

MINUTES OF BOARD OF DIRECTORS MEETING
JUNE 19, 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 June 19, 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, except Director Moore, thus constituting a quorum. Also attending all or parts of the meeting were Mr. Kevin Kirkland, a resident of the District; Lieutenant Romero, Corporal Gamble, Deputy Morales, and Deputy Kizee 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 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 meeting held on May 15, 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 meeting held on May 15, 2018, as presented.

2. **Public Comments.** President Parker recognized Mr. Millas who introduced himself to the Board as the attorney assigned to the District following Ms. Cogburn's departure from NRF. He provided his educational background and experience at NRF and stated that he looks forward to working with the District.

President Parker recognized Mr. Kirkland who discussed water color issues and reported some sediment, which affected stabilizing his pool water upon refilling it after a liner replacement. He noted that he has a fire hydrant in his front yard and asked if the District recently flushed the lines. He requested the Board's consideration to adjust his bill to offset the additional costs incurred due to adverse water quality. President Parker asked Mr. Villarreal to respond to which Mr. Villarreal reported the District has approximately 250 fire hydrants that are flushed two times a year. He also reported on a recent main line break and repair that can result inwater discoloration and sediment in the lines prior to isolation of the break. Discussion ensued regarding an adjustment and Mr. Villarreal suggested issuing a credit of \$99.53 with the balance due on July 8, 2018 to which the Board agreed and authorized WWWMS to issue the credit.

3. **Security Report.** President Parker recognized Lieutenant Romero, who introduced the officers attending the meeting and reviewed the Security Report for the month of May, 2018, previously distributed to the Board. A copy of the Security Report is attached as *Exhibit B*. No action was taken by the Board.

4. **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 May 2018, a copy of which is attached hereto as *Exhibit C*. Mr. Spencer noted that 97.04% of the District's 2017 taxes had been collected as of May 31, 2018.

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 1869 through 1875 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

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 12818 through 12820 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, to authorize payment of the checks in the amounts, to the persons, and for the purposes listed therein.

6. **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*.

Mr. George reported that seven bids were received for construction of the Water Plant No. 1 hydro-pneumatic tank addition. He noted the bids were much higher than anticipated for the project due to increased costs of steel due to steel tariffs. Mr. Froehlich discussed re-bidding the project at a later date, but costs could be higher and the District's need to construct as soon as possible. George stated that BGE recommends awarding the construction contract to the lowest qualified bidder, Gemini Construction for \$169,500.00.

Mr. Froehlich reported on two calls received for annexation of two separate tracts. Discussion ensued regarding available water capacity and it was the consensus of the Board to decline annexations. Mr. Froehlich stated that he will respond to these requests and conveys the District's decision.

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) accept the Engineer's Report; and (2) approve awarding a construction contract to Gemini Construction for \$169,500.00 for construction of a hydro-pneumatic tank at Water Plant No. 1

7. **Developer's Report.** Mr. George reported that five bids were received for Kings Lake Estates, Section 9 Clearing and Grubbing. He stated that BGE recommends award to the lowest and bidder, Heiken Construction LLC for \$107,858.30, which includes alternate bid items.

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 awarding a construction

contract to Heiken Construction LLC for \$107,858.30 for Kings Lake Estates Section 9 Clearing and Grubbing.

8. **Review Operations Report and authorize repairs.** President Parker recognized Mr. Villarreal, who presented to and reviewed with the Board the Operations Report dated June 19, 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 91% of the water pumped was billed for the period May 1, 2018 through May 31, 2018.

Mr. Villarreal reported that the Lift Station at Turtle Cove needs to be painted for an estimated cost of \$1,500.00 for paint and labor. He stated the project is a two-day process.

Mr. Villarreal reported that fire hydrant flushing is complete. He reported that fire hydrant blue markers are missing or need to be replaced in many areas. Mr. Villarreal stated that approximately 300 adhesive blue markers will be ordered and installed for an estimated cost of \$1,200.00 plus labor.

Mr. Villarreal noted that the Consumer Confidence Report has been reviewed and returned by legal and a final version is attached to the report.

Mr. Villarreal reported that a breathing apparatus is required at Water Plant No. 2 and the existing apparatus has exceeded its useful life. He recommended replacement of the breathing apparatus for a cost of approximately \$2,100.00.

Mr. Villarreal reviewed resident letters requesting bill adjustments and account histories for customers on Enchanted Mist, Winding View and Turtle Cove.

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: (1) approve the Operations Report; (2) authorize WWWS to paint the Lift Station at Turtle Cove; (3) order and install fire hydrant blue markers;(4) replacement of the breathing apparatus at Water Plant No. 2; and (4) terminate service to delinquent accounts in accordance with the terms of the District's Rate Order, except for the bill adjustments for the customers discussed.

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 July 17, 2018.



President, Board of Directors

ATTEST:



Secretary, Board of Directors



