

MINUTES OF BOARD OF DIRECTORS MEETING
JANUARY 23, 2018

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 special 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 23, 2018, whereupon the roll was called of the members of the Board, to wit:

Owen H. Parker, President
Vacancy, Vice President
Chris Green, Secretary
Robin Sulpizio, Assistant Secretary
Cheryl Moore, Treasurer

All members of the Board were present. Also attending all or parts of the meeting were Lieutenant V. Medina, and Deputy J. Morales of Harris County Precinct 4 Constable's Office Mr. Tim Spencer of Ad Valorem Appraisals, tax assessor and collector for the District; Mr. Cory Burton of Municipal Accounts & Consulting, LP, bookkeeper for the District; Mr. Matt Froehlich and Mr. Ryan George of BGE, Inc. ("BGE"), engineers for the District; Mr. Paul Villarreal of Water Waste Water Management Services, Inc. ("WWWMS"), operator 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 regular meeting held on December 19, 2017, 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 held on December 19, 2017, as presented.

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

3. **Interlocal Agreement for Law Enforcement Services.** Ms. Presser presented an Interlocal Agreement for Law Enforcement Services between Harris County and the District. Ms. Presser reported that the Interlocal Agreement is for 70% coverage by one officer and the cost increased by \$2,015.00 from last year. 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 Interlocal Agreement for Law Enforcement Services as presented.

4. **Security Report.** The President recognized Deputy Morales, who reviewed highlights of the Security Report with the Board, a copy of which is attached as *Exhibit B*.

5. **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 2017, a copy of which is attached hereto as *Exhibit C*. Mr. Spencer noted that 68.02% of the District's 2017 taxes had been collected as of December 31, 2017.

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 1832 through 1835 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

6. **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 2017 taxes in the amount of \$10,000 of appraised value for individuals who are disabled or 65 years of age or older. A copy of the Order Authorizing Exemption From Taxation is attached as *Exhibit D*.

7. **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, 2018 for personal property, and remaining delinquent on July 1, 2018 for other property, a copy of which is attached hereto as *Exhibit E*.

8. **Report on Eminent Domain Annual Report.** . Ms. Presser reported that the District is required to file an annual report on eminent domain activities with the Texas Comptroller's office by February 1st of each year. She stated that the District has had no eminent domain activities, and that NRF filed the report on behalf of the District. No action is requested of the Board on this item.

9. **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 12589 through 12592 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 Sulpizio, 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, to the persons, and for the purposes listed therein.

10. **Engineer's Report.** The President recognized Mr. George, who presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as *Exhibit G*.

Mr. George discussed with the Board using a small hydro-tank at Water Plant No. 1 to assist with operations during the down time for the elevated storage tank rehabilitation.

Mr. George reported that Harris County Precinct Two requested the District provide a letter of support for the Atascocita Trails System. He distributed a letter for the Board's consideration.

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 accept the Engineer's Report and to approve and authorize execution of the support letter to Harris County Precinct Two, as presented.

11. **Developer's Report.** Mr. George reported on an analysis of the San Jacinto River Basin that will determine recommended lot slab elevations due to events resulting from Hurricane Harvey.

Mr. George reported that he had been contacted by an engineer regarding service for the undeveloped tracts at Kings Park Way and Atasca Oaks Drive. He noted that the tracts are within the boundaries of Harris County Municipal Utility District No. 151, but are served by the District.

12. **Review Operations Report and authorize repairs.** Mr. Villarreal presented to and reviewed with the Board the Operations Report dated January 23, 2018, the lift station flow report, and a list of delinquent accounts, copies of which are attached hereto as *Exhibit H*. Mr. Villarreal reported that 91% of the water pumped was billed for the period December 1, 2017 through December 31, 2017. He noted the accountability is attributable to two water main breaks, one on Spoonwood Court and the other on Straight Arrow.

Mr. Villarreal reported that the cut-off date for unpaid delinquent accounts is January 25, 2018. He requested the Board's authorization to send three accounts to collections.

Mr. Villarreal discussed the issues at Water Plant No. 1 due to a failed program logical controls ("PLC") processor causing booster pumps to short cycle. He noted that Water Plant No. 1 is not dependable following the repairs. Discussion ensued regarding the age and useful remaining life of the PLC. Mr. Villarreal stated that replacement of the PLC is on the list for the five-year CIP and it was the consensus of the Board to prioritize replacement due to limited remaining useful life.

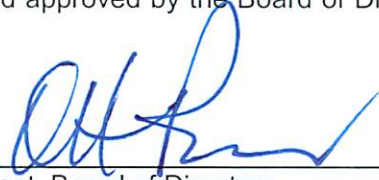
Mr. Villarreal reported that a chlorinator line ruptured at Water Plant No. 2 due to the freeze, rendering the chlorine scales inoperable. He recommended replacement of the chlorine scales with Scaleton 2330T Mechanical Dual Cylinder for a cost of \$1,733.00. A description is attached to the Operator's Report. Mr. Villarreal also reported that the well pump motor at Water Plant No. 2 became inoperable due to a power surge and an insurance claim has been filed. He stated that STP Services rebuilt the well motor for a cost of \$13,100.00. He stated that the District could purchase a refurbished well motor for a cost of \$17,900.00 or purchase a new well motor for an estimated cost of \$25,000.00. Discussion ensued and it was the consensus of the Board to defer action on the back-up well motor.

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.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

* * *

The above and foregoing minutes were passed and approved by the Board of Directors on February 20, 2018.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

