

MINUTES OF BOARD OF DIRECTORS MEETING
SEPTEMBER 15, 2020

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”) convened in regular session on Tuesday, SEPTEMBER 15, 2020 at 6:00 p.m. via videoconference pursuant to Section 551.125, Texas Gov’t Code as modified by the temporary suspension of certain provisions thereof pursuant to guidelines issued by the Texas Attorney General and approved by the Governor for use during the COVID-19 statewide disaster. A roll call was taken of the persons present:

Owen H. Parker, President
Chris Green, Vice President
Cheryl Moore, Secretary
Robin Sulpizio, Assistant Secretary
Nancy Frank, Assistant Secretary

All members of the Board were present. Also attending all or parts of the meeting were Mr. Cory Burton of Municipal Accounts & Consulting, LP, bookkeeper for the District; Ms. Jan Bartholomew of RW Baird, financial advisors for the District; Lieutenant Steve Romero and Sergeant Alejo of Harris County Precinct 4 Constable’s Office; Mr. Brian Toldan of McCall Gibson Swedlund Barfoot PLLC, auditors for the District; Mr. Bill Kotlan of BGE, Inc. (“BGE”), engineer for the District; Mr. Clint Gehrke of Water Waste Water Management Services, Inc. (“WWMS”), operator for the District; and Mr. Dimitri Millas and Ms. Jane Maher of Norton Rose Fulbright US LLP (“NRF”), attorneys for the District.

Pursuant to Section 551.054, Texas Gov’t Code, as modified by the temporary suspension of certain provisions thereof, notice of the meeting was posted on the District’s website within the time limits prescribed by law. The agenda packet was posted on the website as items became available. Certificates of such posting are attached hereto as *Exhibit A*.

Call to Order. President Parker called the meeting to order. He noted that the meeting was being held by teleconference in accordance with federal, state and county directives to slow the spread of COVID-19 by avoiding meetings that bring people together. He said the notice of the meeting included a toll-free dial-in number for members of the public to call so they could hear the meeting and address the Board. He noted that the meeting was being recorded and a recording would be available upon public request. President Parker then set out guidelines for the conduct of the meeting. He asked all participants to identify themselves before speaking. He then proceeded with the meeting business:

1. **Public Comments.** There were no public comments.
2. **Minutes.** The Board considered the proposed minutes of a meeting held on August 18, 2020, previously distributed to the Board. Upon motion by Director Frank, seconded by Moore, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting held on August 18, 2020, as presented.
3. **Security Report.** President Parker recognized Sergeant Alejo, who reviewed the Security Report for the month of August 2020, a copy of which is attached hereto as *Exhibit B*. 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 Security Report.

4. **Approve and authorizing filing of audit for fiscal year ended May 31, 2020.** President Parker recognized Mr. Toldan, who presented to and reviewed with the Board the audit management and material weakness letters, and a draft audit for fiscal year ended May 31, 2020 a copy of which is attached hereto as *Exhibit C*. He stated that there have been no changes in audit and accounting standards since the previous year's audit.

Mr. Millas stated that the District is required to annually file updated financial information with the Municipal Securities Rulemaking Board 180 days after its fiscal year end, which includes the District's final audit in addition to certain tax and operating information gathered from District consultants. He requested the Board's authorization for NRF to prepare and file the Annual Continuing Disclosure Report on behalf of the District.

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 audit for fiscal year ending May 31, 2020, to authorize filing with appropriate agencies, and to authorize NRF to prepare and file the District's Annual Report of Financial Information and Operating Data for the fiscal year ended May 31, 2020.

5. **Approve and authorize filing of annual Continuing Disclosure Report.** This item was addressed under the previous item.

6. **Tax Collector's Report and authorize payment of certain bills.** The Board reviewed the Tax Assessor and Collector's Report for the month of August 2020, a copy of which is attached hereto as *Exhibit D*.

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 the Tax Assessor and Collector's Report and to authorize payment of check numbers 2057 through 2063, from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

7. **Adopt Order Designating Officer to Calculate and Publish Tax Rate.** President Parker recognized Ms. Bartholomew, who presented to and reviewed with the Board the financial advisor's tax rate analysis and recommendation, a copy of which is attached hereto as *Exhibit E*. She recommended that the Board levy a total tax rate of \$0.48 per \$100 of assessed valuation, composed of an operations and maintenance tax of \$0.165 and a debt service tax of \$0.315.

The Board reviewed an Order Designating Officer to Calculate and Publish Tax Rates and Taking Other Actions In Connection With the Levy of a Tax for 2020 (the "Order"), a copy of which is attached hereto as *Exhibit F*.

Upon motion by Director Moore, seconded by Frank, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order, thereby authorizing the tax officer to publish the proposed tax rate of \$0.48 per \$100 assessed valuation (\$0.315 for debt service and \$0.165 for operations and maintenance).

8. **Review Bookkeeper's Report.** President Parker recognized Mr. Burton, who presented to and reviewed with the Board the Bookkeeper's Report, a copy of which is attached hereto as *Exhibit G*. Mr. Burton reviewed disbursements from the General Operating Fund.

Upon motion by Director Frank, seconded by Director Moore, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Bookkeeper's Report, to authorize payment of the checks in the amounts, to the persons, and for the purposes listed therein and to adopt the Resolution as presented.

9. **Discuss Inframark offer to add building to plant, and take necessary action.** President Parker recognized Mr. Millas, who presented to and reviewed with the Board the Lease Agreement with Inframark, a copy of which is attached hereto as *Exhibit H*. He noted that Inframark is incorporating final changes to the Lease Agreement. 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 Lease Agreement, subject to the incorporation of the final revisions, and to authorize President Parker to execute the finalized Lease Agreement once available.

10. **Engineer's Report.** President Parker recognized Mr. Kotlan, who presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as *Exhibit I*.

Mr. Kotlan presented Pay Estimate No. 5 in the amount of \$75,465.00 from Nova Painting, LLC for the Water Plant No. 1 EST Rehabilitation for the Board's approval. He stated that the project is substantially complete and back in service and that BGE is holding the 10% retainage until the final punch list items are complete. He also presented Change Order No. 1 in the amount of \$9,500.00 for the Board's approval. He stated that Change Order No. 1 is for the repair of an overflow box and replacement of an existing vent that were identified during construction.

Mr. Kotlan stated that BGE submitted revised agreements to the Texas Department of Transportation ("TxDOT") and that BGE is waiting on the final approval.

Mr. Kotlan stated that BGE is reviewing agency comments and will submit final plans this month for the Water Plant No. 2 Expansion.

Mr. Kotlan reported that after testing the paint at the Wastewater Treatment Plant and finding lead, BGE had a contractor provide a detailed estimate for painting the piping. He reviewed the estimate for the 2020 Wastewater Treatment Plant Rehabilitation project and the fee schedule for BGE's work for design and construction administration for the project. He requested the Board's approval to authorize BGE to begin the design on the 2020 Wastewater Treatment Plant Rehabilitation project in accordance with the proposed fee schedule, for a total of \$79,000.00.

Mr. Kotlan reviewed an estimate of cost for the extension of the water line to serve 4410 FM 1960 to service Mr. Lee, the 11th annexation. He also reviewed a proposal from Robert Thomas with ROW Management to assist the District in obtaining a water line easement from Ashley's who own Dirt Cheap. He recommended that the Board authorize the consultants to prepare an agreement for costs related to the utility extension between the District and Mr. Lee. He noted that once the agreement is in place and funded, BGE will present the ROW Management proposal to the District for consideration.

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 (1) accept the Engineer's Report; (2) approve Pay Estimate No. 5 to Nova Painting, LLC in the amount of \$75,465.00; (3) approve Change Order No. 1 to Nova Painting, LLC in the amount of \$9,500.00; (4) authorize BGE to begin design on the 2020 Wastewater Treatment Plant Rehabilitation project in accordance with the proposed fee schedule for a total of \$79,000.00; and (5) authorize NRF and BGE to prepare an agreement for costs related to the water line extension to service Mr. Lee.

11. **Review Operations Report and authorize repairs.** President Parker recognized Mr. Gehrke, who presented the Operations Report dated September 15, 2020 and a list of delinquent accounts, copies of which are attached hereto as *Exhibit J*. Mr. Gehrke reported that 93% of the water pumped was billed for the period August 1, 2020 through August 31, 2020.

Mr. Gehrke reported on various maintenance items.

Mr. Gehrke reviewed four customer letters requesting bill adjustments and payment plan options. It was the consensus of the Board to authorize WWWMS to coordinate with the customers regarding payment plan options. The Board discussed the delinquent process. It was the consensus of the Board to have WWWMS continue to deliver delinquent notices, but to not terminate services, and to further discuss the termination process at the October board meeting.

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.

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 October 20, 2020.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)