila Kasamali, and Ms. Tara R. Fase, members of the Continental Landowners Association; Mr. Albert Ko and Mr. Henry Ko, residents of 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 November 17, 2015, previously distributed to the Board. 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 minutes of the meeting of November 17, 2015, as presented.

2. **Receive comments from the public.** The President recognized Mr. Kasamali of Champions Real Estate Group, who requested the Board's consideration of the request for capacity to serve areas within the Continental Landowners Association "CLA").

The President stated that the District would not pay up-front costs to construct utilities required to serve the area, and that the history of financial and legal complications in the area need to be addressed before the District would enter an agreement to reimburse a developer for such costs.

Mr. Froehlich noted that the first step to bringing service to the area would be surveying existing utilities and evaluating the need for repair, replacement, or installation. He stated that a second issue is the roads in the subdivision, which have not been accepted by Harris County and do not meet the standards to be accepted.

The President of the CLA stated that parcels continue to develop within the area, and proposed installing a meter funded by the CLA in order to obtain service to multiple tracts in a developed area.

In response to a question from the President, Mr. Froehlich stated that the District would require utility easements to be granted, which would not be possible at present as the area has not been subdivided and has hundreds of distinct property owners.

The President recognized Mr. Ko, who stated that he does not currently obtain water service and inquired as to the purpose of the taxes he pays for his property along the south-side tracts in the District. Mr. Froehlich stated that the taxes are property taxes, and do not relate to water service. In response to a question from Mr. Ko, Mr. Froehlich stated that there is no sanitary sewer capacity available in this area, and that water capacity is available but would require installation of a tap and payment of the corresponding fees to do so.

**3. Approve Appointment of Agent for the Directors 2016 Election.** The Board reviewed an Appointment of Agent and draft Notice of Appointment in connection with the upcoming Directors Election on May 7, 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 appoint Emerald Lagow as Election Agent for the District, and to approve and authorize execution of the Appointment of Agent, a copy of which is attached hereto as Exhibit "B."

**4. Authorize request for Estimated Assessed Valuation from the Harris County Appraisal District ("HCAD").** The Board reviewed the Resolution Authorizing Request for Certificate of Estimated Assessed Valuation as of December 15, 2015 (the "Resolution"), a copy of which is attached hereto as Exhibit "C", for use in the District's upcoming bond application. 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 Resolution, and authorize the Tax Assessor and Collector to submit such request to HCAD.

**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 November 2015, a copy of which is attached hereto as Exhibit "D." Mr. Spencer noted that 5.29% of the District's 2015 taxes had been collected as of November 30, 2015.

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

Upon motion by Director Moore, seconded by Director Green, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Tax Assessor and Collector's Report and to authorize payment of check numbers 1659 and 1660 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 November 2015, a copy of which is attached hereto as Exhibit "E."

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 Bookkeeper's Report, and to approve and authorize payment of check numbers 11600 through 11623 to the persons, in the amounts, and for the purposes listed in the Bookkeeper's Report.

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 "F."

Mr. White reported that BGE will coordinate with the operator to drain and inspect the elevated storage tank at Water Plant No. 2 in January, 2016.

Mr. White reviewed updates on construction of the Rivergrove Development. He reported that bid opening and award of the contract for construction of Rivergrove Section Five WS&D has been delayed until next month in order to look at different grading schemes. He reported that Section Four has been accepted by Harris County, and presented Pay estimate No. 5 in the amount of \$26,581.78 from Clearwater Utilities, Inc. for Rivergrove, Section Four for approval.

Mr. White reviewed with the Board Change Order No. 4 in the amount of \$17,500 and Pay Estimate No. 5 in the amount of \$11,340 from Double Oak Construction in connection with Clearing and Interim Drainage in Rivergrove, Sections Five and Six for approval. Mr. Froehlich noted that the change order includes additional clearing work, and establishing better site drainage.

Mr. White reported that Section Six is under design, noting that the preliminary plat was submitted for agency approval on December 4, 2015.

Mr. White reported that Notice to Proceed was issued on November 2, 2015 for Kings Lake Estates ("KLE") Lift Station No. 2 Expansion, to serve the Rivergrove development, and noted that construction is scheduled to start next year.

Mr. White reported that construction of KLE Section 8 is complete, and that the developer is currently working with CenterPoint to power the section. He reported that construction continues on KLE Lift Station No. 3, and presented Pay Estimate No. 3 in the amount of \$148,394.70 from McDonald Municipal and Industrial for approval.

Mr. White reported that construction continues on KLE Lift Station No. 3, and presented Pay Estimate No. 3 in the amount of \$148,394.70 from McDonald Municipal and Industrial for approval, a copy of which is attached to the Engineer's Report. Mr. White noted that Section Nine is waiting on developer finalization of land plan.

Mr. Froehlich reported that the District's financial advisor is looking into the feasibility of a bond issuance, and has confirmed that it is feasible to include reimbursement for the Rivergrove Development, Kings Lake Estates Development, and funding for the District's future rehabilitation and water plant build-out projects without affecting the District's tax rate.

Mr. Froehlich stated that, with respect to the public comments from today's meeting, BGE would not recommend installing a master meter in the name of the Continental Landowners Association to serve multiple residents.

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 Engineer's Report, and to approve payment of Pay Estimate No. 5 in the amount of \$26,581.78 to Clearwater Utilities, Inc. for construction of Water Sewer and Storm Sewer Facilities to serve Rivergrove, Section Four; to approve Change Order No. 4 in the amount of \$17,500 and to approve payment of Pay Estimate No. 5 in the amount of \$11,340 to Double Oak Construction, Inc. for Clearing and Interim Drainage in Rivergrove, Sections Five and Six; and to approve Pay Estimate No. 3 in the amount of \$148,394.70 to McDonald Municipal and Industrial in connection with construction of KLE Lift Station No. 3.

**8. Review bids and authorize award of construction contract for Rivergrove Section Five WS&D.** This item was deferred to the next meeting.

**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 recognized Mr. Wilson, who reported that the District's GIS system is up to date, and that an application is now available to access the GIS system on mobile and smart devices via Google Earth. 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 accept the report on the District's GIS System.

**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 November 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 90.28% of the water pumped was billed for the period ending December 1, 2015.

Mr. Villarreal reported that WWWMS installed four taps in the District during the month of November.

Mr. Villarreal reported that STP Services repaired a well motor burnout at the District's water plant for a total cost of \$12,000. He noted that the burnout may have been caused by a power surge, and stated that the operator will file an insurance claim for the cost to rebuild. Mr. Villarreal noted that the District may want to consider purchasing a new motor at an estimated cost of \$40,000, and using the rebuilt motor as a backup.

Mr. Villarreal reviewed with the Board a notice from the Texas Commission on Environmental Quality ("TCEQ") regarding Lead and Copper Rule Monitoring and Reporting Violation, a copy of which is attached to the Operations Report. He stated that the violation was issued due to incorrect sequencing of the sampling addresses, and reported that the sequence was corrected and the violation has since been removed.

Mr. Villarreal reported that a tap was installed at the Hampton Inn, and that the operator will survey the pressure test tomorrow.

Mr. Gherke reviewed the list of unpaid accounts scheduled for termination on December 24, 2015. He stated that, at the Board's request, the operator will defer the cutoff date to December 31, 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, and to defer the termination of service to delinquent accounts to December 31, 2015.

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.

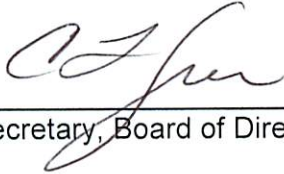
\* \* \*

The above and foregoing minutes were passed and approved by the Board of Directors on January 19, 2016.



\_\_\_\_\_  
President, Board of Directors

ATTEST:



\_\_\_\_\_  
Secretary, Board of Directors

