

MINUTES OF BOARD OF DIRECTORS MEETING
JANUARY 17, 2017

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 6:00 p.m. on January 17, 2017, 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 Mr. Ryan Nesmith of Robert W. Baird & Co., financial advisor for the District; Mr. Don Rutt of Donald Rutt, C.P.A., bookkeeper for the District; Mr. Paul Villarreal 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 December 20, 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 December 20, 2016, as presented.

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

3. **Accept bids on Unlimited Tax Bonds, Series 2017.** The President recognized Mr. Nesmith, who presented to and reviewed with the Board a bid comparison in connection with the District's Unlimited Tax Bonds, Series 2017 (the "Series 2017 Bonds"), a copy of which is attached hereto as *Exhibit B*. Mr. Nesmith noted that six bids were received, the Bonds have been qualified for insurance, and that the lowest insurance premium was National Public Finance Guarantee Corporation. Mr. Nesmith verified the bids and recommended that the Board accept the low bid, with a net effective interest rate of 3.433064%, from Raymond James & Associates, Inc. He also stated the proposed closing will be February 16, 2017 and that funds will be disbursed upon the Board's approval of the reimbursement audit to be presented at the District's meeting on February 20, 2017. 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 award the sale of the Bonds to Raymond James & Associates, Inc.

4. **Adopt Order Authorizing \$12,100,000 Unlimited Tax Bonds, Series 2017, a Transfer and Paying Agency Agreement, and Official Statement and Other Matters in Connection Therewith.** Ms. Presser presented to and reviewed with the Board a proposed Order Authorizing \$12,100,000 Unlimited Tax Bonds, Series 2017, a Transfer and Paying Agency Agreement and Official Statement and Other Matter in Connection Therewith, a copy of which is attached hereto as *Exhibit C*. 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 adopt the Order Authorizing \$12,100,000 Unlimited Tax Bonds, Series 2017, a Transfer and Paying Agency Agreement and Official Statement and Other Matter in Connection Therewith , as presented.

5. **Approve Bond Insurance.** 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 execution of all documentation necessary to obtain insurance on the bonds from National Public Finance Guarantee Corporation.

6. **Approve Escrow Agreement.** 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 and authorize execution of an Escrow Agreement with BBVA Compass Bank.

7. **Approve reimbursement audit.** Ms. Presser reported that the Board previously approved an engagement letter at the September meeting to authorize McCall Gibson Swedlund Barfoot PLLC to prepare the reimbursement audit relating to disbursement of funds upon closing of the Series 2017 Bonds. She requested the Board defer this item to the next meeting to allow the auditor sufficient time to receive final numbers for preparation of a reimbursement audit for presentation to the Board. It was the consensus of the Board to defer this matter until the next meeting.

8. **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 December 2016, a copy of which is attached hereto as *Exhibit D*. Mr. Spencer noted that 68.64% of the District's 2016 taxes had been collected as of December 31, 2016.

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

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 Tax Assessor and Collector's Report and to authorize payment of check numbers 1752 through 1769 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

9. **Adopt Order Authorizing Exemption From Taxation.** The Board discussed District homestead exemptions. It was noted the District currently grants an exemption in the amount of \$10,000 of appraised value for individuals who are disabled or 65 years of age or older. 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 retain the current exemption for 2016 taxes in the amount of \$10,000 of appraised value for individuals who are disabled or 65 years of age or older.

10. **Adopt Resolution Authorizing Additional Penalty on Delinquent Taxes.** 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 Resolution Authorizing 20% Additional Penalty on Delinquent Taxes remaining delinquent on April 1, 2017 for personal property, and remaining delinquent on July 1, 2017 for other property, a copy of which is attached hereto as *Exhibit E*.

11. **Review Arbitrage Rebate Report on Unlimited Tax Refunding Bonds, Series 2011.** The President recognized Ms. Presser who reported on the District's Arbitrage Rebate Calculations for the Fifth Year Rebate Installment Computation Period October 31, 2011 to October 31, 2016 prepared by Arbitrage Compliance Specialists. She stated that Arbitrage Compliance Specialists found no outstanding issues and confirmed that no payment is due to the Internal Revenue Service. Ms. Presser noted this report will be filed in the District's official records and no action is requested or required by the Board.

12. **Report on Eminent Domain Annual Report.** Ms. Presser noted that legislation requires that the District file an annual report by February 1 of each year with the Texas Comptroller of Public Accounts to retain its eminent domain rights. She reported there are no changes from last year's report and no action is requested or required of the Board.

13. **Review Bookkeeper's Report.** The President recognized Mr. Rutt, who presented to and reviewed with the Board the Bookkeeper's Report, which includes the list of checks issued for approval and Debt Service Fund Table, copies of which are attached as *Exhibit F*. 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 Bookkeeper's Report, to approve the quarterly investment report, and to authorize payment of check numbers 12028 through 12056 to the persons, in the amounts and for the purposes listed therein.

14. **Update from Drylet, LLC.** There were no updates to report.

15. **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 G*. 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.

16. **Developer's Report.** Mr. Froehlich reviewed the Developer's Report, which is attached to the Engineer's Report. He updated the Board on the status of development of Rivergrove Sections 3, 4, and 5. He reminded the Board of last month's approval to advertise bids for construction of water, sewer and drainage facilities to serve Rivergrove, Section 6 and reported that BGE is coordinating the advertising schedule with the developer.

Mr. Froehlich reported the gravel driveway replacement is complete at Kings Lake Estates Lift Station No. 2 Expansion project and presented and recommended approval of an invoice from Camino Services for \$13,900.00.

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 Developer's Report and approve payment of the invoice from Camino Services for \$13,900.00 for construction of the gravel driveway replacement at Kings Lake Estates Lift Station No. 2.

17. **GIS Municipal Services.** The President reported that GIS Municipal Services ("GIS") submitted an updated Professional Services Agreement, which was previously distributed to the Board, a copy of which is attached as *Exhibit H*. The President stated the updated agreement with GIS increases the consultant fee from \$85 per hour to \$91 per hour and the server/software maintenance is increased from \$90 per quarter to \$120 per quarter. It was noted the previous agreement has been in place, without any revisions, since October 17, 2000.

The President reviewed the quarterly status report from GIS, which was previously distributed to the Board and which is attached as *Exhibit I*.

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 execution of the Professional Services Agreement with GIS Municipal Services, as presented, and accept the quarterly status report.

18. **Review Operations Report and authorize repairs.** The President recognized Mr. Villarreal, who presented to and reviewed with the Board the Operations Report dated January 17, 2017, the lift station flow report, and a list of delinquent accounts, copies of which are attached hereto as *Exhibit J*. Mr. Villarreal reported that 91% of the water pumped was billed for the period December 1, 2016 thru December 31, 2016.

Mr. Villarreal reviewed the delinquent list and requested the Board's authorization to submit seven delinquent accounts for collections.

Mr. Villarreal reviewed issues at 19310 Pocito Court and resident's request for reimbursement of costs for a plumber to determine issues with the sewer line. He stated that, upon investigation, it was determined there was also damage to the District's line and both the District's and resident's lines were repaired. Discussion ensued and the Board directed WWWMS to meet with resident to resolve the issues.

Mr. Villarreal next discussed correspondence from a homeowner at 19606 Shinwood Drive who is requesting a refund of his deposit since he has lived in his home approximately 18 years. The Board directed Mr. Villarreal to respond that it is not the District's policy to refund a deposit regardless of the number of years a homeowner has been a customer of the District.

Mr. Villarreal review an account in which a payment plan had been set up with a customer who has not met the payments as agreed upon. The Board directed WWWMS to contact the customer to discuss a revised payment plan or full payment.

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, to terminate service on delinquent accounts in accordance with the District's Rate Order, and to authorize WWWMS to submit seven delinquent accounts to collections;

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 February 21, 2017.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

