

MINUTES OF BOARD OF DIRECTORS MEETING
JULY 19, 2016

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 Holiday Inn Express & Suites Atascocita, 5619 FM 1960 East, Humble, Texas 77346, at 6:00 p.m. on July 19, 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 Directors Bogs and Moore.

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, law firm representing the District; 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 the meetings held May 24, 2016 and June 21, 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 the meetings held May 24, 2016 and June 21, 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 June, 2016, a copy of which is attached hereto as *Exhibit "B."* Mr. Spencer noted that 97.78%% of the District's 2015 taxes had been collected as of June 30, 2016.

Mr. Spencer reviewed a summary of the District's tax roll information and collections as of June 30, 2016. He noted that the accounts listed as delinquent have been sent to the District's delinquent tax attorney for collection.

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 Tax Assessor and Collector's Report and to authorize payment of check numbers 1726 through 1730 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 June, 2016, a copy of which is attached hereto as *Exhibit "C."* Mr. Rutt reported that he was unable to print the cover page that provides a summary report of the General Operating Fund due to printer malfunction and will electronically transmit the summary page to directors and consultants after the meeting. 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 for the month of June, and to authorize payment of check numbers 11803 through 11832 from the Operating Fund to the persons, in the amounts and for the purposes listed therein.

5. **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 "D."*

Mr. Froehlich reported the bond application for Bond Issue No. 12 was submitted to the Texas Commission on Environmental Quality ("TCEQ") on July 11, 2016.

Mr. Froehlich reported that Drylet is currently performing baseline data collection at the Wastewater Treatment Plant for the second round of testing.

Mr. Froehlich reported that he has reviewed plans for construction of proposed La Michoacana Meat Market at 5311 FM 1960 East and transmitted a letter stating the District offers no objection to the water and sanitary sewer connections being made to serve the development.

Mr. Froehlich reported that BGE has contacted the fence contractor concerning damage to the District's sanitary line at Dawn Mist Court and the fence contractor is willing to make repairs if the damages are due to the fence construction. He stated that BGE will schedule a field meeting with the fence contractor.

Mr. Froehlich updated the Board on the proposed update to a gas generator at Water Plant No. 2 ("WP 2") and reported that BGE will need to approximate the size of the gas generator for WP 2 at build-out, so that CenterPoint Energy Gas ("CenterPoint") can confirm gas availability.

Mr. Froehlich presented and recommended approval of Pay Estimate No. 1 to Lischka Utilities, Inc. in the amount of \$652,476.64 for construction water, sanitary sewer and storm sewer facilities to serve Rivergrove, Section 5. He also presented and recommended approval of Change Order No. 1 in the amount of \$74,215.00, representing a net increase to the total contract amount. Mr. Froehlich stated that Change Order No. 1 is for maintaining site drainage and addressing unforeseen field conditions.

Mr. Froehlich reported that construction continues on the Kings Lake Estates Lift Station No. 2 Expansion. He present and recommended approval of Change Order No. 2 for (\$200.39), representing a net decrease in the contract amount, for bypass pumping modifications to allow for connection of the new force main.

He also presented and requested approval of a "Conditions for Construction" form from CenterPoint, which is a waiver related to work CenterPoint will complete to upgrade the gas line and meter at Lift Station No. 2 to accommodate the new generator.

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: (1) the Engineer's Report; (2) Pay Estimate No. 1 to Lischka Utilities, Inc. in the amount of \$652,476.64 for construction of facilities to serve Rivergrove, Section 5, and Change Order No. 1 in the amount of \$74,215 for maintaining site drainage and addressing unforeseen field conditions; (3) Change Order No. 2 for (\$200.39) for bypass pumping modifications to allow for connection of the new force main, and (4) execution of "Conditions for Construction" form from CenterPoint for the upgraded gas line and meter at Lift Station No. 2 to accommodate the new generator.

6. **Developer's Report.** There was no report presented to the Board.

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

8. **Review Operations Report and authorize repairs.** The President recognized Mr. Villarreal, who presented to and reviewed with the Board the Operations Report dated July 19, 2016, the lift station flow report, and a list of delinquent accounts, copies of which are attached hereto as *Exhibit "E."* Mr. Villarreal reported that 98% of the water pumped was billed for the period May 1, 2016 thru June 1, 2016.

Mr. Villarreal discussed painting booster pumps at Water Plant No. 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 to approve the Operations Report, and to authorize the termination of service to delinquent accounts in accordance with the District's Rate Order.

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

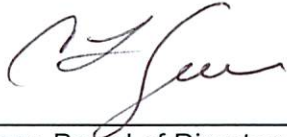
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The above and foregoing minutes were passed and approved by the Board of Directors on August 16, 2016.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

