

MINUTES
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 113

July 16, 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 July 16, 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 Directors Scott and Green, thus constituting a quorum.

Also present at the meeting were: Lauren Luca and Cobi Barnett representing Woodforest Owners Association, Inc. ("WOA"); Matt Klein of TBG Partners, Inc. ("TBG"); Stephen Eustis of Robert W. Baird & Co. ("RW Baird"); Michael Williams and Lonnie Wright of Municipal Operations & Consulting, Inc. ("MOC"); Erin Garcia of Myrtle Cruz, Inc.; Virgil Yoakum, Robert Douglas, and Stephen Barrera of Woodforest Development, Inc. ("WDI"); Victoria Mundie and Vince Salazar of LJA Engineering, Inc. ("LJA"); David Patterson of Assessments of the Southwest, Inc.; 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 June 18, 2018, regular meeting. After review and discussion, Director Uzelmeier moved to approve the minutes of June 18, 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. He stated that the residents who signed up to speak under agenda item no. 15a will be given the opportunity to speak under that agenda item.

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, a copy of which is attached. He

also distributed and reviewed an activity chart from April/May 2018, a copy of which is attached. No additional Board action was taken.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

The Board reviewed a proposal from SIG/McDonald & Wessendorff ("SIG") for renewal of the District's insurance policies, effective August 31, 2018. Following review and discussion, Director Uzelmeier moved to approve the proposal for renewal of the District's insurance policies. Director McDaniel seconded the motion, which passed by unanimous vote.

ESTABLISH BUDGET COMMITTEE

The Board discussed establishment of a budget committee. Following discussion, the Board concurred to appoint Directors Garrett and Green to the District's budget committee. No further Board action was taken.

ASSOCIATION OF WATER BOARD DIRECTORS CONFERENCE

The Board discussed the Association of Water Board Directors ("AWBD") summer conference and considered authorizing attendance at the winter conference. Following discussion and confirmation of eligible expenses by Ms. Garcia, Director McDaniel moved to authorize reimbursement of eligible expenses for the AWBD summer conference and authorize all interested directors to attend the AWBD winter conference. Director Garrett seconded the motion, which passed by unanimous vote.

ARBITRAGE REPORT ON SERIES 2013 BONDS

Mr. Muller reviewed a proposal from OmniCap LLC, to conduct an arbitrage rebate study for the District's \$5,935,000 Unlimited Tax Bonds, Series 2013, in the amount of \$5,000. Following review and discussion, Director Uzelmeier moved to engage OmniCap LLC to conduct the arbitrage rebate study for the District's \$5,935,000 Unlimited Tax Bonds, Series 2013 at a cost of \$5,000. 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 99.17% collected as of June 30, 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.

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 McDaniel 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. Klein reviewed TBG's landscape architect's report, a copy of which is attached. He then reviewed bids received for construction of Cardinal Ridge Reforestation (the "Project"). Mr. Klein stated that TBG does not recommend the Board award the Project to the low bidder, Classic Irrigation ("Classic"), because in TBG's opinion, based on prior experience with Classic, they do not qualify as a "responsible bidder". He then recommended the contract be awarded to Earth First Landscapes in the amount of \$146,660. After review and discussion, and based on the landscape architect's recommendation, the Board determined that, in their judgment, Earth First Landscapes would be the most advantageous bidder for the District and would result in the best and most economical completion of the Project.

Following review and discussion, Director McDaniel moved to: (1) approve TBG's landscape architect's report; and (2) award the Project to Earth First Landscapes, contingent upon receipt of bonds, insurance, and Form 1295. Director Uzelmeier seconded the motion, which passed by unanimous vote.

PARK MAINTENANCE

Ms. Luca distributed and reviewed proposals from TreeScapes, Inc. and Innovative Outdoors for maintenance of the median on Fish Creek, copies of which are attached. Discussion ensued, and the Board requested Ms. Luca provide both companies with a bid specification sheet and request new proposals. No further Board action was taken.

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. She stated that LJA received a proposal from JM Smith to install the storm pipe and repair the sidewalk at a cost of \$18,250. Following discussion, Director McDaniel moved to approve the proposal from JM Smith in the amount of \$18,250, pending receipt of a Form 1295. Director Uzelmeier seconded the motion, which passed by unanimous vote.

SEWER, DRAINAGE, AND ROAD FACILITIES COMMITTEE REPORT

Director Uzelmeier reported on the Sanderling community meeting. He stated that LJA discussed the possibility of constructing a berm around the community to assist in reducing the chance of future flooding. Mr. Uzelmeier added that the majority of residents at the meeting did not support building a berm at this time.

Ms. Meyer, a resident of the Sanderling community, distributed and reviewed correspondence regarding requests to the District from Sanderling residents, a copy of which is attached. Discussion ensued. Ms. Meyer added that Sanderling residents will meet with the Director of Flood Management for the San Jacinto River Authority ("SJRA") and invited Board members to attend. Discussion ensued, and the Board

concurrred to authorize the sewer, drainage, and road facilities committee members to attend this meeting on behalf of the District.

Ms. Marrow distributed and reviewed correspondence regarding her comments to the District's Harvey Impact Study, a copy of which is attached.

The Board then discussed the possibility of holding a community meeting for residents of the Capriccio subdivision to discuss the Harvey Impact Study. Following discussion, the Board concurrred to have the sewer, drainage, and road facilities committee meet with the residents of Capriccio. Mr. Muller stated that MLG will work with the WOA to schedule a meeting.

PROPOSAL FROM ENGINEER ON IMPACT OF WATER RELEASED FROM LAKE CONROE

The Board tabled action on this agenda item pending LJA's receipt of the analysis being conducted by the SJRA on the impact of water being released from Lake Conroe.

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 two uncollectable accounts totaling \$93.89 and forward the accounts to a collection agency.

Mr. Wright reported that the new wastewater treatment plant will need a transfer switch for the generator. He stated that MOC received a proposal from STP Services in the amount of \$23,500 to supply and install an 800 amp, 480 volt transfer switch and all electrical modifications required at the new wastewater treatment plant. Following review and discussion, Director Uzelmeier moved to: (1) approve the operator's report; (2) authorize MOC to write off two accounts totaling \$93.89 and forward those accounts to a collection agency; and (3) approve a construction contract with STP Services to supply and install a transfer switch at the new wastewater treatment plant. Director McDaniel 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 McDaniel 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 Commercial Tract 3B-2; and
2. water, sanitary, and drainage facilities to serve Woodforest, Section 103.

Ms. Mundie requested the Board approve the plans and specifications and authorize LJA to advertise and receive bids for water, sanitary, and drainage facilities to serve Commercial Tract 3B-1.

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 Woodforest Parkway North (from Overland Trace Drive to Elk Trace Parkway), including Woodforest Parkway Reforestation;
3. paving and appurtenances to serve Woodforest Parkway South Extension (from Woodforest, Section 45 to Woodforest, Section 46);
4. paving and appurtenances to serve Woodforest Parkway South Extension (Woodforest Sect 46 to Woodforest, Section 53);
5. lift station no. 1, phase 1;
6. water, sanitary, and drainage facilities to serve Deerbourn Ridge Drive (Woodforest, Section 64 to Woodforest, Section 69) and Taylor Crossing Drive;
7. water, sewer, drainage, and paving facilities to serve Christine Allen Park; and
8. paving and appurtenances to serve Bonterra Boulevard Extension (Bonterra, Section 3 to Bonterra, Section 6).

Ms. Mundie reviewed bids received for construction of water, sanitary sewer, and drainage facilities to serve Bonterra at Woodforest, Section 7 and recommended the contract be awarded to Kenneth Lamb Construction Co., Ltd. in the amount of \$441,467.40, \$370,014.40 of which is the District's share. 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.

Ms. Mundie gave an update on bids received for construction of paving and appurtenances to serve Bronze Trace Extension (Woodforest, Section 99 to Woodforest, Section 67). She stated that the project was awarded to Legion Contracting Services, Inc. ("Legion") at the last Board meeting and Legion has requested to withdraw their bid due to a significant error. Ms. Mundie then recommended the contract be awarded to the second lowest bidder Lexton Construction in the amount of \$655,069.80. She added that this is a shared project with Montgomery County Municipal Utility District No. 121 and the District's portion of the project is \$339,199.50. 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.

Ms. Mundie reported that LJA inspected the District's swales and drainage channels with MOC. She added that there were no blockage of the drainage system and that MOC is addressing some minor repairs.

Ms. Mundie recommended approval of a Temporary Sanitary Sewer Easement Agreement for 0.635 acres for Bronze Trace Drive Extension in Woodforest, Section 99 to Woodforest, Section 67.

Mr. Muller reported that WOA is deeding the District Reserve A in Woodforest, Section 99. He added that Reserve E serve as a drainage facility for the District.

Mr. Muller reported that the Bonterra at Woodforest Community Association, Inc. ("BWCA") is deeding the District Reserve H in Bonterra at Woodforest, Section 4. He stated that Reserve H serve as a

drainage facility for the District. Mr. Muller added that BWCA is also deeding the Bonterra parking lot, pond, and trails around the pond to the District. He added that these will all serve as recreational facilities for the District.

After review and discussion and based on the engineer's recommendation, Director McDaniel 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 Bonterra at Woodforest, Section 7 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; (3) approve the Temporary Sanitary Sewer Easement Agreement; and (4) accept the aforementioned deeds. Director Garrett 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.

SERIES 2018 UNLIMITED TAX PARK BONDS

Mr. Eustis reported on the status of the \$5,700,000 Unlimited Tax Park Bonds, Series 2018 ("Series 2018 Bonds") and reviewed a tentative timetable of the sale of the bonds, a copy of which is attached.

APPOINT PAYING AGENT

Mr. Eustis recommended the Board appoint Regions Bank as the Paying Agent/Registrar in connection with the District's Series 2018 Bonds. After review and discussion, Director McDaniel moved to appoint Regions Bank as the paying agent/registrar in connection with the Series 2018 Bonds. Director Uzelmeier seconded the motion, which passed by unanimous vote.

APPROVE ENGAGEMENT LETTER WITH DISCLOSURE COUNSEL

Mr. Muller reviewed an engagement letter the District received from Orrick, Herrington & Sutcliffe LLP to serve as disclosure counsel for the Series 2018 Bonds. Following review and discussion, Director McDaniel moved to authorize execution of the engagement letter with Orrick, Herrington & Sutcliffe LLP to serve as disclosure counsel for the Series 2018 Bonds, pending receipt of a Form 1295. Director Uzelmeier seconded the motion, which passed by unanimous vote.

APPOINTMENT OF ESCROW AGENT

Mr. Muller recommended the Board approve an Escrow Agreement with Wells Fargo Bank, NA for the Series 2018 Bonds, if needed. Following review and discussion, Director McDaniel moved to approve an Escrow Agreement with Wells Fargo Bank, NA for the Series 2018 Bonds. Director Uzelmeier seconded the motion, which was approved by unanimous vote.

APPROVE PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL NOTICE OF SALE

Mr. Eustis presented the District's Preliminary Official Statement and Official Notice of Sale in connection with the Series 2018 Bonds. After review and discussion, Director McDaniel moved

to approve the Preliminary Official Statement and Official Notice of Sale pending revisions discussed. Director Uzelmeier seconded the motion, which passed by unanimous vote.

AUTHORIZE AUDITOR TO PREPARE DEVELOPER REIMBURSEMENT REPORT

The Board considered authorizing McGrath & Co., PLLC, to prepare the developer reimbursement report in connection with the Series 2018 Bonds. Following discussion, Director McDaniel moved to authorize McGrath & Co., PLLC, to prepare the developer reimbursement report. Director Uzelmeier seconded the motion, which passed by unanimous vote.

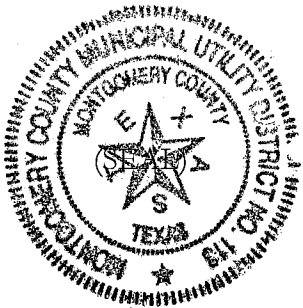
WASTEWATER TREATMENT PLANT

Mr. Kotlan presented and reviewed B&G's engineering report, a copy of which is attached. He presented Pay Application No. 16 in the amount of \$192,612.50 and Change Order No. 6 in the amount of \$7,522.02, which includes a 21 day time extension, submitted by R & B Group, Inc. ("R&B") for expansion of the wastewater treatment plant, phase 2. Mr. Kotlan reported that the new plant is fully operational. After review and discussion, Director Uzelmeier moved to approve Pay Application No. 16 and Change Order No. 6. Director McDaniel seconded the motion, which passed by unanimous vote.

NEXT REGULAR BOARD MEETING

The Board discussed changing the time of the next regular Board meeting due to the sale of the Series 2018 Bonds. The Board concurred to hold the next regular Board meeting at noon on August 20, 2018, at the regular meeting place.

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.