

MINUTES OF BOARD OF DIRECTORS MEETING
APRIL 17, 2018

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 Atascocita Fire Department, 18425 Timber Forest Dr., Humble, Texas 77346, at 6:00 p.m. on April 17, 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 Mr. Morris Nicholson, a District resident; Ms. Kim Courte of with Arthur J. Gallagher & Co, Waterworks Insurance Network ("WIN") ; Mr. Jerry Lavey of HARCO; Deputy Soliz of Harris County Precinct 4 Constable's Office; 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 and Mr. Clint Gerhke 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 March 20, 2018, previously distributed to the Board. 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 minutes of the regular meeting held on March 20, 2018, as presented.

2. **Public Comments.** President Parker recognized Mr. Nicholson, who addressed the Board about a bill adjustment due to a water line break. Mr. Nicholson reported on a broken pipe to his mosquito control system that occurred while he was out of town in January. He stated that the leak was repaired as soon as it was discovered. He requested a waiver of penalties. Mr. Villarreal confirmed there were no leaks detected beyond the meter box. Messrs. Villarreal and Gehrke reviewed the customer's usage and payment history and suggested adjustments. The Board concurred with suggested adjustments. Mr. Nicholson was presented with an adjusted payment, which Mr. Nicholson accepted and agreed to pay.

3. **Security Report.** The Board considered the proposed Security Report for the month of March, 2018, previously distributed to the Board. A copy of the Security Report is attached as *Exhibit B*. 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 accept the Security Report.

4. **Tax Collector's Report and authorize payment of certain bills.** The Board considered the proposed Tax Collector's Report, previously distributed to the Board. Ms. Presser verbally reviewed an electronic copy of the Tax Collector's Report. There were no bills presented for

payment. No action was taken by the Board. A printed copy of the Tax Collector's Report is attached to these minutes as *Exhibit C*.

5. **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 D*. Mr. Burton reviewed disbursements from the General Operating Fund and reported that check number 12726 and 12727 have been left blank pending receipt of invoices prior to the next meeting that will be paid without incurring late fees.

Mr. Burton briefly reviewed the Quarterly Investment Report, a copy of which is attached to the Bookkeeper's Report.

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 and to approve the Quarterly Investment Report.

6. **Adopt budget for fiscal year ending May 31, 2019.** Mr. Burton noted that the proposed budget for fiscal year ending May 31, 2019 for the District's Operating Fund attached to the Bookkeeper's Report. He stated that feedback is appreciated for presentation of the budget at next month's meeting.

7. **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 E*. The Board requested that BGE prepare a list of capital improvement projects in order of priority.

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 accept the Engineer's Report.

8. **Developer's Report.** Mr. George reported that construction is complete in Rivergrove, Section 6 and that a package will be submitted to Harris County for inspection upon receipt of the recorded plat.

Mr. George updated the Board on the status Kings Lake Estates, Section 9 and requested the Board's authorization to advertise for a clearing and grubbing contract.

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 authorize BGE to advertise for clearing and grubbing of Kings Lake Estates, Section 9.

9. **Review Drought Contingency Plan.** President Parker noted this item is required to be reviewed every five years and was last reviewed in September of 2013. He requested that Ms. Presser revise the District's calendar for review in September every five years.

10. **Review Operations Report and authorize repairs.** President Parker recognized Mr. Villarreal, who presented to and reviewed with the Board the Operations Report dated April 17, 2018, the lift station flow report, and a list of delinquent accounts, copies of which are attached hereto as *Exhibit F*. Mr. Villarreal reported that 90% of the water pumped was billed for the period March 1, 2018 through March 31, 2018.

Mr. Villarreal reported that the cut-off date for unpaid delinquent accounts is April 19, 2018. He requested the Board's authorization to send 16 unpaid, delinquent accounts to collections.

Mr. Villarreal reviewed the Activity Report. He reported that the breaker tripped immediately at Pump No. 2 located at Lift Station No. 1. He stated that STP Services pulled and inspected the pump, which will need to be rebuilt at a cost of approximately \$10,000.00. He stated that a quote will be presented to the Board next month.

Mr. Villarreal updated the Board on the status of Mr. Madden's account, noting that a payment was made on the delinquent account the day before the cut-off deadline.

Mr. Villarreal reported on a customer requesting a credit adjustment for discolored water when filling their swimming pool. He noted that several fire hydrants in the area were being flushed at the time the pool was being filled. He stated that the customer drained the pool and refilled and there were no discoloration issues with the second fill. Mr. Villarreal stated that the pool took about 13,800 gallons and requested the Board's authorization to offer an adjusted bill.

Mr. Villarreal presented two requests for bill adjustments on Dawnburst Drive and Gnarled Oaks, along with one request for a payment plan on Bambiwoods Drive. He stated that all requests referenced high water usage in the month of January in association with the freeze.

Mr. Villarreal reported that the stainless steel plaque in honor of Mr. Boggs and the sidewalk were vandalized, but WWWMS was able to clean and restore both the plaque and sidewalk to its original state.

Mr. Villarreal noted that the front easement at the swimming pool is consistently saturated and stated that WWWMS will continue to monitor.

Mr. Villarreal presented and requested approval of the Annual Identity Theft Prevention Program Report, a copy of which is attached to the Operations Report as Exhibit F-1

Upon motion by Director Green, seconded by Director Sulpizio, after full discussion and the question being put to the Board, the Board voted unanimously: 1) to approve the Operations Report; 2) to terminate service to delinquent accounts in accordance with the terms of the District's Rate Order.

11. Approve Payment Services Agreement with First Billing. Mr. Villarreal presented a Payment Services Agreement with First Billing for an online payment option for District customers, a copy of which is attached as *Exhibit G*. He noted that this contract reduces the fee for online payments from 5% to 3%. The Board inquired about attorney review and Ms. Presser confirmed that the document was submitted and reviewed by Ms. Cogburn, the District's attorney and that her comments have been incorporated. 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 Payment Services Agreement with First Billing.

12. Receive and review insurance proposals. The President acknowledged Ms. Courte and Mr. Lavey for presentation of insurance proposals. Mr. Lavey left the room. Ms. Courte presented and reviewed a comparison of two insurance proposals, one from TML and the other from Grundy/Philadelphia, copies of which are attached as *Exhibit H* and *H-1*, respectively. Following Ms. Courte's presentation and discussion with the Board, the President stated that the Board will review the information presented and defer action until the next meeting. Ms. Courte then departed the meeting.

The President recognized Mr. Lavey, 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 I*. Following Mr. Lavey's presentation and discussion with the Board, the President stated that the Board will review the information presented and defer action until the next meeting.

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

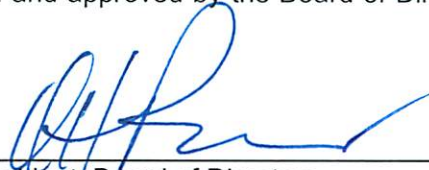
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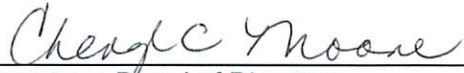


The above and foregoing minutes were passed and approved by the Board of Directors on May 15, 2018.

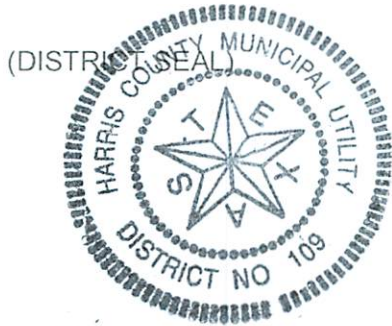


President, Board of Directors

ATTEST:



Secretary, Board of Directors



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