

MINUTES OF BOARD OF DIRECTORS MEETING
APRIL 16, 2019

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 16, 2019, 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 Parker. Also attending all or parts of the meeting were Lieutenant Steve Romero 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 of BGE, Inc. ("BGE"), engineer for the District; Mr. Clint Gehrke and Ms. Frayde Torres 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 Vice 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 March 19, 2019, previously distributed to the Board. 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 minutes of the meeting held on March 19, 2019, as presented.
2. **Public Comments.** There were no public comments.
3. **Security Report.** Vice President Green recognized Lieutenant Romero, who reviewed the Security Report for the month of March 2019, which was previously distributed to the Board. A copy of the Security Report is attached hereto as *Exhibit B*.
4. **Tax Collector's Report and authorize payment of certain bills.** Vice President Green recognized Mr. Spencer, who presented to and reviewed with the Board the Tax Assessor and Collector's Report for the month of March 2019, a copy of which is attached hereto as *Exhibit C*. Mr. Spencer noted that 95.39% of the District's 2018 taxes had been collected as of March 31, 2019.

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

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 approve the Tax Assessor and

Collector's Report and to authorize payment of check numbers 1935 and 1936 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

5. **Review Bookkeeper's Report.** Vice President Green 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.

Mr. Burton reviewed a first draft of a proposed budget for fiscal year ending May 31, 2020. He reported on Capital Outlay and reserves.

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 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.** Vice President Green recognized Mr. Froehlich, who presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as *Exhibit E*.

Mr. Froehlich updated the Board on Water Plant No. 2 EST Rehabilitation and presented Pay Estimate No. 2 for \$94,500.00 for approval.

Mr. Froehlich reported that the brick wall on Upper Lake has been surveyed and the waterline has been staked. He reported on discussions with the property owners regarding replacement of the fence and noted that the property owner plans to remove the brick wall. He reported there is a home on the corner of Upper Lake and Atasca Oaks in which a brick wall is also within the right-of-way, but there is no need to address the issue at this time.

Mr. Froehlich discussed rehabilitation of the District's lift stations. He requested the Board's authorization to design rehabilitation of Lift Station Nos. 2 (Belleau Woods) and 4 (Kings Lake Estates No. 2). Discussion ensued regarding bidding the project as supplemental items and proposed inclusion of Lift Station No. 3 (Kings Lake Estates No. 2) in the design package.

Mr. Froehlich updated the Board on the status of design of the utility relocations related to the FM 1960 East roadway widening, noting that he will be attending the TxDOT meeting on May 1, 2019.

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, approve Pay Estimate No. 2 for \$94,500.00 and authorize the design to rehabilitate Lift Station Nos. 2 (Belleau Woods) and 4 (Kings Lake Estates No. 1).

7. **Approve Standard Utility Agreement for FM 1960 East roadway expansion project.** Mr. Froehlich reported this item will not be needed for some time, and no action is required.

8. **Developer's Report.** Mr. Froehlich stated there are no updates to report.

9. **Resolution Reviewing Drought Contingency Plan.** Mr. Millas reported that the District is required to review and readopt the current Drought Contingency Plan by May 1, 2019. He stated there are no recommendations to amend the Drought Contingency Plan. Mr. Millas presented a Resolution Reviewing Water Conservation Plan and Making any Desirable Changes Thereof and

a Resolution Reviewing Drought Contingency Plan and Making any Desirable Changes Thereof for the Board's approval. A copy is attached as *Exhibits F*.

Upon motion by Director Moore, seconded by Director Sulpizio, after full discussion and the question being put to the Board, to approve the Resolution Reviewing Water Conservation Plan and Making any Desirable Changes Thereof, as presented.

10. **Review Operations Report and authorize repairs.** Vice President Green recognized Mr. Gehrke, who presented the Operations Report dated April 16, 2019, the lift station flow report, and a list of delinquent accounts, copies of which are attached hereto as *Exhibit H*. Mr. Gehrke reported that 92% of the water pumped was billed for the period March 1, 2019 through March 31, 2019.

Mr. Gehrke presented a pamphlet titled "Why Does the Cost of Water Keep Going Up?" for distribution. He stated that AVR (Billing software used by WWWMS, who also offers a bill stuffing service) will insert the pamphlet in the next billing cycle for a cost of \$0.10 for each envelope, which he recommends as a more cost effective means of distribution than WWWMS.

Mr. Gehrke reported that the Consumer Confidence Report is due on July 1, 2019 and a draft will be prepared for NRF's review.

Mr. Gehrke reported that a customer is requesting reimbursement of reconnection fees due to termination of services for non-payment. He stated that the customer requested reimbursement after disconnection. Discussion ensued. He confirmed there was no record of receiving a call from the customer and the previous bill was paid with an insufficient funds check. WWWMS recommends denying reimbursement and the Board concurred with WWWMS' recommendation.

Upon motion by Director Frank, 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; (2) authorize WWWMS to engage AVR to distribute pamphlet with bills in next billing cycle; and (3) terminate service to delinquent accounts in accordance with the terms of the District's Rate Order.

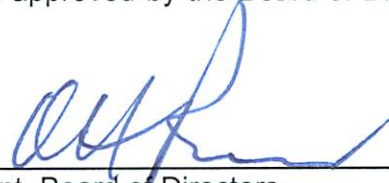
11. **Discuss renewal of District Insurance.** Vice President Green reported that a proposal was received from the District's current insurance provider, Arthur J. Gallagher Waterworks Insurance Network, which was previously distributed to the Board. Discussion ensued. Upon motion by Director Moore, seconded by Director Sulpizio, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution of the Waterworks Insurance Network ("WIN") Grundy/Philadelphia option insurance proposal.

12. **Indemnification of Directors.** Mr. Millas noted that to the extent that Directors are acting in good faith in carrying out their duties, the District may indemnify Directors from losses or costs in connection with lawsuits that are not otherwise covered by the Directors and Officers liability insurance. 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 District's indemnification of Directors from losses or costs arising from Directors carrying out their lawful duty, to the extent that such losses or costs are not otherwise covered by insurance.

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 21, 2019.



President, Board of Directors

ATTEST:



Secretary Board of Directors

