

MINUTES
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 113

June 18, 2018

The Board of Directors (the "Board") of Montgomery County Municipal Utility District No. 113 (the "District") met in regular session, open to the public, on June 18, 2018, at 101 Elk Trace, Montgomery, Texas, inside the boundaries of the District, and the roll was called of the members of the Board:

<u>Board Member</u>	<u>Precinct</u>	<u>Title</u>
David Garrett	Precinct 4	President
Amy Scott	Precinct 5	Vice President
Chris Uzelmeier	Precinct 3	Secretary
Robert Green	Precinct 1	Assistant Vice President
Cato McDaniel	Precinct 2	Assistant Secretary

and all of the above were present except Director Scott, thus constituting a quorum.

Also present at the meeting were: Crystal Horn of McGrath & Co., PLLC ("McGrath"); John Tipton of Landology, LLC; Lauren Luca representing Woodforest Owners Association, Inc.; Stephen Eustis of Robert W. Baird & Co. ("RW Baird"); Michael Williams of Municipal Operations & Consulting, Inc. ("MOC"); Erin Garcia of Myrtle Cruz, Inc.; Virgil Yoakum and Stephen Barrera of Woodforest Development, Inc. ("WDI"); Victoria Mundie, Vince Salazar, and Michael Johnson of LJA Engineering, Inc. ("LJA"); David Patterson of Assessments of the Southwest, Inc.; Lieutenant Brian Bagwell and Sergeant Jim Glisson of the Montgomery County Sheriff's Office; and Richard L. Muller, Jr. and Amy N. Love, of The Muller Law Group, PLLC ("MLG"). A list of others in attendance is attached.

MINUTES

The Board considered approving the minutes of the May 14, 2018, regular meeting. After review and discussion, Director Uzelmeier moved to approve the minutes of May 14, 2018, regular meeting. Director McDaniel seconded the motion, which passed by unanimous vote.

COMMENTS FROM THE PUBLIC

Director Garrett opened the meeting to receive public comments.

Ms. Block addressed the Board regarding the riprap that was installed at a swale adjacent to the Bonterra Club House. She stated that the material added to help control the flow of water is failing and requested the Board add grass to the area. Director Garrett stated that this matter will be discussed later in meeting.

Ms. Esparza addressed the Board regarding erosion in greenspace in Muirfield Point. Ms. Mundie stated that LJA will review the area and if necessary, provide the Board with a proposal to address any erosion.

There being no additional public comments, Director Garrett closed the meeting to public comments.

DISTRICT NEWSLETTER

Director Uzelmeier reported on the District's newsletter. No Board action was taken.

LAW ENFORCEMENT REPORT

Sergeant Glisson reviewed the District's Monthly Activity Report ("Report"), a copy of which is attached. Director Green requested a column be added to the Report to show quarterly activity. No additional Board action was taken.

ENGAGEMENT LETTER WITH AUDITOR

Ms. Horn presented McGrath's new engagement letter for conducting the District's annual audit and developer reimbursement reports. She stated that McGrath updated their engagement letter due to the implementation of new standards and that this agreement will supersede the previous agreement. Mr. Muller added that MLG reviewed the new engagement letter and recommended approval. Following review and discussion, Director Green moved to approve the engagement with McGrath. Director McDaniel seconded the motion, which passed by unanimous vote.

TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Patterson distributed and reviewed the monthly tax assessor/collector's report, including checks presented for approval, and the delinquent tax list, a copy of which is attached. He reported that the District's 2017 taxes were 98.74% collected as of May 31, 2018. Following review and discussion, Director Uzelmeier moved to approve the tax assessor/collector's report, including payment of the tax bills listed in the report. Director McDaniel seconded the motion, which passed by unanimous vote.

The Board considered authorizing the delinquent tax attorney can proceed with collection of 2017 real property taxes delinquent as of July 1, 2018. Following discussion, Director Uzelmeier moved to authorize the delinquent tax attorney to proceed with collection of 2017 real property taxes delinquent as of July 1, 2018. Director McDaniel seconded the motion, which carried unanimously.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Garcia distributed and reviewed the bookkeeper's report, copy of which is attached. Following review and discussion, Director Uzelmeier moved to approve the bookkeeper's report and authorize payment of the submitted bills. Director Green seconded the motion, which passed unanimously. A copy of the bookkeeper's report is attached.

REPORT ON DEVELOPMENT

Mr. Barrera reported on development in the District, including year-to-date homes sales, commercial development, and community marketing events.

PARKS COMMITTEE REPORT

There was no report on this agenda item.

LANDSCAPE ARCHITECT'S REPORT

Mr. Muller reviewed TBG Partners, Inc.'s ("TBG") landscape architect's report, a copy of which is attached. He stated that TBG recommends the Board approve Pay Estimate No. 1 in the amount of \$18,000 from Landscape Art, Inc. for construction of Christine Allen Nature Park. Following review and discussion and based on the TBG's recommendation, Director Green moved to approve Pay Estimate No. 1 in the amount of \$18,000 from Landscape Art, Inc. Director Uzelmeier seconded the motion, which passed unanimously.

Mr. Tipton discussed the status of Kingsley Park and reviewed Pay Application Nos. 8 and 9 and Final in the amounts of \$2,002.31 and \$43,353.93, respectively, submitted by Earth First Landscape, LLC. Following review and discussion, Director Green moved to approve Pay Application Nos. 8 and 9 and Final in the amounts of \$2,002.31 and \$43,353.93, respectively. Director Uzelmeier seconded the motion, which passed unanimously.

PARK MAINTENANCE

Ms. Luca distributed and reviewed two proposals from TreeScapes, Inc. for maintenance of the median on Fish Creek, copies of which are attached. Discussion ensued and the Board requested Ms. Luca obtain two additional proposals for maintenance of the median on Fish Creek. No additional Board action was taken.

SEWER, DRAINAGE, AND ROAD FACILITIES COMMITTEE REPORT

Director Uzelmeier reported that the committee and Mr. Muller is meeting with Mid-South Electric Company to discuss water reuse options later today. No Board action was taken.

OPERATION OF DISTRICT FACILITIES

Mr. Williams presented and reviewed the monthly operations report from MOC, a copy of which is attached. He requested authorization to write off three uncollectable accounts totaling \$238.04 and forward the accounts to a collection agency. Following review and discussion, Director Uzelmeier moved to: (1) approve the operator's report; and (2) authorize MOC to write off three accounts totaling \$238.04 and forward those accounts to a collection agency. Director Green seconded the motion, which passed by unanimous vote.

The Board considered termination of garbage and recycling service to delinquent customers included on the termination list attached to the operator's report. Mr. Williams said proper notice was sent to such customers of the opportunity to be heard in order to explain, contest, or correct the utility service bill and show reason why garbage and recycling service should not be terminated for reason of nonpayment, all as required by the District's Rate Order. After discussion, Director Uzelmeier moved that, because the residents on the attached list were neither present at the meeting nor had presented any statement on the matter, garbage and recycling service should be terminated in accordance with procedures set forth in the Rate Order. Director Green seconded the motion, which passed by unanimous vote. A copy of the termination list is included in the operator's report.

ENGINEERING MATTERS

Ms. Mundie presented and reviewed the engineer's report, a copy of which is attached. She requested approval of engineering proposals to design the following projects:

1. water, sanitary, and drainage facilities to serve Central Pine Street and Main Street (East of FCT);
2. paving and appurtenances to serve Central Pine Street and Main Street (East of FCT);
3. water, sanitary, and drainage facilities to serve Woodforest, Section 61; and
4. intersection improvements to Fish Creek Thoroughfare (Elk Trace Parkway to Woodforest Parkway North).

Ms. Mundie requested the Board approve the plans and specifications and authorize LJA to advertise and receive bids for the following projects:

1. water, sanitary, and drainage facilities to serve Woodforest, Section 61;
2. lift station no. 5;
3. wastewater treatment plant driveway; and
4. water, sanitary, and drainage facilities to serve Bonterra at Woodforest, Section 7.

Ms. Mundie then requested the Board approve pay applications and change orders for the following construction projects:

1. paving and appurtenances to serve Bonterra at Woodforest, Section 6;
2. paving and appurtenances to serve Deerbourn Ridge Drive (Woodforest, Section 64 to Woodforest, Section 69) and Taylor Crossing Drive;
3. sanitary and drainage facilities to serve Woodforest, Section 94;
4. sanitary and drainage facilities to serve Woodforest, Section 93; and
5. water, sanitary, drainage, and paving facilities to serve Stampede Sportsplex.

Ms. Mundie reviewed bids received for construction of water, sanitary sewer, and drainage facilities to serve Bronze Trace Extension (Woodforest, Section 99 to Woodforest, Section 67) and recommended the contract be awarded to Kenneth Lamb Construction Co., Ltd. in the amount of \$1,214,160. She added that this is a shared project with Montgomery County Municipal Utility District No. 121 ("MC MUD No. 121") and the District's portion of the project is \$862,276. After review and discussion, and based on the engineer's recommendation, the Board determined that, in their judgment, such bidder would be most advantageous to the District and would result in the best and most economical completion of the District's facilities. Mr. Muller stated that MLG is waiting on receipt of a Form 1295 from WDI and Kenneth Lamb Construction Co., Ltd. for the project.

Ms. Mundie reviewed bids received for construction of paving and appurtenances to serve Bronze Trace Extension (Woodforest, Section 99 to Woodforest, Section 67) and recommended the contract be awarded to Legion Contracting Services, Inc. in the amount of \$558,386.75. She added that this is a shared project with MC MUD No. 121 and the District's portion of the project is \$283,906.25. After review and discussion, and based on the engineer's recommendation, the Board determined that, in their judgment, such bidder would be most advantageous to the District and would result in the best and most economical completion of the District's facilities. Mr. Muller stated that MLG is waiting on receipt of a Form 1295 from WDI and Legion Contracting Services, Inc. for the project.

Ms. Mundie reported on the status of bond application no. 7. She stated that the application was submitted to the Texas Commission on Environmental Quality (“TCEQ”).

Mr. Muller reviewed correspondence the District received from LJA regarding the placement of fencing in the District’s secondary drainage easement, a copy of which is attached. Mr. Salazar stated that the fencing does not impede what the swales are designed to do as long as the area in front and back of the fence is well maintained. He then requested authorization to inspect the District’s swales and drainage channels with MOC. Mr. Salazar added that LJA will notify the District if there are any significant repairs needed once the inspection of the District’s swales and drainage channels are complete.

After review and discussion and based on the engineer’s recommendation, Director Uzelmeier moved to: (1) approve the engineer’s report, including all recommended action items highlighted in the engineer’s report (2) award the contracts for construction of (i) water, sanitary sewer, and drainage facilities to serve Bronze Trace Extension (Woodforest, Section 99 to Woodforest, Section 67) and (ii) paving and appurtenances to serve Bronze Trace Extension (Woodforest, Section 99 to Woodforest, Section 67), both contingent on receipt of bonds, insurance, and Form 1295s; and (3) authorize LJA to inspect the District’s swales and drainage channels with MOC. Director McDaniel seconded the motion, which passed by unanimous vote.

COST SHARING AGREEMENT WITH MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 121 FOR SHARED FACILITIES

The Board tabled action on the agenda item.

BONTERRA STORMWATER EROSION AND DRAINAGE MATTERS

Ms. Mundie reported on erosion issues at a swale adjacent to the Bonterra Club House. She stated that the riprap and bull rock is not performing as designed. Ms. Mundie suggested a storm pipe be installed to assist with drainage of the area. Discussion ensued and the Board concurred to authorize the Board president to approve a proposal for construction of a storm pipe, if the cost does not exceed \$25,000. No further Board action was taken.

ISSUANCE OF SERIES 2018 BOND ANTICIPATION NOTE

The Board discussed issuance of the District’s \$5,960,000 Bond Anticipation Note, Series 2018 (the “Note”).

Mr. Eustis presented and reviewed a bid tabulation of the bids received for purchase of the District’s the Note, and recommended sale of the Note to Texas Capital Bank, National Association at an interest rate of 2.00%. A copy of the bid tabulation is attached. He recommended the Board accept and authorize execution of the Purchaser’s Investment and Bid Letter.

Mr. Muller reviewed the proposed Resolution Authorizing the Issuance and Execution of Bond Anticipation Note, Series 2018 (“Series 2018 BAN Resolution”) and explained that the document sets forth the terms and provisions of issuance, delivery and repayment of the Note.

Mr. Muller then reviewed the various other documents related to the issuance of the Note and explained that there likely will be additional documents related to the issuance of the Note requiring execution by the directors, and requested that the Board authorize execution such documents as necessary.

After review and discussion, Director Green moved to: (1) accept the bid and authorize execution of the Purchaser's Investment and Bid Letter from Texas Capital Bank, National Association; (2) adopt the Series 2018 BAN Resolution; and (3) authorize execution of any additional documents related to the Note. Director Uzelmeier seconded the motion, which carried by unanimous vote.

Ms. Horn distributed and reviewed a developer reimbursement report for the District's the Note. After review and discussion, Director Green moved to: (1) approve the developer reimbursement report, pending approval by the Board president; and (2) authorize disbursement of funds, pending an executed Acknowledgement and Release by WDI and receipt of the TCEQ. Director McDaniel seconded the motion, which passed unanimously.

SERIES 2018 UNLIMITED PARK BONDS

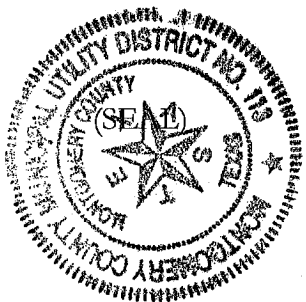
Mr. Eustis reported on the status of the District's Unlimited Tax Park Bonds, Series 2018 (the "Park Bonds"), and distributed and reviewed a tentative financing timetable, a copy of which is attached. He then requested authorization for RW Baird to prepare the Preliminary Official Statement ("POS") and Official Notice of Sale ("NOS") for the Park Bonds. After review and discussion, Director Uzelmeier moved to authorize RW Baird to prepare the POS and NOS for the Park Bonds. Director Green seconded the motion, which passed unanimously.

The Board next considered adopting a Resolution Requesting Appraisal of Property and Certificate of Estimated Appraised Value (the "Resolution") to request an estimate of appraised value as of May 1, 2018, from the Montgomery Central Appraisal District. After review and discussion, Director Uzelmeier moved to adopt the Resolution. Director Green seconded the motion, which passed unanimously.

WASTEWATER TREATMENT PLANT

There was no report on the expansion of the wastewater treatment plant. Discussion ensued regarding Pay Application No. 15 in the amount of \$389,317.18, submitted by R & B Group, Inc. ("R&B") as stated in the bookkeeper's report. After review and discussion, Director Green moved to approve Pay Application No. 15 in the amount of \$389,317.18. Director McDaniel seconded the motion, which passed by unanimous vote.

There being no further business to come before the Board, the meeting was adjourned.



Chris Uzelmeier
Secretary, Board of Directors

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Any documents referenced in these minutes and not attached herein are retained in the District's official records in accordance with the District's Record Management Program and are available upon request.