

MINUTES OF BOARD OF DIRECTORS MEETING
MARCH 21, 2017

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 March 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 Ms. Kim Courte of with Arthur J. Gallagher & Co, Waterworks Insurance Network ("WIN"); Mr. Tom Mraz of HARCO; Ms. Jane Miller, residents of the District; Captain Toby Hecker and Sergeant Chris Zitzman of Harris County Precinct 4 Constable's Office; Mr. Cory Burton of Municipal Accounts & Consulting, LP, bookkeeper for the District; Mr. Paul Villarreal of Water Waste Water Management Services, Inc. ("WWWMS"), operator for the District; Mr. Matt Froehlich and Jorge Bustamante 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"), 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 held on February 21, 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 February 21, 2017, as presented.

2. **Public Comments.** The President announced that Director Bogs will be resigning from the Board of Directors and requested the Board defer action until next month. It was the consensus of the Board to defer consideration and action on Director Bogs' resignation until next month.

The President recognized Ms. Miller, who addressed the Board about reimbursement for the costs of a plumber to televise her line to determine blockage. Mr. Villarreal explained and reviewed photographs of the issues on both the District's and her side of the line that resulted from lateral clogging by the intrusion of a root ball. Photographs are included in the Operations Report. Discussion ensued regarding the cost of repairs by both Ms. Miller and the District, with the greater cost being the District's for clearing the line. After a full discussion, the President reported to Ms. Miller that the Board denies approval of her request for reimbursement.

3. **Security Report.** Sergeant Zitzman reported that statistics and the Security Report will be distributed by the third or fourth day of each month. He updated the Board on activities that will appear on next month's report, including the arrest of four juveniles at the Wastewater Treatment Plant, surveillance, and arrests at the Sunset store located at Timber Forest and Upper Lake.

4. **Review Operations Report and authorize repairs.** Mr. Villarreal presented to and reviewed with the Board the Operations Report dated March 21, 2017, the lift station flow report, and a list of delinquent accounts, copies of which are attached hereto as *Exhibit B*. Mr. Villarreal reported that 89.51% of the water pumped was billed for the period February 1, 2017 through February 28, 2017.

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

Mr. Villarreal reviewed correspondence and payment history for a customer requesting a payment plan for a delinquent account. Discussion ensued and Mr. Villarreal recommended a two-month payment plan.

Discussion ensued regarding deposit refunds for customers moving out of the District. Mr. Burton explained that, in the future, deposit refunds will be disbursed directly from the District's Operating Fund. He stated that, previously, funds were transferred from the District's Operating Fund to a Deposit Refund Account maintained by the Operator for payment of deposit refunds. Mr. Villarreal noted that such account will be closed and payments will be disbursed by the District's bookkeeper.

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, and to coordinate with a customer for a two month payment plan on his delinquent account.

5. **Receive presentations and proposals for renewal of District insurance.** The President recognized Mr. Mraz, who presented and reviewed a proposal for insurance with a cost breakout for the Wastewater Treatment Plant, a copy of which is attached as *Exhibit C*. Following Mr. Mraz' presentation and discussion with the Board, the President stated the Board will make a decision at their next meeting and he or NRF will notify HARCO of the Board's decision.

The President recognized Ms. Courte, who presented and reviewed a comparison of two insurance proposals, one from TML and the other from Arch/Grundy, copies of which are attached as *Exhibit D*. Following Ms. Courte's presentation and discussion with the Board, the President stated the Board will make a decision at their next meeting and he or NRF will notify WIN of the Board's decision.

6. **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 February 2017, a copy of which is attached hereto as *Exhibit E*. Mr. Spencer noted that 94.14% of the District's 2016 taxes had been collected as of February 28, 2017.

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 1774 through 1781 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

7. Engage delinquent tax attorney to enforce the collection of delinquent taxes. Mr. Spencer noted that the delinquent tax attorney will begin collection of delinquent personal property taxes on April 1, 2017. Ms. Presser confirmed that the District has a contract with Perdue, Brandon, Fielder, Collins, & Mott, LLP for collection of delinquent taxes.

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 authorize the delinquent tax attorney to pursue the collection of delinquent taxes.

8. Review Bookkeeper's Report. The President recognized Mr. Burton, who presented to and reviewed with the Board the Bookkeeper's Report, a copy of which is attached hereto as *Exhibit F*. Mr. Burton reviewed disbursements from the General Operating Fund and reported that the amounts for check numbers 12128, 12131 and 12132 have been left blank pending receipt of invoices prior to the next meeting that will be paid without incurring late fees.

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 Bookkeeper's Report, and to authorize payment of the checks in the amounts and for the purposes listed therein.

9. Appoint Investment Officer(s). Mr. Burton reported the District's current investment officer is Director Moore. Director Moore stated that she does not wish to continue to serve in that capacity. Ms. Presser presented a Resolution Designating Investment Officer that designates the District's bookkeeper(s) as investment officer(s), a copy of which is attached as *Exhibit G*.

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 designation of the District's bookkeeper(s) as the District's Investment Officer(s).

10. Review Investment Policy and accept related party disclosures from bookkeeper and investment officer. The Board reviewed a Resolution Reviewing Investment Policy and Making any Desirable Changes Thereto (the "Resolution"), a copy of which is attached hereto as *Exhibit H*. Ms. Presser noted that the only change is an updated list of brokers/dealers with which the District may transact business.

Ms. Presser confirmed that executed disclosure statements have been received from the District's bookkeeper and investment officer and will be filed with the Texas Ethics Commission.

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 Resolution as presented, and to accept the related disclosures from the bookkeeper and investment officer.

11. **Approve and authorize filing of amended District Registration Form.** Ms. Presser reported the District Registration Form has been updated for filing with the TCEQ and requested the Board's authorization to file an amended District Registration Form reflecting the change in the District's bookkeeper and investment officer. 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 authorize NRF to file an amended District Registration Form as discussed.

12. **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 I*. 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.

13. **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 .

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 Developer's Report.

14. **GIS Quarterly Status Report.** No report was presented.

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 April 18, 2017.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

