MINUTES OF BOARD OF DIRECTORS MEETING
AUGUST 15, 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 August 15, 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

All members of the Board were present. Also attending all or parts of the meeting were Ms. Kathy Emmons, District resident; Lieutenant Steve Romero, Sergeant Chris Zorzi and Deputy Jesus Morales 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 and Mr. Ryan George of BGE, Inc. ("BGE"), engineer for the District; Mr. Paul Villarreal of Water Waste Water Management Services, Inc. ("WWWMS"), operator 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. **Public Comments**. The President recognized Ms. Emmons, who addressed the Board with a request concerning the status of a renewal permit for Caliber Collision Center relating to drainage. Ms. Emmons expressed concerns that the facility's detention basin may have been modified from approved design plans. She stated the current drainage adversely impacts adjacent residential properties. The Board reported that the detention basin is a private facility and the District has no jurisdiction over it. Discussion ensued over other health and safety hazards of the property and the District's engineer and operator offered to meet with Ms. Emmons following the meeting to discuss the matter.

2. **Security Report.** The President recognized Sergeant Zorzi, who reviewed highlights of the Security Report with the Board, a copy of which is attached as *Exhibit B.*

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

4. **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 month of July 2017, a copy of which is attached hereto as *Exhibit C.*

Mr. Spencer noted that 98.53% of the District's 2016 taxes had been collected as of July 31, 2017.

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

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 1805 through 1809 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

5. **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 D.* Mr. Burton reviewed disbursements from the General Operating Fund and reported that the amounts for check numbers 12356 through 12359 have been left blank pending receipt of invoices prior to the next meeting that will be paid without incurring late fees.

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

6. **Engineer's Report.** The President 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 reported that he has not received any design plans for review relating to the proposed annexation of approximately 1.56 acres for the construction of a proposed 30-unit apartment complex.

Mr. Froehlich reported that he responded to Mr. Uhlir regarding annexation of Reserves E and F1 of Continental Plaza, Section 1, the District's feasibility to provide service, and the expenses that Mr. Uhlir can expect to extend service to his tract. Discussion ensued regarding the advantages and disadvantages to construct facilities to serve a small portion of Continental Plaza. It was the consensus of the Board to not annex one or two tracts at a time in Continental Plaza where District facilities are not readily available to tie into for service.

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 Engineer's Report.

7. **Developer's Report**. Mr. Froehlich updated the Board on the status of Rivergrove. He presented and recommended approval of Pay Estimate No. 4 and Final for $119,390.64 to Lischka Utilities for utility construction to serve Rivergrove, Section 5. Mr. Froehlich then presented and requested approval of Change Order No. 4 in the amount of $3,410.10 to deduct from the contract amount unused bid items.

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 Pay Estimate No. 4 and Final for $119,390.64 to Lischka Utilities and to approve Change Order No. 4 to reduce the final contract amount by $3,410.10 for unused bid items.

8. **Review request for annexation of 1.56 acres.** The Developer was not present to discuss annexation with the Board. Mr. Froehlich updated the Board on the feasibility and available capacity to provide service for this property. No action was taken by the Board.

9. **Review Operations Report and authorize repairs.** Mr. Villarreal presented to and reviewed with the Board the Operations Report dated August 15, 2017, the lift station flow report, and a list of delinquent accounts, copies of which are attached hereto as *Exhibit F.* Mr. Villarreal reported that 93% of the water pumped was billed for the period July 1, 2017 through July 31, 2017.

Mr. Villarreal there are no delinquent accounts to send for collections.

Mr. Villarreal reviewed two quotes for the replacement of the meter heads at Water Plant Nos. 1 and 2. He reviewed the quotes provided in the Operations Report and recommended the quote from Southern Flow Meter for the 16" meter at an estimated cost of $3,725.00. He stated there is a three-week lead time on the meter.

Mr. Villarreal reported on issues at 21 New Oak. He stated that WWWMS excavated and found that the plumber for the builder failed to connect the sewer pipe to the correct pipe, then subsequently connected the pipe correctly. Mr. Villarreal said the homeowner called multiple times regarding sewer back up and WWWMS excavated again and found the connection was damaged. WWWMS made the repairs and will backcharge the homeowner.

Mr. Villarreal reported on a defective meter at Humble ISD Oaks Elementary and recommended replacing the meter for a cost of $3,300.00.

The following customers requested adjustments:

6008 Timber Oaks Ridge – Mr. Villarreal reported the customer was unaware of a leak and could find no evidence of a leak until they hired a company with a leak detector. He stated the leak has been repaired and the customer is requesting an adjustment for the past due amount of $3,235.24. He reviewed the customer's payment and usage history.

5502 Dove Forest – Mr. Villarreal reported the customer is disputing a Door Tag Fee of $5.00 and Letter Fee of $5.00 and requesting a waiver of those fees. Mr. Villarreal reviewed the customer's payment history. After a full discussion, it was the consensus of the Board to grant a one-time waiver of the fees for Door Tag and Letter.

Mr. Villarreal reported that the fence around the new lift station is showing discoloration and recommended power washing and sealing the fence. He noted the lift station and fence sit next to residential property.

Mr. Villarreal reviewed the delinquent accounts, noting the cut-off date for delinquent accounts is August 24, 2017.

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: (1) approve the Operations Report; (2), authorize termination of delinquent accounts in accordance with the District's Rate Order; (3) approve the quote from Southern Flow meter for a 16" meter for an estimated cost of $3,725.00; (4) authorize and approve the replacement of a meter at Oaks Elementary school for $3,300.00; (5) authorize WWWMS to send an adjusted bill to the

customer at 6008 Timber Oaks Ridge, using average billing; (6) authorize a one-time waiver of the fees for Door Tag and Letter for the customer at 5502 Dove Forest; and (7) authorize the Operator to power wash and seal the wooden fence around the new lift station..

10. **Review and discuss a proposal for the sale/lease of District property for a proposed communications facility.** Director Parker reported that the District's attorney has reviewed and provided comments on the Term Sheet Regarding Option & Ground Lease Agreement for Wireless Communication Facility and is waiting for a response. No action was taken on this matter.

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

12. **Appointment of a new director.** It was the consensus of the Board to defer this item.

13. **Election of officers.** It was the consensus of the Board to defer this item until a new director is appointed.

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 September 19, 2017.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO 109

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