

MINUTES OF BOARD OF DIRECTORS MEETING  
FEBRUARY 16, 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 6:01 p.m. on February 16, 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. 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; Ms. Emerald Lagow, paralegal, of Norton Rose Fulbright US LLP, attorneys for the District; and Mr. Augustine Rodriguez, visitor to the meeting.

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 January 19, 2016, previously distributed to the Board. 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 minutes of the meeting of January 19, 2016, as presented.
2. **Public Comments.** There were no comments from the public at this time.
3. **Adopt Order Calling Directors Election.** The Board reviewed an Order Calling Directors Election, a copy of which is attached hereto as Exhibit "B." 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 Calling Directors Election as presented.
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 January 2016, a copy of which is attached hereto as Exhibit "C." Mr. Spencer noted that 92.45% of the District's 2015 taxes had been collected as of January 31, 2016.

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 and to authorize payment of check numbers 1672 through 1690 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

5. **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 January 2016, a copy of which is attached hereto as Exhibit "D."

Mr. Rutt noted that a balance of \$2,499.79 remains on the Sara of Washington, Inc. account from the previous annexation.

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 11652 through 11676 to the persons, in the amounts, and for the purposes listed in the Bookkeeper's Report.

6. **Authorize Experimental Use and Testing Agreement with Drylet LLC.** Mr. Froehlich reported that Drylet, LLC is reviewing comments from the District's attorney on the proposed Experimental Use and Testing Agreement. He stated that BGE is requesting that the Board authorize execution of the Agreement by the President, subject to review and approval of same by the District's attorney.

7. **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 "E."

Mr. Froehlich reported that BGE completed inspection of the elevated storage tank ("EST") at Water Plant No. 2 ("WP2"), and recommends full rehabilitation in the next one to two years. He added that BGE is completing the inspection report on the EST at Water Plant No. 1 ("WP2") and will coordinate inspection of the Ground Storage Tank with the operator next month.

Mr. Froehlich reported that Alsay, Inc. was called to inspect the well at WP1 after it began generating a noise. Alsay, Inc. informed the operator that the well manufacturer is no longer in business, and recommended pulling and televising the well. He stated that BGE will coordinate with the operator and contractor to perform the inspection.

Mr. Froehlich reported that the operator televised the sanitary sewer line located in the backlot easements along Dawn Mist Court in response to reported backups. The operator found two holes and a root intrusion in the line. He reported that BGE staked the property line between the easement and the neighboring construction site within Kings Lake Estates ("KLE") Section Eight, noting that the operator will determine whether the holes were caused by the contractor upon inspection of the excavated line and invoice accordingly.

Mr. Froehlich presented to and reviewed with the Board a draft summary of developer and capital project items for inclusion in Bond Application No. 12. He stated that the application includes reimbursement to KB Homes for the entirety of the Rivergrove Development (including Kings Lake Estates Lift Station No. 2 Expansion), and reimbursement to KL-5, LLC for Kings Lake Estates Section Eight and construction of Lift Station No. 3. He noted that Kings Lake Estates Section Nine will not be included in this bond issue. He stated that the estimated total amount of the bonds is \$12,280,000. Mr. Froehlich stated that the financial advisor will attend

the next meeting to review the proposed bond issuance. The President requested that the financial advisor distribute information on the bonds for review prior to the meeting.

Mr. Froehlich reported that BGE received ten bids on February 12, 2016 for the construction of utilities to serve Rivergrove, Section Five. BGE recommends award of the contract to Lischka Utilities, Inc. for \$668,280.52. In response to a question from the President, Mr. Froehlich reviewed the items provided for under the contingency cost estimate for the project.

Mr. Froehlich noted that there are no new capacity requests.

Mr. Froehlich reviewed updates on the status of construction of the Rivergrove Development. He reported that Clearing in Rivergrove Section Five and Six is nearing completion, and that the contractor will proceed with construction of KLE Lift Station No. 2 Expansion to serve the Rivergrove development after arrival of the control panel.

Mr. Froehlich reported that BGE is presenting the final River Grove Drainage Swale Proposal for authorization by the Board, a copy of which is attached hereto as Exhibit "F." He noted that the short-form construction contract with MM Civil Construction, LLC provides for the re-establishment of drainage in Rivergrove Sections Five and Six for a total cost of \$24,907.50.

Mr. Froehlich reported that power has been established in KLE Section Eight, and the developer has closed on lots within the section.

Mr. Froehlich reported that construction of KLE Lift Station No. 3 is nearing completion, noting that BGE is waiting on CenterPoint to bring power to the site. Mr. Froehlich presented Pay Estimate No. 4 (\$35,147.70) and Pay Estimate No. 5 (\$3,870) from McDonald Municipal and Industrial for approval.

Mr. Froehlich noted that there are no updates on the Kannan or Madden tracts.

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 authorize award and execution of the contract for construction of Rivergrove, Section Five WS&D to Lischka Utilities, Inc. for \$668,280.52, subject to review and approval of same by the District's attorney; to accept and authorize execution of the River Grove Drainage Swale Proposal with MM Civil Construction, LLC for an amount not to exceed \$24,907.50; and to approve payment of Pay Estimate No. 4 (\$35,147.70) and Pay Estimate No. 5 (\$3,870) to McDonald Municipal and Industrial in connection with the contract for construction of KLE Lift Station No. 3.

**8. Review bids and authorize award of construction contract for Rivergrove Section Five WS&D.** The Board awarded the contract under the Engineer's Report.

**9. Authorize capacity commitments.** There were no capacity commitments.

**10. Developer's Report.** This item was addressed under the Engineer's Report.

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

12. **Authorize submittal of Water Smart Application.** In response to the President, Mr. Villarreal confirmed that the attorney has prepared a resolution for execution by the Board to authorize submittal of the District's application for participation in the 2016 Water Smart Program, a copy of which is attached hereto as Exhibit "G."

13. **Review Operations Report, authorize repairs, and authorize submittal of 2015 Water Smart Application.** The President recognized Mr. Villarreal, who presented to and reviewed with the Board the Operations Report for the month of January 2016, the lift station flow report, and a list of delinquent accounts, copies of which are attached hereto as Exhibit "H." Mr. Villarreal reported that 90.01% of the water pumped was billed for the period ending February 1, 2016.

Mr. Villarreal reviewed with the Board a letter from DXI Industries, Inc., manufacturer of the cylinders and containers used at the District's water plants, regarding implementation of a monthly rental program, a copy of which is attached to the Engineer's Report. He stated that the program took effect on January 1, 2016, and that the rental rates are \$10 per cylinder and \$50 per ton container.

Mr. Villarreal reviewed with the Board a proposal from Alsay Inc. in the amount of \$8,550 for inspection of water well #1 at WP1, a copy of which is attached to the Operations Report. In response to a question from Director Green, Mr. Villarreal confirmed that the quote is for inspection only.

Mr. Villarreal reviewed with the Board a quote in the amount of \$8,307.50 from Source Point Solutions, LLC for cleaning and televising the sanitary sewer line along Dawn Mist and Big Timber, a copy of which is attached to the Operations Report. He noted that the final bill may vary based on the amount of material to be disposed.

Mr. Villarreal requested approval to increase the number of meters inspected each month to 60 due to high meter readings and water usage in the District. He noted that 40 meters are inspected each month under the current meter change-out program. The Board approved the increase.

Mr. Villarreal reported that WWWWMS installed one residential meter in the District during the month of January.

Mr. Gherke reviewed the list of unpaid accounts scheduled for termination on February 18, 2016.

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; to accept the proposal from Alsay, Inc. in the amount of \$8,550 for inspection of water well #1 at WP1; to authorize the operator to coordinate cleaning and televising the sanitary sewer line along Dawn Mist and Big Timber by Source Point Solutions, LLC; and to authorize submittal of the District's application for participation in the 2016 Water Smart Program.

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

15. **Other matters.** Mr. Rodriguez addressed the Board regarding the open records request he submitted via e-mail to the District's engineer on February 15, 2016. The President replied that the District's attorney will respond to his request.

In response to a question from Mr. Rodriguez, Mr. Froehlich stated that the District would not consider a combined annexation request made by multiple owners within Continental Plaza due to the difficulty of obtaining payment from each party for the cost of annexation.

Mr. Rodriguez requested a copy of the District's boundary map, noting that the Continental Landowners Association hopes to provide this, and the information requested in his e-mail, to developers interested in developing the lots adjacent to the District's southern boundary line.

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 March 15, 2016.



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President, Board of Directors

ATTEST:



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Secretary, Board of Directors

