

MINUTES OF BOARD OF DIRECTORS MEETING
NOVEMBER 15, 2016

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 6:00 p.m. on November 15, 2016, 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, thus constituting a quorum. Also attending all or parts of the meeting were Ms. Brandi Knipe, a District resident; Mr. Lars Monson of KB Home Lone Star, Inc., developer in the District; Mr. Don Rutt of Donald Rutt, C.P.A., bookkeeper for the District; Mr. Clinton Gehrke of Water Waste Water Management Services, Inc. ("WWWMS"), operator for the District; Mr. Matt Froehlich of BGE, Inc. ("BGE"), engineer for the District; Mr. Tim Spencer of Ad Valorem Appraisals, tax assessor and collector for the District; and Ms. Brenda Presser, paralegal, of Norton Rose Fulbright US LLP ("NRF"), law firm representing 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 held on October 18, 2016, 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 held on October 18, 2016, as presented.

2. **Public Comments.** There were no comments from the public at this time.

3. **Accept bids on Unlimited Tax Bonds, Series 2016.** This item was deferred pending receipt of approval from the Texas Commission on Environmental Quality ("TCEQ") of projects and issuance of bonds.

4. **Adopt Order Authorizing \$12,100,000 Unlimited Tax Bonds, Series 2016, a Transfer and Paying Agency Agreement, an Official Statement and other matters in connection therewith.** This item was deferred pending receipt of approval from the TCEQ of projects and issuance of bonds.

5. **Approve bond insurance.** This item was deferred pending receipt of approval from the TCEQ of projects and issuance of bonds.

6. **Approve reimbursement audit.** This item was deferred pending receipt of approval from the TCEQ of projects and issuance of bonds.

7. **Tax Assessor'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 October, 2016, a copy of which is attached hereto as *Exhibit B*. Mr. Spencer noted that 99.12% of the District's 2015 taxes had been collected as of October 31, 2016. He also reported that the District received one payment for 2016 taxes. 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 and to authorize payment of check numbers 1741 through 1745 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

8. **Review Bookkeeper's Report.** The President recognized Mr. Rutt, who presented to and reviewed with the Board the Bookkeeper's Report and quarterly investment report, copies of which is attached as *Exhibit C*. Mr. Rutt noted that the monthly invoice from NRF for legal services had not been received and requested the Board authorize a check for payment of the invoice upon receipt. 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 approve the Bookkeeper's Report, to approve the quarterly investment report, to authorize payment of check numbers 11962 through 11990 to the persons, in the amounts and for the purposes listed therein, and to authorize preparation and execution of a check for payment of NRF's invoice from the Operating Fund.

9. **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 D*.

Mr. Froehlich reported that the driveway culvert replacement and asphalt overlay projects are complete at the wastewater treatment plant and the final inspection was today.

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.

10. **Developer's Report.** Mr. Froehlich updated the Board on the status of development of Rivergrove Sections 3, 4, 5 and 6.

Mr. Froehlich presented and recommended approval of a proposal from Camino Services in the amount of \$13,900.00 to restore the crushed concrete access driveway for Kings Lake Estates Lift Station No. 2.

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 proposal from Camino Services in the amount of \$13,900.00 to restore the crushed concrete access driveway for Kings Lake Estates Lift Station No. 2.

11. **Status Report from GIS Municipal Services.** There was no report.

12. **Review Operations Report and authorize repairs.** The President recognized Mr. Gehrke, who presented to and reviewed with the Board the Operations Report dated November 15, 2016, the lift station flow report, and a list of delinquent accounts, copies of which

are attached hereto as *Exhibit E*. Mr. Gehrke reported that 116% of the water pumped was billed for the period October 1, 2016 thru October 31, 2016. He discussed the high accountability and stated that causes will be investigated and interconnects will be checked for leaks.

Mr. Gehrke reviewed and recommended approval of an invoice and renewal from Generator Service for a Preventative Maintenance Agreement. He stated that Generator Service provides annual maintenance of generators at the District's lift stations that includes one service and load test with three quarterly visits for an annual cost of \$10,950.00.

Mr. Gehrke reviewed correspondence from a customer on Quail Tree Lane requesting a one-day extension on termination of services to pay their delinquent account.

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 approve the invoice and renewal of a Preventative Maintenance Agreement with Generator Service for \$10,950.00, and to authorize the termination of service to delinquent accounts in accordance with the District's Rate Order, except the delinquent account at 5422 Quail Tree Lane in which approval of a one day extension is granted for payment of delinquent account.

13. **Law Enforcement liability.** Ms. Presser stated this coverage was recommended by insurance company in connection with the District's proposed Law Enforcement Agreement, which will be effective in March, 2017. It was the consensus of the Board to defer this item to the District's December meeting.

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 December 20, 2016.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

