

MINUTES OF BOARD OF DIRECTORS MEETING
OCTOBER 18, 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 October 18, 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. Stephen Eustis of Robert W. Baird & Co., financial advisor for the District; Mr. Don Rutt of Donald Rutt, C.P.A., bookkeeper for the District; Mr. Paul Villarreal and Mr. Clinton Gehrke of Water Waste Water Management Services, Inc. ("WWWMS"), operator for the District; Mr. Matt Froehlich of BGE, Inc. ("BGE"), engineer for the District; Mr. Tim Spencer of Ad Valorem Appraisals, tax assessor and collector for the District; and Ms. Brenda Presser, paralegal, of Norton Rose Fulbright US LLP, law firm representing 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 meetings held on September 20 and September 28, 2016, 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 meetings held on September 20 and September 28, 2016, as presented.
2. **Public Comments.** There were no comments from the public at this time.
3. **Public Hearing on Tax Rate.** The President opened the hearing on the proposed tax rate. There were no comments. The President closed the hearing.
4. **Order Setting Tax Rate and Levying Tax for 2016.** The Board reviewed an Order Setting Tax Rate and Levying Tax for 2016 (the "Order"), a copy of which is attached hereto as *Exhibit B*. 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 Order, thereby levying a tax rate of \$0.52 per \$100 assessed valuation (\$0.41 for debt service and \$0.11 for operations and maintenance).

5. **Approve Amended District Information Form.** Ms. Presser stated the purpose of amending and filing a District Information Form is to notify potential purchasers of property in the District of the tax rate and/or outstanding bond amounts. She noted that since the District's tax rate did not change, it is not necessary to amend the current District Information Form. No action was taken by the Board on this matter.

6. **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 September, 2016, a copy of which is attached hereto as *Exhibit C*. Mr. Spencer noted that 99.07% of the District's 2015 taxes had been collected as of September 30, 2016. 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 1738 through 1740 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

7. **Review Bookkeeper's Report.** The President recognized Mr. Rutt, who presented to and reviewed with the Board the Bookkeeper's Report and quarterly investment report, copies of which is attached as *Exhibit D*. 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 Bookkeeper's Report, to approve the quarterly investment report, and to authorize payment of check numbers 11917 through 11929 and 11942 through 11960 from the Operating Fund to the persons, in the amounts and for the purposes listed therein.

8. **Approve and authorize distribution of the Preliminary Official Statement and Notice of Sale, Authorize advertising for the sale of bonds.** Mr. Eustis reported the Texas Commission on Environmental Quality ("TCEQ") has not yet issued approval for issuance of the bonds. Mr. Froehlich reported the application was submitted on an expedited basis on July 11, 2016. Mr. Eustis reviewed the Preliminary Official Statement and Notice of Sale, copies of which are attached as *Exhibit E*. He explained the bid process for the sale of bonds, including publication requirements and bond ratings. Mr. Eustis recommended Moody's Investor Services ("Moody's") as the District's rating agency for these bonds and requested that the Board approve and authorize execution of an application to Moody's for a credit rating.

Ms. Presser reviewed the Order Adopting and Authorizing Official Notice of Sale and Bid Form, Authorizing Distribution Thereof and of a Preliminary Official Statement and Authorizing Publication of Notice of Sale, a copy of which is attached as *Exhibit F*.

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: (1) approve and authorize execution of an application to Moody's; and (2) adopt the Order Adopting and Authorizing Official Notice of Sale and Bid Form, Authorizing Distribution Thereof and of a Preliminary Official Statement and Authorizing Publication of Notice of Sale.

9. **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 G*.

Mr. Froehlich reported that he met with the fence contractor at Dawn Mist Court and uncovered the reason for one of the sewer line defects found in the sanitary sewer line inspection videos. A fence column was resting on top of the sewer line. He stated the fence contractor is developing an alternate column foundation for the other three locations where the

column is above the sewer line. Mr. Froehlich said that BGE will coordinate with the fence contractor and WWWS for the work and repairs to be completed.

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 Engineer's Report.

10. **Developer's Report.** Mr. Froehlich reported on the Kings Lake Estates Lift Station No. 2 Expansion and stated the construction is substantially complete and that Camino Services is preparing quotes to restore the crushed concrete access driveway for the lift station, as well as adding asphalt paving. No action was requested of the Board on this matter.

11. **Status Report from GIS Municipal Services.** Director Parker reviewed and discussed recommendations from GIS Municipal Services ("GIS"), a copy of which is attached as *Exhibit H* and distributed to the Board. Mr. Froehlich reported that he has submitted a boundary map of the District and other documents will be provided to GIS upon request. Upon motion by Director Moore, seconded by Director Sulpizio, after full discussion and the question being put to the Board, the Board voted unanimously (1) to accept and approve Proposed Recommendation 1 to upgrade to ArcGIS 10.4.1., transfer and reformat current data to ArcGIS10.4.1. for a total cost of \$2,000; and (2) to reject Proposed Recommendations 2, 3 and 4. The Board directed Ms. Presser to convey the Board's decision to Mr. McCoy of GIS Municipal Services.

12. **Review Operations Report and authorize repairs.** The President recognized Mr. Villarreal, who presented to and reviewed with the Board the Operations Report dated October 18, 2016, the lift station flow report, and a list of delinquent accounts, copies of which are attached hereto as *Exhibit I*. Mr. Villarreal reported that 90% of the water pumped was billed for the period August 1, 2016 thru September 1, 2016.

Mr. Villarreal noted that the Board will receive an invoice next month in the amount of \$1,500 for a dewater collection system for the contractor for Kings Lake Estates, Section 8 that was scheduled through BGE.

Mr. Villarreal reviewed correspondence from two customers complaining of high water bills. A leak was detected on the customer's side for Kings Hill Lane and the customer requested a payment plan. No leaks or meter issues were detected at Artesian Way and the customer was offered a payment plan.

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 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 November 15, 2016.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

