

MINUTES OF BOARD OF DIRECTORS MEETING
JANUARY 15, 2019

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 Atascocita Fire Department, 18425 Timber Forest Dr., Humble, Texas 77346, at 6:00 p.m. on January 15, 2019, whereupon the roll was called of the members of the Board, to wit:

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. Bill Bedell, District resident; Lieutenant Steve Romero, and Officer Grounds 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"), engineers for the District; Mr. Clint Gehrke and Ms. Frayde Torres of Water Waste Water Management Services, Inc. ("WWWMS"), operator for the District; and Mr. Dimitri Millas and Ms. Brenda Presser 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. **Minutes.** The Board considered the proposed minutes of the meeting held on December 18, 2018, previously distributed to the Board. 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 minutes of the meeting held on December 18, 2018, as presented.

2. **Public Comments.** President Parker recognized Mr. Bedell, who said that he has no comments.

3. **Interlocal Agreement for Law Enforcement Services.** The Board considered approving an Interlocal Agreement for Law Enforcement Services between Harris County and the District, a copy of which is attached as *Exhibit B*. President Parker noted there was no cost increase from the previous year's Interlocal Agreement.

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 Interlocal Agreement for Law Enforcement Services, as presented.

4. **Security Report.** President Parker recognized Lieutenant Romero, who reviewed the Security Report for the month of December, 2018, which was previously

distributed to the Board. A copy of the Security Report is attached as *Exhibit C*. 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 Security Report.

5. **Adopt Order Authorizing Exemption From Taxation.** The Board discussed District homestead exemptions. It was noted the District currently grants an exemption in the amount of \$10,000 of appraised value for individuals who are disabled or 65 years of age or older, which has been in place since 1982. Mr. Spencer reviewed a handout reflecting proposed exemption increases, a copy of which is attached as *Exhibit D*. 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 increase the current exemption for 2018 taxes in the amount of \$25,000 of appraised value for individuals who are disabled or 65 years of age or older. A copy of the Order Authorizing Exemption From Taxation is attached as *Exhibit D*.

6. **Adopt Resolution Authorizing Additional Penalty on Delinquent Taxes.** The Board considered adopting a Resolution Authorizing Additional Penalty on Delinquent Taxes pursuant to Sections 33.07, 33.11, and 33.08, Texas Tax Code, which allows an additional penalty of 20%. Mr. Millas noted that the penalty is passed through to the taxpayer to cover the fee of delinquent tax attorneys for collection.

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 adopt the Resolution Authorizing 20% Additional Penalty on Delinquent Taxes remaining delinquent on April 1, 2019 for personal property, and remaining delinquent on July 1, 2019 for other property, a copy of which is attached hereto as *Exhibit E*.

7. **Report on Eminent Domain Annual Report.** Mr. Millas reported that the District is required to file an annual report on eminent domain activities with the Texas Comptroller's office by February 1st of each year. He stated that the District has had no eminent domain activities, and that NRF has filed the report on behalf of the District. No action is requested of the Board on this item.

8. **Tax Collector's Report and authorize payment of certain bills.** President Parker recognized Mr. Spencer, who presented to and reviewed with the Board the Tax Assessor and Collector's Report for the month of December 2018, a copy of which is attached hereto as *Exhibit F*. Mr. Spencer noted that 67.28% of the District's 2018 taxes had been collected as of December 31, 2018.

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 1913 and 1914 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

9. **Approve Agreed Upon Procedures for developer reimbursement.** Mr. Froehlich reported that the Agreed Upon Procedures is being prepared by the District's auditor and BGE is waiting on the TCEQ pre-inspection following completion of the punch list items by the contractor. The Board deferred this item until next month's meeting.

10. **Approve Conveyance of Facilities.** The Board deferred this item until next month's meeting and pending receipt of the Agreed Upon Procedures from the auditor.

11. **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 and reported that check numbers 13180 through 130182 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 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, to authorize payment of the checks in the amounts, to the persons, and for the purposes listed therein.

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

Mr. George presented and requested approval of Pay Estimate No. 1 for \$128,790.00 to Gemini Contracting Services, Inc. for work performed on Water Plant No. 1 Hydro-pneumatic Tank Addition.

Mr. George reported that the property owner's attorney responded to BGE's inquiry regarding the District's waterline beneath the property owner's brick fence. The attorney stated that the property owner prefers that the District move the waterline rather than make adjustments to the current location of the fence. BGE is reviewing right-of-way and easements to determine if structures are allowed in the current location of the fence. Discussion ensued regarding construction of the fence prior to or after the waterline was installed. Mr. Froehlich stated that BGE will coordinate with NRF to determine a resolution.

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 accept the Engineer's Report and approve Pay Estimate No. 1 for \$128,790.00 to Gemini Contracting Services, Inc. for Water Plant No. 1 Hydro-pneumatic Tank Addition.

13. **Developer's Report.** Mr. George reported that the Notice to Proceed on Kings Lake Estates, Section 9 for clearing and grubbing has been delayed due to market conditions. Mr. Froehlich noted that delaying and re-bidding a project at the developer's discretion affects reimbursement of engineering costs for this project.

Mr. George reported that the TCEQ pre-purchase inspections are completed on Rivergrove, Sections 5 and 6 and BGE is waiting for final approval for escrow release from the TCEQ to reimburse the developer for these projects.

14. **Review Operations Report and authorize repairs.** President Parker recognized Mr. Gehrke, who presented the Operations Report dated January 15, 2019, the lift station flow report, and a list of delinquent accounts, copies of which are attached hereto as *Exhibit I*. Mr. Gehrke reported that 91% of the water pumped was billed for the period December 1, 2018 through December 31, 2018.

Ms. Torres reported that a customer is requesting a payment plan or adjustment due to a high water bill resulting from a leak, which has since been repaired. Based on the customer's payment history, Ms. Torres recommended offering a payment plan that will bring the account current by April. Discussion ensued. The Board concurred with the Operator's recommendation and authorized WWWMS to offer a payment plan as presented.

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; and (2) terminate service to delinquent accounts in accordance with the terms of the District's Rate Order, except for the Board's approval of the bill adjustment as presented and discussed.

15. **Discuss letter from Harris-Galveston Subsidence District regarding water conservation.** President Parker and the Board reviewed and discussed the letter from the Harris-Galveston Subsidence District regarding water conservation resources, a copy of which is attached as *Exhibit 1*. The Board is going to investigate participating with the Harris-Galveston Subsidence District to provide resources to District customers regarding water conservation, including helpful links on the District's web site. 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 investigate and proceed in participating with HGSD to provide water conservation resources to District customers..

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 February 19, 2019.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

