

MINUTES
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 113

May 20, 2019

The Board of Directors ("Board") of Montgomery County Municipal Utility District No. 113 ("District") met in regular session, open to the public, on May 20, 2019, at 101 Elk Trace Parkway, 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
Robert Green	Precinct 1	Vice President
Chris Uzelmeier	Precinct 3	Secretary
Cato McDaniel	Precinct 2	Assistant Secretary
Ryan Wade	Precinct 5	Assistant Vice President

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

Also present at the meeting were: Glenn Woodson and Megan Woodson of Storm Maintenance; Tayo Ilori of McGrath & Co., PLLC ("McGrath"); Matt Klein of TBG Partners, Inc. ("TBG"); Bill Kotlan of BGE Engineering, Inc. ("BGE"); Stephen Eustis of Robert W. Baird & Co. ("RW Baird"); Lonnie Wright of Municipal Operations & Consulting, Inc. ("MOC"); Erin Garcia of Myrtle Cruz, Inc.; Stephen Barrera and Virgil Yoakum of Woodforest Development, Inc. ("WDF"); Victoria Mundie LJA Engineering, Inc. ("LJA"); David Patterson of Assessments of the Southwest, Inc.; Sergeant Chris Roberts of the Montgomery County Sheriff's Office; and Richard L. Muller, Jr., Kene Chinweze, 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 April 15, 2019, regular meeting. After review and discussion, Director Uzelmeier moved to approve the minutes of the April 15, 2019, 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.

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

DISTRICT NEWSLETTER AND WEBSITE

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

LAW ENFORCEMENT REPORT

Sergeant Roberts reviewed the April 2019 law enforcement report, a copy of which is attached. He reported that the Sheriff's Office will host a "Coffee with Cops" event next month and encouraged Board

members to attend. No Board action was taken.

DIRECTOR EXPENSES FOR ASSOCIATION OF WATER BOARD DIRECTORS SUMMER CONFERENCE

The Board considered authorizing expenses for the Association of Water Board Directors summer conference in Fort Worth. After discussion, the Board concurred not to act being that no director indicated desire to attend the conference.

AUTHORIZE AUDITOR TO CONDUCT AUDIT FOR FISCAL YEAR END MAY 31, 2019

The Board considered authorizing McGrath to prepare the District's audit for the fiscal year end May 31, 2019. Mr. Ilori noted that the estimated cost for preparation of the audit is \$16,500. After review and discussion, Director Green moved to authorize McGrath to conduct the District's audit for the fiscal year end May 31, 2019. Director Wade seconded the motion, which passed unanimously.

SERIES 2019 UNLIMITED TAX ROAD IMPROVEMENT BONDS

The Board reviewed a developer reimbursement report in connection with the District's \$6,780,000 Unlimited Tax Road Improvement Bonds, Series 2019 ("Bonds"). Following review and discussion, Director Wade moved to approve the developer reimbursement report and authorize disbursement of funds in accordance with the report once the Bonds are closed. Director Green seconded the motion, which passed by unanimous vote.

UNLIMITED TAX REFUNDING BONDS, SERIES 2019

Mr. Eustis discussed the District's Unlimited Tax Refunding Bonds, Series 2019 ("Series 2019 Refunding Bonds") and the Unlimited Tax Road Improvement Refunding Bonds, Series 2019 ("Series 2019 Road Refunding Bonds") (collectively "Refunding Bonds"). He then presented and reviewed a draft of the Preliminary Official Statement for the District's Refunding Bonds. After review and discussion, Director Green moved to approve the Preliminary Official Statement, subject to final review by consultants. Director Uzelmeier seconded the motion, which was approved by unanimous vote.

Mr. Eustis recommended that the Board appoint Regions Bank as the paying agent/registrars and Robert Thomas CPA, LLC as the verification agent for the Refunding Bonds. After review and discussion, Director Green moved to appoint Regions Bank as the paying agent/registrars and Robert Thomas CPA, LLC as the verification agent for the Refunding Bonds. Director Uzelmeier seconded the motion, which was approved by unanimous vote.

Mr. Muller then reviewed a Resolution Authorizing the Issuance of the District's Unlimited Tax Refunding Bonds, Series 2019. Following review and discussion, Director Green moved to: (1) approve the delegation of authority to Director Garrett, and alternatively, Director Wade, to approve the sale of the Series 2019 Refunding Bonds; (2) authorize Director Garrett, or Director Wade as the alternate, to execute an Approval Certificate and authorize the financial advisor to proceed with the sale of the Series 2019 Refunding Bonds, subject to a net present value savings of at least 3% and a maximum bond issue par amount of \$10,000,000; (3) adopt the Resolution Authorizing the Issuance of the District's Unlimited Tax Refunding Bonds, Series 2019; and (4) authorize the Board of Directors to execute all documents relating to the sale of the Series 2019 Refunding Bonds. Director Uzelmeier seconded the motion, which was approved by unanimous vote.

Mr. Muller then reviewed a Resolution Authorizing the Issuance of the District's Unlimited Tax Road Improvements Refunding Bonds, Series 2019. Following review and discussion, Director Green moved to: (1) approve the delegation of authority to Director Garrett, and alternatively, Director Wade, to approve the sale of the Series 2019 Road Refunding Bonds; (2) authorize Director Garrett, or Director Wade as the alternate, to execute an Approval Certificate and authorize the financial advisor to proceed with the sale of the Series 2019 Road Refunding Bonds subject to a net present value savings of at least 3% and a maximum bond issue par amount of \$10,000,000; (3) adopt the Resolution Authorizing the Issuance of the District's Unlimited Tax Road Improvement Refunding Bonds, Series 2019; and (4) authorize the Board of Directors to execute all documents relating to the sale of the Series 2019 Road Refunding Bonds. Director Uzelmeier seconded the motion, which was approved by unanimous vote.

Mr. Eustis requested authorization to complete an application for credit rating on behalf of the District for the District's Refunding Bonds. After review and discussion, Director Green moved to authorize RW Baird to complete an application for credit rating on behalf of the District for the District's Refunding Bonds. Director Uzelmeier seconded the motion, which passed unanimously.

Following discussion, Director Green moved to authorize the District's President and Assistant Vice President, attorney, financial advisor, and the underwriter to take all necessary action in connection with the issuance of the District's Refunding Bonds. Director Uzelmeier seconded the motion, which was approved by unanimous vote.

AMENDED AND RESTATED AGREEMENT FOR THE JOINT CONSTRUCTION AND OPERATION OF REGIONAL WASTEWATER COLLECTION AND TREATMENT FACILITIES AND SHARED DRAINAGE AND DETENTION FACILITIES WITH MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 121

Mr. Muller discussed the Amended and Restated Agreement for the Joint Construction and Operation of Regional Wastewater Collection and Treatment Facilities and Shared Drainage and Detention Facilities with Montgomery County Municipal Utility District No. 121 ("MC 121") ("Agreement"). Following review and discussion, Director Uzelmeier moved to authorize execution of the Agreement with MC 121. Director Green seconded the motion, which was approved by unanimous vote.

PROPOSALS FOR MAINTENANCE OF DISTRICT DRAINAGE FACILITIES

Mr. Woodson reviewed the District's maintenance report, a copy of which is attached. Next, he reviewed proposals for maintenance of District drainage facilities, which includes the option of 4, 6, or 8 mows per year, copies of which are attached to the maintenance report. Following review and discussion, Director Garrett moved to accept the proposal for maintenance of the District's drainage facilities that includes: 1) 8 mows per year, through the months of February and November, at a cost of \$117,846.88 annually; and 2) the District having the option to increase and/or decrease the number of mows per year depending on growth. Director Green seconded the motion, which was approved by unanimous vote. Mr. Woodson added that there may be a joint facility missing from the proposal and if true he will provide the Board with an updated proposal.

MAINTENANCE AGREEMENT WITH WOODFOREST COMMERCIAL OWNERS ASSOCIATION FOR PINE MARKET

The Board considered approving a Maintenance Agreement with the Woodforest Commercial Owners Association for landscape and maintenance of Pine Market. Mr. Klein stated that the estimated 2019/2020 budget for maintenance of Pine Market is \$42,000. Following review and discussion, the Board moved to approve the 2019/2020 budget for maintenance of Pine Market, and to consider approval of the Maintenance Agreement at a later date. Director Uzelmeier seconded the motion, which passed unanimously.

PARK MAINTENANCE REPORT FROM WOODFOREST OWNERS ASSOCIATION

The Board considered approving an Amendment to the Amended and Restated Operation and Maintenance Agreement with the Woodforest Owners Association ("Amendment"). Mr. Muller stated that the Amendment will increase the annual maintenance budget by \$23,040. Following review and discussion, Director Green moved to approve the Amendment, including the new maintenance budget of \$174,460 annually. Director Wade seconded the motion, which passed unanimously.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Garcia distributed and reviewed the bookkeeper's report, a copy of which is attached. She also presented and reviewed proposed budgets for the fiscal year ending May 31, 2020, copies of which are attached to the bookkeeping report. Ms. Garcia added that the District will pay for maintenance of the joint drainage facilities and bill MC 121 for their share.

Mr. Muller informed the Board of pending property tax reform legislation. He stated that if the legislation is passed it may affect the District's ability to increase operation and maintenance taxes.

Following review and discussion, Director McDaniel moved to: (1) approve the bookkeeper's report and authorize payment of the submitted bills; and (2) approve the budgets for the fiscal year ending May 31, 2020, as revised. Director Green seconded the motion, which passed unanimously. Ms. Garcia stated that the revised budgets will be placed in the District's Dropbox folder.

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 2018 taxes were 97.72% collected as of April 30, 2019. 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 next considered adopting a Resolution Requesting Appraisal of Property and Certificate of Estimated Appraised Value ("Resolution") to request an estimate of appraised value as of June 1, 2019, from the Montgomery Central Appraisal District. Following review and discussion, Director Uzelmeier moved to adopt the Resolution. 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 discussion or action on this agenda item.

LANDSCAPE ARCHITECT'S REPORT

Mr. Klein reviewed the landscape architect's report, a copy of which is attached. He reviewed bids received for construction of Commercial Tract 3B-2 and stated that TBG recommends the contract be awarded to Gulf Coast Landscape Services, Inc. ("Gulf Coast") in the amount of \$221,820. After review and discussion, and based on the landscape architect's recommendation, the Board determined that, in their judgment, Gulf Coast 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 Gulf Coast for this project.

Mr. Klein recommended the Board approve pay application no. 11 in the amount of \$161,395.91 to Landscape Art, Inc. for Christine Allen Nature Park.

Mr. Klein then recommended the Board approve pay application no. 1 in the amount of \$28,789.20, to Gulf Coast for Woodforest 2019 trails.

Ms. Mundie recommended the Board approve pay application nos. 1-6 in the amounts of \$75,715.20, \$139,247.17, \$92,979.00, \$124,008.30, \$102,753, and \$55,197, respectively, and Change Order No. 1 in the amount of \$41,837.43, to CSB Contractors, Inc. for Stampede Sportsplex.

Following review and discussion and based on TBG's recommendation, Director Uzelmeier moved to: (1) approve the landscape architect's report; (2) award the contract for Commercial Tract 3B-2 to Gulf Coast contingent on receipt of bonds, insurance, and Form 1295s; (3) approve pay application no. 11 in the amount of \$161,395.91 to Landscape Art, Inc. for Christine Allen Nature Park; (4) approve pay application no. 1 in the amount of \$28,789.20, to Gulf Coast for Woodforest 2019 trails; and (5) approve pay application nos. 1-6 in the amounts of \$75,715.20, \$139,247.17, \$92,979.00, \$124,008.30, \$102,753, and \$55,197, respectively, and Change Order No. 1 in the amount of \$41,837.43, to CSB Contractors, Inc. for Stampede Sportsplex. Director Green seconded the motion, which passed unanimously.

SEWER, DRAINAGE, AND ROAD FACILITIES COMMITTEE REPORT

Director Uzelmeier reported on the status of construction of the wastewater treatment plant ("WWTP"). Discussion ensued regarding equipment at the WWTP and Director Uzelmeier recommended the Board consider a Phase IV project that would replace the original steel digester tanks. He added that replacing the steel digester tanks with concrete tanks will improve operability, reduce maintenance cost, reduce odor, and reduce the cost of sludge haul-off. Mr. Kotlan then reviewed a conceptual scope and cost estimate to construct concrete digesters to replace the steel digesters, a copy of which is attached to BGE's engineering report. Mr. Wright reported that the digester tanks are in need of repair and requested authorization to repair digester tank no. 5's air header at a cost of \$19,800. Following review and discussion Uzelmeier move to: (1) authorize MOC to repair digester tank no. 5's air header at a cost of \$19,800; and (2) authorize BGE and MOC to work together on a cost/benefit analysis for constructing new concrete digester tanks. Director McDaniel seconded the motion, which passed unanimously.

OPERATION OF DISTRICT FACILITIES

Mr. Wright presented and reviewed the monthly operations report from MOC, a copy of which is attached. He requested authorization to write off four (4) uncollectable accounts totaling \$1,208.75 and forward the accounts to a collection agency.

Mr. Wright reported on a storm swale erosion at 335 Fox Trail and recommended the Board authorize MOC to shore up the erosion area at a cost of \$22,522.50.

Mr. Wright then reported on a street repair at 2180 Woodforest Parkway North and recommended the Board authorize MOC to have the street repaired at a cost of \$3,500.

Following review and discussion, Director Wade moved to: (1) approve the operator's report; (2) authorize MOC to write off four (4) uncollectable accounts totaling \$1,208.75 and forward said accounts to a collection agency; (3) authorize MOC to shore up the storm swale erosion at 335 Fox Trail at a cost of \$22,522.50; and (4) authorize MOC to repair the street at 2180 Woodforest Parkway North at a cost of \$3,500. Director Uzelmeier seconded the motion, which passed by unanimous vote.

Mr. Wright presented and reviewed with the Board the annual report on the District's Identity Theft Prevention Program, a copy of which is attached. He noted that there were no incidents to report and that no changes to the District's Identity Theft Prevention Program are recommended.

The Board considered termination of garbage and recycling service to delinquent customers included on the termination list attached to the operator's report. Mr. Wright 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 Wade 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 Uzelmeier 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 presented Pay Application No. 19 and Final in the amount of \$187,240.72, submitted by R & B Group, Inc. ("R&B") for expansion of the WWTP, Phase 2.

Mr. Kotlan reported on the status of the WWTP, Phase 3 and reviewed the estimated schedule for completion. He noted that the contractor is about six weeks behind in mobilization and has requested an updated construction schedule.

Mr. Kotlan next discussed the wastewater reuse project, Phase 2 and recommended it be placed on hold until Lone Star Groundwater Conservation District has finalized its regulatory plan.

After review and discussion, Director Green moved to: (1) approve BGE's engineering report; and (2) approve Pay Application No. 19 and Final to R&B for expansion of the WWTP, Phase 2. Director Wade seconded the motion, which passed by unanimous vote.