

MINUTES OF BOARD OF DIRECTORS MEETING
AUGUST 20, 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 August 20, 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, thus constituting a quorum. Also attending all or parts of the meeting were Mr. Art Gonzalez, District resident; Mr. Glen Powdrill and Ms. Teri Powdrill, owners of GAP Plumbing Inc., Mr. Nabil Agaybi, Mr. Shawn Gilbert, Ms. Sharice Gilbert and Mr. Steve Nash, owners of Gilbert & Co.; Deputies Kevin Serrano, Jeff McDougale and Corporal Carl Gamble 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. William Kotlan of BGE, Inc. ("BGE"), engineer 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. Jane Maher 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 July 16, 2019, 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 July 16, 2019.

2. **Public Comments.** President Parker recognized Mr. Agaybi, who stated that his property beside Taco Flores doesn't have water and requested to be annexed into the District. President Parker recognized Mr. Gilbert, Ms. Gilbert and Mr. Nash. Mr. Gilbert stated that Gilbert & Co., which is behind Country Scrambled Cafe, would also like to request to be annexed into the District. President Parker instructed that Mr. Agaybi, Mr. Gilbert, Ms. Gilbert and Mr. Nash to coordinate with Mr. Froehlich to begin the annexation process.

President Parker recognized Mr. Powdrill, who stated that he attended a meeting before to request that GAP Plumbing Inc. be annexed into the District. The Board requested that Mr. Powdrill confirm with Mr. Froehlich if his property is located within the District.

3. **Security Report.** President Parker recognized Corporal Gamble, who reviewed the Security Report for the month of July 2019, which was previously distributed to the Board. A copy of the Security Report is attached hereto as *Exhibit B*.

4. **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 July 2019, a copy of which is attached hereto as *Exhibit C*. Mr. Spencer noted that 98.36% of the District's 2018 taxes had been collected as of July 31, 2019.

Mr. Spencer presented to and reviewed with the Board the District's appraisal values from the Harris County Appraisal District, a copy of which is attached hereto as *Exhibit D*. He stated that the information has been provided to the District's financial advisor to review prior to the District's next meeting that will address the District's 2020 tax rate.

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 1960 through 1970 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

5. **Review Investment Policy and accept related party disclosures from bookkeeper and investment officer.** The Board reviewed a Resolution Reviewing Investment Policy and Making Any Desirable Changes Thereto (the "Resolution") and related disclosures under the Public Funds Investment Act, copies of which are attached hereto as *Exhibit E*. Mr. Millas stated that there are no required changes and that NRF is not suggesting any revisions to the Investment Policy at this time. 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 Resolution as presented, and to accept the related disclosures from the bookkeeper and investment officer.

6. **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 F*. Mr. Burton reviewed disbursements from the General Operating Fund.

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 Bookkeeper's Report, to authorize payment of the checks in the amounts, to the persons, and for the purposes listed therein.

7. **Discuss outstanding funds due from Harris County Municipal District No. 151.** President Parker discussed the outstanding debt due from Harris County Municipal District No. 151 ("HCMUD No. 151") for water supplied to HCMUD No. 151 customers. He stated that the auditor from HCMUD No. 151 discovered a miscalculation in the original reimbursement offer and that the billing amounts from July to December 2010 were found. The Board discussed when the District started pumping water to HCMUD No. 151. The Board requested that Mr. Spencer review records to find out when the houses in Parkside were built to help determine when the District started supplying HCMUD No. 151 with water.

Records from 2010 to present day provide a calculation of approximately \$149,000 is due to the District for that period. Mr. Millas was told that there are no records available prior to 2010. He stated that the Board of HCMUD No. 151 requested that he extend an offer of an additional \$500 per month for the time period for which there are no records, which equates to a total of approximately \$204,000 to settle such past due amounts to the Board for consideration. It was the consensus of the Board to not accept the offer until more information is provided.

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

Mr. Froehlich introduced Mr. Kotlan to the Board. Mr. Froehlich stated that the exterior coating is now complete for the Water Plant No. 2 EST rehabilitation and that the contractor is now working on electrical and other miscellaneous items. He presented pay estimate no. 6 in the amount of \$130,500 for the Board's approval.

Mr. Froehlich stated that Mr. Millas was contacted by Mrs. Caballero, the property owner at 19620 Atasca Oaks Dr. and her attorney regarding the removal of the wall. Mr. Millas stated that her husband is working in Afghanistan and that she would like additional time to remove the wall. He stated that she proposed a deadline of January 15, 2020. Discussion ensued. It was the consensus of the Board to work with the property owner on the extension, however, if the District needs access to the water main the wall will need to be removed prior to the extension date. Mr. Millas also stated that she asked if the Board would consider allowing her to install a wood fence. The Board stated that no fence may be built in the easement.

Mr. Froehlich stated that the first advertisement for the lift station rehabilitation was last Friday and that the bid opening will be September 5, 2019.

Mr. Froehlich reported that the designs for the widening of FM 1960 continues. He stated that BGE is meeting with TxDOT and its design consultant on September 4, 2019 to discuss the overall project and area where it may be possible to leave the existing utilities in place and/or eliminate the need for new easements. He requested the Board to appoint President Parker as the Board's point of contact regarding this matter.

Mr. Froehlich stated that BGE received the request for annexation from the owners of Gilbert & Co. for the 0.68 acre tract behind the Country Scramble Café at FM 1960 and Barents Drive. He stated that a deposit of \$15,000 is required and requested on the owners behalf for the Board to consider the deposit being split between the three owners. It was the consensus of the Board that splitting the deposit between the owners was acceptable.

Mr. Millas presented to and reviewed with the Board a Petition for Consent to Addition of Land and a Petition for Addition of Land, copies of which are attached hereto as *Exhibit H* and *Exhibit I*. Mr. Millas stated that the Board can approve both petitions subject to NRF's final review.

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, to approve Pay Estimate No. 6 for \$130,500.00, to approve the Petition for Consent to Addition of Land and the Petition for Addition of Land subject to NRF's final review.

9. **Annexation of 0.4718 acre tract.** This item was addressed under the previous item.

A. Approve Petition for Addition of Land.

B. Approve Petition for Consent to Addition of Land.

10. **Review Operations Report and authorize repairs.** President Parker recognized Mr. Gehrke, who presented the Operations Report dated August 20, 2019 and a list of delinquent accounts, copies of which are attached hereto as *Exhibit J*. Mr. Gehrke reported that 90% of the water pumped was billed for the period July 1, 2019 through July 31, 2019.

Mr. Gehrke presented to and reviewed with the Board a customer letter requesting reconnection and tampering fees to be removed from his bill, a copy of which is attached hereto as *Exhibit K*. Discussion ensued. It was the consensus of the Board to deny the request.

Mr. Gehrke presented to and reviewed with the Board the account history for Country Scramble Cafe, a copy of which is attached hereto as *Exhibit L*. Mr. Gehrke reported that the account has been open for 15 months and was incorrectly charged for sewer and grease trap fees totaling \$1,386.82. He stated that the District needs to credit the \$1,386.82 back to the account.

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: (1) approve the Operations Report; (2) terminate service to delinquent accounts in accordance with the terms of the District's Rate Order; and (3) approve the reimbursement of \$1,386.82 to Country Scramble Cafe.

11. **Discuss 2019 legislative highlights affecting water districts.** President Parker recognized Mr. Millas, who presented to and reviewed with the Board a summary of the 2019 legislative highlights, a copy of which is attached hereto as *Exhibit M*. Discussion ensued.

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 17, 2019.



President, Board of Directors

ATTEST:



Secretary, Board of Directors