

MINUTES OF BOARD OF DIRECTORS MEETING
AUGUST 21, 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 August 21, 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. Bill Kimball, a District resident, Sergeant Massey, Deputy 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. Clint Gehrke and Ms. Frayde Torres 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 June 19, 2018, previously distributed to the Board. 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 minutes of the meeting held on July 17, 2018, as presented.
- 2. Public Comments.** President Parker recognized Mr. Kimball, who stated he had no comments for the Board.
- 3. Security Report.** President Parker recognized Deputy Morales, who introduced Sergeant Massey attending the meeting. Deputy Morales reviewed the Security Report for the month of July, 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 July 2018, a copy of which is attached hereto as *Exhibit C*. Mr. Spencer noted that 98.32% of the District's 2017 taxes had been collected as of July 31, 2018.

Mr. Spencer reviewed a summary of the District's tax roll information.

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 Tax Assessor and

Collector's Report and to authorize payment of check numbers 1886 through 1894 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

5. **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") and related disclosures under the Public Funds Investment Act, copies of which are attached hereto as *Exhibit D*. Mr. Millas stated that there are no legislative updates and that NRF is not suggesting any changes to the Investment Policy at this time. 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 as presented, and to accept the related disclosures from the bookkeeper and investment officer.

6. **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 E*. Mr. Burton reviewed disbursements from the General Operating Fund and reported that check number 12939 through 12941 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.

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 F*.

Mr. George stated that rehabilitation of the EST at Water Plant Nos. 1 and 2 was initially considered a combined project for completion as soon as possible. He reported that the rehabilitation timeframe is not conducive to the manufacture time of the ESTs and cost savings is not critical enough to combine the projects and risk relying on the interconnect for water supply if the combined project is not completed in a timely manner. He recommended scheduling rehabilitation of the EST at Water Plant No. 2 as the first project for a proposed completion by year end and scheduling rehabilitation of the EST at Water Plant No. 1 after the first of the year in the winter/spring season of 2019. Discussion ensued and it was the consensus of the Board to rehabilitate each EST as separate projects as suggested by BGE for a full completion in the Spring of 2019.

Mr. George requested approval of Invoice #217397 from Ninyo & Moore for \$3,800.00 for geotechnical investigation and recommendations for Water Plant No. 1 Hydro-Tank Addition. He also reviewed a proposal from Ninyo and Moore, a copy of which is attached to the Engineer's Report, and requested approval for Ninyo and Moore to perform construction materials testing for approximately \$5,100.00 for Water Plant No. 1 Hydro-Tank Addition.

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: (1) accept the Engineer's Report; (2) approve Invoice #217397 from Ninyo & Moore for \$3,800.00 for geotechnical investigation and recommendations for Water Plant No. 1 Hydro-Tank Addition; and (3) approve a proposal from Ninyo and Moore for approximately \$5,100.00 construction materials testing for Water Plant No. 1 Hydro-Tank Addition.

8. **Developer's Report.** Mr. George updated the Board on development in Rivergrove. He then updated the Board on the status of Kings Lake Estates, Section 9. He requested the Board's approval of a Sales and Lease of Facilities Agreement for reimbursement of developer funded projects for Kings Lake Estates, Section 9.

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; (1) approve an Order Authorizing Application to the TCEQ for Approval to Release Escrowed Funds; and (2) approve the reimbursement agreement for reimbursement of developer funded items for King's Lake Estates, Section 9.

9. **Review Operations Report and authorize repairs.** President Parker recognized Mr. Gehrke, who introduced Ms. Torres to the Board and stated that will be attending meetings and assist the District with billing issues. She next presented to and reviewed with the Board the Operations Report dated August 21, 2018, the lift station flow report, and a list of delinquent accounts, copies of which are attached hereto as *Exhibit G*. Ms. Torres reported that 92.79% of the water pumped was billed for the period July 1, 2018 through July 31, 2018.

Mr. Gehrke presented and reviewed a proposal from Today's Integration for \$6,255.00 to upgrade the surveillance system at Water Plant No. 1, which would also broaden surveillance area to include the front gate.

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

Upper Lake Dr. – Waive penalty of \$4.30.

Big Timber Ct. – Approve a payment plan for six months, pending consistent payments.

Kings Lake Estates Blvd. – Approve reimbursement for plumbing invoice in the amount of \$2,050.00 related to contractor action.

Oak Cove Lane – Waive penalty of \$9.88.

Oak Station Dr. – Approve deposit return.

Mossy Timbers Dr. – Approve request to waive penalties for July and August.

Timber Forest Dr. – High bill dispute; no leaks were detected outside the home; meter re-read; the Board requested that WWWMS coordinate with property owner to determine if there are any leaks in the home.

Swiftbrook Dr. – Approve request to waive penalty of \$4.30.

Leewood Ct. – Customer complaint regarding regional water fees; customer referred to NHCRWA.

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 discussed.

President Owen reported there are various issues regarding rates and fees that require a review of the District's Rate Order. He suggested a special meeting to for the Board and Operator to discuss. Some of the items for consideration are penalties for illegal use of water, tampering with District facilities, and costs for delinquent notice correspondence. President Owen stated that he will coordinate with the Board and NRF for a meeting time and posting of an agenda.

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

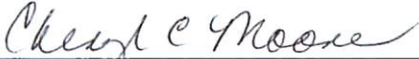
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The above and foregoing minutes were passed and approved by the Board of Directors on September 18, 2018.



President, Board of Directors

ATTEST:



Secretary, Board of Directors



