MINUTES OF BOARD OF DIRECTORS MEETING
OCTOBER 16, 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 regular session, open to the public, at the Atascocita Fire Department, 18425 Timber Forest Dr., Humble, Texas 77346, at 6:00 p.m. on October 16, 2018, whereupon the roll was called of the members of the Board, to wit:

Owen H. Parker, President
Chris Green, Vice President
Cheryl Moore, Secretary
Robin Sulpizio, Assistant Secretary
Nancy Frank, Assistant Secretary

All members of the Board were present. Also attending all or parts of the meeting were Mr. Kent Spitzmiller, President of the Board for Harris County Municipal Utility District No. 151 and member of the Atascocita Joint Operations Board; Mr. Dave Johnson and Mr. Bill Kimball, District residents; Lieutenant Steve Romero, Corporal Gamble, Sargent Massey and Officer Serrano 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. Clint Gehrke of Water Waste Water Management Services, Inc. ("WWWMS"), operator for the District; and Mr. Dimitri Millas and Ms. Brenda Presser 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 meetings held on September 18, 2018 and October 3, 2018, 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 meetings held on September 18, 2018 and October 3, 2018, as presented.

2. **Public Comments**. President Parker recognized Mr. Johnson, who stated that he contacted WWWMS about excess water in his yard and requested that someone investigate. He reported that equipment was delivered, which remained idle for several days without apparent follow up activity. Mr. Johnson said he called the customer service department for WWWMS to inquire about the status of repairs and was dissatisfied with the service provided to him. When the repairs began, water service to customers was shut off without notification. Mr. Gehrke reported on the nature of the leak and progress of repairs. Discussion ensued and Mr. Johnson thanked the Board for the opportunity to bring this matter to the Board's attention and departed the meeting. No action was taken by the Board.

3. **Security Report.** President Parker recognized Lieutenant Romero, who reviewed the Security Report for the month of September, 2018, which was previously distributed to the Board. A copy of the Security Report is attached as *Exhibit B*.

4. **Public Hearing on Tax Rate.** The President opened the hearing on the proposed tax rate. There were no comments. The President closed the hearing.

5. **Order Setting Tax Rate and Levying Tax for 2018.** The Board reviewed an Order Setting Tax Rate and Levying Tax for 2018 (the "Order"), a copy of which is attached hereto as *Exhibit C.* Upon motion by Director Green, seconded by Director Frank, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order, thereby levying a tax rate of $0.49 per $100 assessed valuation ($0.36 for debt service and $0.13 for operations and maintenance).

6. **Approve Amended District Information Form.** The Board reviewed the Amended District Information Form reflecting a decrease in tax levied for 2018, a copy of which is attached hereto as *Exhibit D.* 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 filing of the Amended District Information Form in the Harris County Real Property Records.

7. **Tax Collector's Report and authorize payment of certain bills**. President Parker recognized Mr. Spencer, who presented to and reviewed with the Board the Tax Assessor and Collector's Report for the month of August 2018, a copy of which is attached hereto as *Exhibit E.* Mr. Spencer noted that 98.86% of the District's 2017 taxes had been collected as of August 31, 2018.

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 1898 through 1905 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

8. **Review Bookkeeper's Report.** President Parker 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 check numbers 3057 through 3059 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, to authorize payment of the checks in the amounts, to the persons, and for the purposes listed therein.

9. **Engineer's Report.** President Parker 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 reported that the new hydro-tank was delivered to the old Hydro-Tank No. 1 foundation and the pedestal base did not fit. He explained that the design was misconfigured by the contractor and to correct the issue, the original hydro-tank pedestal foundations will need to be removed. Mr. Froehlich stated that a new pedestal will be reformed to design size and the old pedestal foundations will be removed. He stated that a change order will be presented next month to remove the old pedestal foundations and install a reformed pedestal pursuant to design for a contract increase of approximately $6,000.00.

Mr. George reported that the property owner on Upper Lake has been contacted regarding the removal of the existing brick fence or relocating the District's waterline. He reviewed both options, which are attached to the Engineer's Report. He stated that the costs are being calculated for each

option to present to the property owner. Discussion ensued regarding fence material options and it was noted that the fence should be compliant with the neighborhood's Deed Restrictions.

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 accept the Engineer's Report.

10. **Developer's Report**. Mr. Froehlich reported that Notice to Proceed on clearing and grubbing will soon be issued for Section 9.

He reported that BGE is researching capacity availability for the two acres of land on FM 1960 and a capacity availability letter will be issued to the property owner upon confirmation of available capacity.

11. **Approve Amended and Restated Rate Order.** President Parker reported on the proposed amendments to the District's Rate Order, which are suggested in coordination with the District's Operator. Mr. Millas suggested that the proposed revisions also be reviewed by the District's engineer. 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 Amended and Restated Rate Order, subject to a review by BGE: A copy is attached as *Exhibit H*.

12. **Review Operations Report and authorize repairs.** President Parker recognized Mr. Gehrke, who the Operations Report dated October 16, 2018, the lift station flow report, and a list of delinquent accounts, copies of which are attached hereto as *Exhibit I*. Mr. Gehrke reported that 93% of the water pumped was billed for the period September 1, 2018 through September 30, 2018.

Mr. Gehrke presented and reviewed customer requests for bill adjustments. Following a discussion of each issue and a review of payment histories, it was the consensus of the Board to authorize WWWMS to take the following action:

Burle Oak Dr. – Offer a payment plan.
Straight Arrow – Offer a payment plan.
Silent Oaks – Offer a payment plan.
Misty Moon – Adjust bill to remove 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: (1) approve the Operations Report; and (2) terminate service to delinquent accounts in accordance with the terms of the District's Rate Order, except for the bill adjustments for the customers presented and discussed.

13. **Discuss November meeting date.** President Parker noted that the November falls during the week of Thanksgiving and after polling the Board, it is the consensus of the Board that a quorum will be available on the regular meeting date of November 20, 2018.

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 November 20, 2018.

President, Board of Directors

ATTEST:

Cheryl C Moore

Secretary, Board of Directors

(DISTRICT SEAL)

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109

TEXAS

HARRIS COUNTY MUNICIPAL UTILITY
DISTRICT NO. 109
TEXAS