

MINUTES OF BOARD OF DIRECTORS MEETING  
MAY 16, 2017

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 May 16, 2017, whereupon the roll was called of the members of the Board, to wit:

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

All members of the Board were present. Also attending all or parts of the meeting were Mr. I Shamsi; Mr. Brian Toldan of McCall Gibson Swedlund Barfoot PLLC; Sergeant Chris Zorzi, Lieutenant Steve Romero, and Deputy Valencia Pearson 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. Paul Villarreal of Water Waste Water Management Services, Inc. ("WWWMS"), operator for the District; Mr. Matt Froehlich, Mr. Jorge Bustamante, and Ms. Ana Arzu of BGE, Inc. ("BGE"), engineers for the District; and Ms. Brenda Presser, paralegal, 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. **Presentation from Regions Bank.** There was no one present from Regions Bank for a presentation.

2. **Engage auditor for fiscal year ending May 31, 2018.** The President recognized Mr. Toldan, who presented to and reviewed with the Board an auditor engagement letter, a copy of which is attached hereto as *Exhibit B*. Mr. Toldan stated that the engagement letter includes an evergreen clause that provides for ongoing auditing services for preparation of the District's annual audit, but that services may be cancelled at any time upon thirty days written notice by either party. He discussed fees for subsequent audit preparations and noted the fees will be about the same as for previous preparations, which are in the range of \$13,500 to \$14,500 each year. Discussion ensued.

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 an engagement letter with MGSB that includes an evergreen clause to perform the District's audit for fiscal year ending May 31, 2017, and subsequent years, until terminated by either party pursuant to the terms of the engagement letter.

3. **Minutes.** The Board considered the proposed minutes of the meeting held on April 18, 2017, 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 April 18, 2017, as presented.

4. **Public Comments.** The President recognized Mr. Froehlich, who introduced Mr. Shamsi. Mr. Froehlich stated that Mr. Shamsi would like to construct a 30-unit multifamily development on approximately 1.5 acres on the south side of Atascocita Road and Atascocita Meadows Road/Pearson Lane. Mr. Froehlich reported that the development will require approximately 15 equivalent single family connections. He confirmed there is both water and sanitary sewer capacity to serve the proposed complex, however, there will be some costs to the developer for improvements to provide access to these utilities. Upon a full discussion of the Board, it was determined that the next step is for the engineer to prepare a feasibility study for the Board's review for consideration to annex approximately 1.5 acres.

5. **Security Report.** The President recognized Sergeant Zohzi, who reviewed the Security Report with the Board, a copy of which is attached as *Exhibit C*. 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 Security Report, as presented.

6. **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 months of March and April 2017, a copies of which is attached hereto as *Exhibit D*. Mr. Spencer noted that 96.59% of the District's 2016 taxes had been collected as of April 30, 2017.

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 1782 through 1789 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. 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 the amounts for check numbers 12216 through 12219 have been left blank pending receipt of invoices prior to the next meeting that will be paid without incurring late fees.

Mr. Burton noted check no.12220 in the amount of \$64 due to the U.S. Treasury for the quarterly filing of IRS Form 941 to report wages paid and federal taxes withheld.

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, and to authorize payment of the checks in the amounts and for the purposes listed therein.

8. **Adopt budget for fiscal year ending May 31, 2018.** Mr. Burton reviewed the budget for fiscal year ending May 31, 2018 for the District's Operating Fund, which is attached to the Bookkeeper's Report.

Based on approval of the engagement letter approved by the Board at this meeting, it was the consensus of the Board to reduce the cap for auditing fees from \$15,000 to \$14,500 for the 2018 budget.

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 budget as discussed.

9. **Engineer's Report.** Mr. Bustamante presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as *Exhibit F*.

Mr. Froehlich confirmed that BGE will begin preparation of a feasibility study on the annexation of the 1.5 acres as previously discussed.

At the request of the Board, Mr. Froehlich updated the Board on a follow up visit to the property owned by Dr. Nunez regarding drainage and ponding issues. He stated that he and Mr. Villarreal visited the property and discussed drainage options with the resident. Mr. Froehlich acknowledged there is a drainage hindrance, and the resident acknowledged that it is not the responsibility of the District to repair.

10. **Developer's Report.** Mr. Froehlich reported on coordination and correspondence with KB Homes regarding developer reimbursement. He stated that he will coordinate with legal and the financial advisor to confirm parameters have been met before moving forward.

11. **Review Operations Report and authorize repairs.** Mr. Villarreal presented to and reviewed with the Board the Operations Report dated May 9, 2017, the lift station flow report, and a list of delinquent accounts, copies of which are attached hereto as *Exhibit G*. Mr. Villarreal reported that 91% of the water pumped was billed for the period April 1, 2017 through April 30, 2017.

Mr. Villarreal requested approval to send 12 delinquent accounts for collections.

Mr. Villarreal discussed issues and proposed solutions for the aging control panel at Water Plant No. 1.

Mr. Villarreal reviewed quotes for business cards for the Board of Directors. Discussion ensued. No action was taken by the Board.

Mr. Villarreal reported there was one customer requesting a payment adjustment. He stated that the meter registered over one million gallons and will be replaced. No adjustment was recommended for this account.

Mr. Villarreal reviewed the delinquent accounts, noting the cut-off date for delinquent accounts is May 18, 2017.

Mr. Villarreal discussed a leaking check valve at Lift Station No. 1. He recommended and requested approval to replace the bushings for an estimated cost of \$3,500.

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, to terminate service on delinquent accounts in accordance with the District's Rate Order, and to authorize WWWMS to make the recommended repairs at Lift Station No. 1 for an estimated cost of \$3,500.

Mr. Villarreal reviewed the District's Annual Identity Theft Report, a copy of which is attached as *Exhibit H*. No action was requested for this item.

12. **Consumer Confidence Report.** Mr. Villarreal reported that WWWMS will submit the final draft of the Consumer Confidence Report to the NRF for review.

13. **Review and discuss a proposal for the sale/lease of District property for a proposed communications facility.** The President reported no further correspondence has been received on the letter requesting the District's consideration to sell or lease approximately 2,500 square feet at the Wastewater Treatment Plant site for a cellular tower.

14. **GIS Quarterly Status Report.** The President reported there is no report.

15. **Appoint a new director.** Following discussion, it was the consensus of the Board to defer this item to July.

16. **Election of officers.** It was the consensus of the Board to defer this matter until July.

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 June 20, 2017.



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President, Board of Directors

ATTEST:



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Secretary, Board of Directors

