

MINUTES OF BOARD OF DIRECTORS MEETING
JUNE 21, 2016

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 Holiday Inn Express & Suites Atascocita, 5619 FM 1960 East, Humble, Texas 77346, at 6:00 p.m. on June 21, 2016, whereupon the roll was called of the members of the Board, to wit:

Owen H. Parker, President
Glenn R. Bogs, Vice President
Chris Green, Secretary
Robin Sulpizio, Assistant Secretary
Cheryl Moore, Treasurer/Investment Officer

All members of the Board were present, except for Director Bogs.

Also attending all or parts of the meeting were Mr. Paul Villarreal and Mr. Clinton Gehrke of Water Waste Water Management Services, Inc. ("WWWMS"), operator for the District; Mr. Matt Froehlich of Brown & Gay Engineers ("Brown & Gay" or "BGE"), engineer for the District; Mr. Don Rutt of Donald Rutt, C.P.A., bookkeeper for the District; Mr. Tim Spencer of Ad Valorem Appraisals, tax assessor and collector for the District; Ms. Brenda Presser, paralegal, of Norton Rose Fulbright US LLP, attorneys for the District; Mr. Kent Spitzmiller, President of Harris County Municipal Utility District No. 151 and member of the Board for Atascocita Joint Operations Board; and Mr. Lars Monson of KB Home Lone Star, Inc., developer in 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 a meeting held May 17, 2016, 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 a meeting held May 17, 2016, as presented.

2. **Public Comments.** There were no comments from the public at this time.

3. **Tax Assessor'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, 2016, a copy of which is attached hereto as *Exhibit "B."* Mr. Spencer noted that 97.07% of the District's 2015 taxes had been collected as of May 31, 2016.

Mr. Spencer reviewed a summary of the District's tax roll information and collections as of May 31, 2016. He noted that the accounts listed as delinquent have been sent to the District's delinquent tax attorney for collection.

Mr. Spencer next reviewed the Preliminary Report of Appraised & Taxable Values from the Harris County Appraisal District, a copy of which is attached hereto as *Exhibit "B-1"*. He stated initial estimates of value provided do not factor in protest hearing outcomes, late exemption and ag-use applications.

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 1720 through 1725 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

4. **Review Bookkeeper's Report.** The President recognized Mr. Rutt, who presented to and reviewed with the Board the Bookkeeper's Report for the month of May, 2016, a copy of which is attached hereto as *Exhibit "C."* 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 approve the Bookkeeper's Report for the month of May and to authorize payment of check numbers 11772 to 11802 from the Operating Fund to the persons, in the amounts and for the purposes listed therein.

5. **Adopt Order Authorizing Application for Expedited Approval by the Texas Commission on Environmental Quality of Project and Issuance of Bonds and Requesting Waiver of Certain Requirements of Texas Administrative Code.** Mr. Froehlich reported that a bond application has been prepared in the amount of \$12,100,000 to fund District facilities and projects. He also reported the attorney is completing final review of the application. He then requested the Board's consideration to adopt the Order Authorizing Application for Expedited Approval by the Texas Commission on Environmental Quality of Project and Issuance of Bonds and Requesting Waiver of Certain Requirements of Texas Administrative Code, subject to Brown & Gay addressing the attorney's final comments. A copy of the Order 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 adopt the Order Authorizing Application for Expedited Approval by the Texas Commission on Environmental Quality of Project and Issuance of Bonds and Requesting Waiver of Certain Requirements of Texas Administrative Code, subject to Brown & Gay addressing the attorney's final comments.

6. **Engineer's Report.** Mr. Froehlich presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as *Exhibit "E."*

Mr. Froehlich reported that DryLet is now proposing to engage BGE and ST in the same manner as with the first round of testing at the Wastewater Treatment Plant, therefore, no agreement is proposed between DryLet and the District or Atascocita Joint Operations Board ("AJOB"). He stated that DryLet will present an outline for the second round of testing to AJOB at their meeting tonight, and propose to begin baseline data collection on June 27th.

Mr. Froehlich updated the Board on their authorization to contact CenterPoint to determine the feasibility and possibility of replacing the diesel generator with a gas generator. He reported that CenterPoint said there are gas facilities in the area that should meet the District's needs, however a firm determination cannot be made without knowing the size and requirements of the proposed generator. Mr. Froehlich said he will follow up to provide this information to CenterPoint.

Mr. Froehlich reported that BGE has contacted the fence contractor concerning damage to the District's sanitary line at Dawn Mist Court caused by fence installation. He stated that plans, details and any information related to the construction of the fence were requested. Following a discussion with the contractor, a visit will be scheduled the week following July 4th.

Mr. Froehlich updated the Board on the construction status of Rivergrove, Section 5. He reported that a change order, in the amount of \$54,307.60, is being prepared for maintaining site drainage and addressing unforeseen field conditions.

Mr. Froehlich presented and recommended approval of Pay Estimate No. 4 to T&C Construction in the amount of \$54,307.60 for construction of the KLE Lift Station No. 2 Expansion (a copy of the pay estimate is attached to the Engineer's Report). He reported that a change order is being prepared for bypass pumping modifications to allow for the connection of the new force main. He also reported that the contractor hit a gas line and Mr. Froehlich notified the Board President and the contractor repaired without issue.

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: (1) the Engineer's Report; and (2) Pay Estimate No. 4 to T&C Construction in the amount of \$54,307.60 for construction of the KLE Lift Station No. 2 Expansion.

7. **Developer's Report.** There was no report.

8. **Status Report from GIS Municipal Services.** There was no report.

9. **Review Operations Report and authorize repairs.** The President recognized Mr. Villarreal, who presented to and reviewed with the Board the Operations Report dated June 21, 2016, the lift station flow report, and a list of delinquent accounts, copies of which are attached hereto as *Exhibit "F."* Mr. Villarreal reported that 92.98% of the water pumped was billed for the period ending May 31, 2016.

Mr. Villarreal reported on the well pump rehabilitation at Water Plant No. 1, stating that a well pump liner was installed last week and the contractor began working on welding the screens. He reported that contractor anticipates the well pump rehabilitation will be completed after July 4, 2016. He also noted that the monitors are being checked two times a day to confirm they are operating.

Mr. Villarreal reported that it is time to inspect fire hydrants and flush District lines. Discussion ensued on notification to residents, including posting notice on the web site to provide affected residents as much advance notice as possible as to when flushing will occur near their home. Director Green stated that she will contact the web manager to post notice and will also include contact information for WWWMS.

Mr. Villarreal updated the Board on Werks Car Wash payment and billing. He reported that Mr. Werks has paid the adjusted bill in full. Mr. Villarreal also reported that readings are being placed in Mr. Werks mailbox. A copy of the updated bill and history are attached to the Operations Report.

Mr. Villarreal next discussed a customer's request for an extension on payment of their water bill because the customer had been hospitalized and also incurred additional medical

expenses. He reviewed the customer's payment history. After the Board discussed this matter, Mr. Villarreal stated that he will contact the customer and discuss a payment arrangement.

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 Operations Report, to authorize the termination of service to delinquent accounts, and authorize WWWMS to discuss payment arrangement with District customer requesting an extension.

10. **Consumer Confidence Report.** Mr. Villarreal reported that WWWMS is awaiting lead and copper sample results and will then submit the final draft of the Consumer Confidence Report to the District's attorney for final approval. 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 Consumer Confidence Report, subject to final review by attorney.

11. **Other matters.** Mr. Monson updated the Board on construction and development. Director Green inquired about drainage in the new development and Mr. Monson reported there were no issues.

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 19, 2016.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

