

MINUTES
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 113

October 15, 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 October 15, 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. ("McGrath"); Bill Kotlan of Brown & Gay Engineering, Inc. ("BGE"); Lauren Luca representing Woodforest Owners Association, Inc.; Stephen Eustis of Robert W. Baird & Co.; Michael Williams of Municipal Operations & Consulting, Inc. ("MOC"); Erin Garcia of Myrtle Cruz, Inc.; Virgil Yoakum and Stephen Barrera of Woodforest Development, Inc.; Victoria Mundie and Vince Salazar of LJA Engineering, Inc. ("LJA"); David Patterson of Assessments of the Southwest, Inc.; Sergeant Kenneth Dunlap 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 September 17, 2018, regular meeting. After review and discussion, Director Uzelmeier moved to approve the minutes of September 17, 2018, regular meeting. Director Green seconded the motion, which passed by unanimous vote.

COMMENTS FROM THE PUBLIC

Director Garrett opened the meeting to receive public comments.

Ms. Morrow voiced her concerns with recent flooding in the Sanderling subdivision. She asked what measures will be taken by the Board to reduce flooding in the future. Ms. Morrow also discussed safety concerns at Christine Allen Nature Park. She stated that there is a gun range located behind the park and requested the Board investigate any potential safety issues.

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

STREET FLOODING MATTERS

Ms. Mundie reported on recent flooding in Capriccio and Russet Peak subdivisions. Discussions ensued regarding improving drainage in these subdivisions. Ms. Mundie recommended the Board authorize MOC to re-grade behind the back of curb on either side of the storm inlet in Capriccio to allow a pathway for water to exist the streets. She also recommended that the Board authorize MOC to re-grade the overflow swale in the Russet Peak subdivision. Ms. Mundie added that this would cost an estimated \$20,529. She then recommended the Board authorize HB Hydro Ax, LLC to add a secondary outfall pipe in Capriccio to assist in the removal of rain water. She added that this would cost \$7,500.

Ms. Mundie then reported that multiple overflow swales throughout the District were inadvertently filled in/covered by homebuilder activity, which may be the cause of some of the recent street flooding. Mr. Muller recommended the Board authorize MOC to perform a visual inspection of all the District's overflow swales and report back to the Board how many will need to be excavated and the cost.

Following review and discussion, Director Uzelmeier moved to: (1) authorize MOC to have the area behind the curb re-graded on either side of the storm inlet in Capriccio and to re-grade the overflow swale in the Russet Peak subdivision at an estimated cost of \$20,529; (2) approve a Job Order with HB Hydro Ax, LLC in the amount of \$7,500 to add a secondary outfall pipe in Capriccio; and (3) authorize MOC to perform a visual inspection of all the District's overflow swales. Director Green seconded the motion, which passed by unanimous vote.

DISTRICT NEWSLETTER

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

LAW ENFORCEMENT REPORT

Sergeant Dunlap reviewed the District's Monthly Activity Report, a copy of which is attached. He stated that he will investigate the safety concerns previously mentioned with regards to the gun range and report back to the Board.

Sergeant Dunlap reported that the Board has the option of placing the District's decal on patrol vehicles purchased by the District. Discussion ensued, and the Board concurred not to have the District's decal placed on patrol vehicles.

UNLIMITED TAX PARK BONDS, SERIES 2018

The Board reviewed a developer reimbursement report in connection with the District's \$5,700,000 Unlimited Tax Park Bonds, Series 2018 ("Bonds"). Following review and discussion, Director Green moved to approve the developer reimbursement report and authorize disbursement of funds in accordance with the report once the Bonds are closed. Director McDaniel seconded the motion, which passed by unanimous vote.

SUPPLEMENTAL DEVELOPER REIMBURSEMENT REPORT

The Board reviewed a supplemental developer reimbursement report in connection with the District's \$8,100,000 Unlimited Tax Road Improvement Bonds, Series 2017. Following review and discussion, Director Green moved to approve the supplemental developer reimbursement report and

authorize disbursement of funds in accordance with the report. Director McDaniel seconded the motion, which passed by unanimous vote.

BOND ANTICIPATION NOTE ANALYSIS

Mr. Eustis distributed and reviewed a bond anticipation note (“BAN”) cost savings analysis, copy of which is attached. Discussion ensued, and the Board requested McGrath perform a cost savings analysis on all BANs in the future prior to closing. No additional Board action was taken.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Garcia distributed and reviewed the bookkeeper’s report, copy of which is attached. She reviewed the District’s amended budget. Following review and discussion, Director Green moved to: (1) approve the bookkeeper’s report and authorize payment of the submitted bills; and (2) adopt the amended budget. Director Uzelmeier seconded the motion, which passed unanimously. A copy of the bookkeeper’s report is attached.

ANNUAL REVIEW OF INVESTMENT POLICY

The Board conducted its annual review of the District’s Investment Policy. Following review and discussion, Director Uzelmeier moved to adopt a Resolution Adopting an Amended and Restated Investment Policy. Director Green seconded the motion, which passed unanimously.

RESOLUTION ESTABLISHING AUTHORIZED DEPOSITORY INSTITUTIONS AND ADOPTING LIST OF QUALIFIED BROKER DEALERS

Mr. Muller reported that the District’s bookkeeper has submitted an updated list of authorized depository institutions and qualified broker/dealers, which includes all banks where the District maintains authorized depository accounts. After review and discussion, Director Uzelmeier moved to adopt a Resolution Establishing Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers. Director Green seconded the motion, which passed unanimously.

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 99.71% collected as of September 30, 2018. Following review and discussion, Director Green 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.

ARBITRAGE REPORT ON SERIES 2013 ROAD IMPROVEMENT BONDS

Mr. Muller reviewed a proposal from OmniCap LLC, to conduct an arbitrage rebate study for the District’s \$5,650,000 Unlimited Tax Road Improvement Bonds, Series 2013, in the amount of \$5,000. Following review and discussion, Director Green moved to engage OmniCap LLC to conduct the arbitrage rebate study for the District’s \$5,650,000 Unlimited Tax Road Bonds, Series 2013 at a cost of \$5,000. Director McDaniel seconded the motion, which passed by unanimous vote.

ARBITRAGE REPORT ON SERIES 2013 BONDS

Mr. Muller reviewed the \$5,935,000 Unlimited Tax Bonds, Series 2013 ("Series 2013") arbitrage report with the Board. He added that the report states that there is no yield reduction payment due to the IRS for the Series 2013 Bonds. Following discussion, Director Green moved to approve the arbitrage report and authorize payment of the invoice to Omnicap Group. Director McDaniel seconded the motion, which passed unanimously.

REPORT ON DEVELOPMENT

Mr. Barrera reported on development in the District, including year-to-date homes sales, commercial development, and community marketing events. No Board action was taken.

PARKS COMMITTEE REPORT

There was no report on this agenda item. No Board action was taken.

PARK MAINTENANCE

Ms. Luca discussed the Operation and Maintenance Agreement with Bonterra at Woodforest Community Association for District park facilities. She stated that she is working with the landscape contractor to determine the District share of the maintenance costs. Discussion ensued, and the Board tabled action on this agenda item.

LANDSCAPE ARCHITECT'S REPORT

There was no landscape architect's report. No Board action was taken.

SEWER, DRAINAGE, AND ROAD FACILITIES COMMITTEE REPORT

There were no additional items to discuss under this agenda item. 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 13 uncollectable accounts totaling \$2,088.95 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 13 accounts totaling \$2,088.95 and forward those accounts to a collection agency. 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.

WASTEWATER TREATMENT PLANT

Mr. Kotlan presented and reviewed BGE's engineering report, a copy of which is attached. He reported that the automatic transfer switch for the wastewater treatment plant, phase 2, is scheduled for delivery on November 7, 2018.

Mr. Kotlan reviewed bids received for construction of the wastewater treatment plant, phase 3 and recommended the contract be awarded to R&B Group, Inc. in the amount of \$1,706,800. He added that the cost of this project was significantly less than estimated due to the aeration basin being removed from the scope. 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 presented for execution a Letter Financing Agreement with WDI for the project and stated that MLG received a Form 1295 from WDI and R&B Group, Inc. for the project.

After review and discussion, Director Uzelmeier moved to award the aforementioned contract contingent on receipt of bonds, insurance, and Form 1295s and authorize execution of the Letter Financing Agreement. Director Green seconded the motion, which passed by unanimous vote.

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 of the following projects:

1. water, sewer, drainage, and paving facilities to serve Bonterra at Woodforest, Section 8;
2. paving and appurtenances to serve Bonterra at Woodforest, Section 8; and
3. drainage facilities to serve Woodforest Ditch 6A-1 extension.

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

1. drainage, paving and appurtenances to serve intersection improvements to Fish Creek Thoroughfare (Woodforest Parkway North to Central Pine Street);
2. water, sewer, and drainage facilities to serve Commercial Tract 3B-2;
3. drainage facilities to serve Kinderwood Park;
4. paving and appurtenances to serve Kinderwood Park;
5. paving and appurtenances to serve Bonterra at Woodforest, Section 7; and
6. drainage facilities to serve Woodforest Ditch 6A-1 extension.

Ms. Mundie reviewed bids received for construction of water, sanitary sewer, and drainage facilities to serve Woodforest, Section 100 and recommended the contract be awarded to Kenneth Lamb Construction ("Kenneth Lamb") in the amount of \$7,200. 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 presented for execution a Letter Financing Agreement with WDI for the project and stated that MLG is waiting to receive a Form 1295 from WDI and Kenneth Lamb for this project.

Ms. Mundie reviewed bids received for construction of drainage facilities to serve Kinderwood Park and recommended the contract be awarded to Kenneth Lamb in the amount of \$10,200. 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 presented for execution a Letter Financing Agreement with WDI for the project and stated that MLG is waiting to receive a Form 1295 from WDI and Kenneth Lamb for this project.

Ms. Mundie reviewed bids received for construction of paving and appurtenances facilities to serve Kinderwood Park and recommended the contract be awarded to MM Civil Construction in the amount of \$67,041.60, pending final review of bids received. 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.

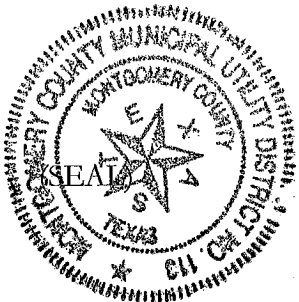
Ms. Mundie then requested the Board approve pay applications and change orders for the following construction projects:

1. paving and appurtenances to serve Bonterra at Woodforest, Section 6;
2. water, sewer, drainage, and paving and appurtenances to serve Christine Allen Park;
3. paving and appurtenances to serve Bonterra Boulevard extension (Bonterra, Section 3 to Bonterra, Section 6);
4. paving and appurtenances to serve Central Pine Street extension (Woodforest, Section 71 to Ditch 4P);
5. water, sewer, and drainage facilities to serve Bronze Trace Drive extension (Woodforest, Section 99 to Woodforest, Section 67).

Ms. Mundie reported on the construction status of Christine Allen Nature Park and Stamped Park. She stated that both contract terms have expired, and the projects are not complete. Ms. Mundie recommended the Board hold the contractor, Monarch Civil Constructors, LLC, in default and issue a termination letter for both projects. Mr. Muller added that the surety on both payment bonds requested all pay applications be sent to the surety for payment.

After review and discussion and based on the engineer's recommendation, Director Green moved to: (1) approve the engineer's report, including all recommended action items highlighted in the engineer's report; (2) award the aforementioned contracts contingent on receipt of bonds, insurance, Form 1295s, and final review of bids; and (3) authorize MLG to issue a default and termination letter to Monarch with regards to construction contracts for Christen Allen Nature Park and Stamped Park. Director McDaniel seconded the motion, which passed by unanimous vote.

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




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.