

MINUTES OF BOARD OF DIRECTORS MEETING
FEBRUARY 21, 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 February 21, 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 Scott and Lisa Hill and Jane Miller, residents of the District; Mr. Justin Jenkins of McCall Gibson Swedlund Barfoot PLLC, auditors for the District; Captain Toby Hecker and Chief John Zitzman of Harris County Precinct 4 Constable's Office; 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. Clint 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 January 17, 2017, 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 January 17, 2017, as presented.

2. **Public Comments.** Officers of Harris County Constable's Office, Precinct 4 introduced themselves to the Board. Captain Hecker reported that law enforcements services for the District will begin on March 1, 2017.

The President of the Board recognized Mr. Scott Hill, who addressed the Board regarding reimbursement of expenses for issues concerning a sewer line affecting him and his neighbor, Jane Miller. Director Parker stated that this matter will be discussed later in the meeting with the Operations Report.

3. **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 2017, a copy of which is attached hereto as *Exhibit*

B. Mr. Spencer noted that 92.21% of the District's 2016 taxes had been collected as of January 31, 2017.

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

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 Tax Assessor and Collector's Report and to authorize payment of check numbers 1770 through 1772 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

4. **Approve reimbursement audit, Conveyance of Facilities and authorize disbursement of Series 2017 bond proceeds.** The President recognized Mr. Jenkins, who reviewed the Developer Reimbursement Audit for distribution of 2017 Bond Proceeds to KB Home Lone Star Home and KL-5 LLC.

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 reimbursement audit, to authorize payment to KLE-5 and KB Home Lone Star, Inc. in accordance with the payment schedule, to approve and authorize execution of the Conveyance of Facilities, and to authorize disbursement of the Series 2017 bond proceeds.

5. **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 E*. 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 12057 through 12085 to the persons, in the amounts and for the purposes listed therein.

6. **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 F*. 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.

7. **Developer's Report.** Mr. Froehlich reviewed the Developer's Report, a copy of which is attached to the Engineer's Report. He updated the Board on the status of development of Rivergrove Sections 3, 4, 5, and 6. He then recommended approval Pay Estimate No. 7 and final in the amount of \$55,003.97 to T&C Construction for construction of Kings Lake Estates Lift Station No. 2 expansion.

Mr. Froehlich then presented and recommended approval of Pay Estimate No. 7 in the amount of \$6,935.00 to McDonald Municipal and Industrial for construction of Kings Lake Estates Lift Station No. 3.

Mr. Froehlich next requested approval to begin design of utilities to serve Kings Lake Estates Section 9, which consists of 125 lots.

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: (1) the Developer's Report; (2) Pay Estimate No. 7 and final in the amount of \$55,003.97 to T&C

Construction for construction of Kings Lake Estates Lift Station No. 2 expansion; (3) of Pay Estimate No. 7 in the amount of \$6,935.00 to McDonald Municipal and Industrial for construction of Kings Lake Estates Lift Station No. 3; and (4) the design of utilities to serve Kings Lake Estates Section 9.

8. **Review Operations Report and authorize repairs.** The President recognized Mr. Gehrke, who presented to and reviewed with the Board the Operations Report dated February 21, 2017, the lift station flow report, and a list of delinquent accounts, copies of which are attached hereto as *Exhibit G*. Mr. Gehrke reported that 89.56% of the water pumped was billed for the period January 1, 2017 thru January 31, 2017.

Mr. Gehrke reviewed the delinquent list and requested the Board's authorization to submit one delinquent account for collections. He also reported on a new program for reporting on delinquent accounts that will provide for 30, 60 and 90 day listings.

Mr. Gehrke reviewed issues at 19302 Pocito Court and resident's request for reimbursement of costs for a plumber to determine issues with the sewer line. He stated that the District engaged Source Point to televise the sewer line and investigate the District stack and it was determined that repair was necessary on the District stack. Following repairs and as directed by the Board, WWWMS met with affected residents to resolve the issues. Mr. Hill addressed the Board on behalf of his property and his neighbor's, Ms. Miller, about current issues they believe are a result of previous repairs made in 2005. Discussion ensued regarding issues and repairs made at the stack. Upon a full discussion by the Board, it was the consensus of the Board to investigate the property owners' issues and contact the residents upon a determination if there is any additional District responsibility.

Mr. Gehrke discussed mischievous activity and vandalism at Water Plant No. 2. He presented a proposal in the amount of \$1,804.00 from Aber Fence to add security fencing to deter malicious and damaging acts at District facilities.

Upon motion by Director Sulpizio, 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 terminate service on delinquent accounts in accordance with the District's Rate Order, to authorize WWWMS to submit one delinquent account to collections; to approve the proposal for \$1,804.00 from Aber Fence for additional security fencing at Water Plant No. 2; and to approve and authorize execution of the Resolution Approving Submittal of the Water Smart Application for Inclusion in the Association of Water Board Directors Water Smart Partners Program.

9. **Report on AWBD Winter Conference.** The Board discussed content of seminars and presentations from the winter conference. Director Parker reported on proposed legislation under consideration affecting water districts.

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 21, 2017.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

