

MINUTES OF MEETING OF BOARD OF DIRECTORS
OCTOBER 27, 2016

THE STATE OF TEXAS
COUNTY OF HARRIS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 132

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The Board of Directors (the "Board") of Harris County Municipal Utility District No. 132 (the "District") met in regular session, open to the public, at The Overlook, 20114 Pinehurst Drive, Atascocita, Texas, 77346, on October 27, 2016 at 6:00 p.m.; whereupon the roll was called of the Board, to-wit:

Tim Stine, President
Don House, Vice President
Jerrel Holder, Secretary
Michael Whitaker, Assistant Secretary
Vacancy

All members of the Board were present. Also attending all or parts of the meeting were Mr. Gregg Mielke, a District resident and candidate to fill the vacancy on the Board; Ms. Stacey Wagner of Champions Hydro-Lawn; Ms. Lina Loaiza of Bob Leared Interests, tax assessor and collector for the District; Ms. Karrie Kay of Myrtle Cruz, Inc., bookkeeper for the District; Mr. Larry Jones of Severn Trent ("ST"), operator of the District's facilities; Mr. Matt Froehlich of BGE, Inc. ("BGE"), engineer for the District; and Ms. Kathleen Ellison and Ms. Brenda Presser of Norton Rose Fulbright US LLP ("NRF"), attorneys for the District.

Call to Order. The President called the meeting to order in accordance with notice posted pursuant to law, copies of certificates of posting of which are attached hereto as Exhibit "A," and the following business was transacted:

1. **Appointment and Qualification of Director.** The President opened discussion to Appointment and Qualification of Director. Ms. Ellison said that Mr. Mielke had completed his Oath of Office and Statement of Appointed Officer and was qualified to serve on the Board. Upon motion by Director Holder, seconded by Director Whitaker, after full discussion and the question being put to the Board, the Board voted unanimously to appoint Mr. Mielke to the Board to fill the unexpired portion of Lloyd Lentz's term. Discussion ensued regarding the Board officers. Upon motion by Director Holder, seconded by Director Whitaker, after full discussion and the question being put to the Board, the Board voted unanimously to appoint Mr. Mielke as Assistant Secretary, and to retain the remaining officers in their current positions.

2. **Receive comments from the public.** There were no comments from the public.

3. **Public Hearing on Tax Rate** The President opened the public hearing for comments on the proposed tax rate. Hearing none, the President closed the hearing.

4. **Order Setting Tax Rate and Levying Tax for 2016.** The President read a proposed Order Setting Tax Rate and Levying Tax for 2016 (the "Order"), a copy of which is attached hereto as *Exhibit B*. Upon motion by Director House, seconded by Director Holder, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order, thereby levying a tax rate of \$0.0961 per \$100 assessed valuation (\$0.0096 for debt service and \$0.0865 for maintenance and operation).

5. **Approve and authorize filing of Amendment to District Information Form.** Ms. Ellison reviewed with the Board the proposed Amendment to the District Information Form reflecting the 2016 tax rate, a copy of which is attached hereto as *Exhibit C*. Upon motion by Director House, seconded by Director Whitaker, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize filing of the Amended District Information Form in Harris County Real Property Records and with the Texas Commission on Environmental Quality ("TCEQ"), as presented.

6. **Minutes.** Proposed minutes of the meeting of September 15, 2016, previously distributed to the Board, were presented for approval. Upon motion by Director House, seconded by Director Holder, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting of September 15, 2016.

7. **Review Tax Collector's Report and authorize payment of certain bills.** The President recognized Ms. Loaiza, who presented to and reviewed with the Board the Tax Assessor and Collector's Report, a copy of which is attached hereto as *Exhibit D*. She noted that 99.4% of the District's 2015 taxes had been collected as of September 30, 2016.

Ms. Loaiza reviewed the District's value split between residential and commercial property.

Ms. Loaiza reviewed the Delinquent Tax Report from the District's delinquent tax attorneys and reported the data is provided to the Board as general information and no action is required.

Ms. Loaiza asked the Board if it wanted to order an aerial photograph of the District for \$700. After a full discussion, it was the consensus of the Board to decline the request for an aerial photograph of the District.

Upon motion by Director House, seconded by Director Holder, 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 1187 through 1197 from the Tax Account to the persons, in the amounts, and for the purposes stated in the Tax Assessor and Collector's Report.

8. **Review Bookkeeper's Report, authorize payment of bills and approve Investment Report.** The President recognized Ms. Kay, who presented to and reviewed with the Board the Bookkeeper's Report as of October 27, 2016, the Investment Report, and the Deposit Collateral Report, copies of which are attached hereto as *Exhibit E*.

Ms. Kay pointed out check no. 9476 for \$5,000 to the District's auditor for final billing for preparation of the 2016 Audit. She also noted check no. 9477 in the amount of \$13,805.21 for an adjustment to the tax account. Ms. Loaiza explained that as tax payments are received, funds are transferred from the tax account to either the debt service account or the general fund in accordance with the allocation of the tax rate between debt service and operations and maintenance. She stated that if enough adjustments to the roll are made, the result may be an overpayment from the tax account. Ms. Kay stated that check no. 9477 makes a reimbursement to the tax account from the General Fund due to the overpayment.

Discussion ensued regarding the Association of Water Board Directors conferences, specifically discussing the winter conference in Austin, Texas on January 27-28, 2016.

Upon motion by Director House, seconded by Director Whitaker, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Bookkeeper's Report, to approve the Investment Report, and to authorize payment of check numbers 9463 through 9509 from the Operating Account.

9. **West Harris County Regional Water Authority notice of increase in fees.** The Board reviewed a letter from the West Harris County Regional Water Authority ("WHCRWA") regarding an increase in fees. A copy attached of the letter is attached as *Exhibit F*.

Director Whitaker requested information on WHCRWA. Mr. Froehlich explained that WHCRWA was created by the Legislature to provide surface water to western Harris County and to reduce use of groundwater, as required by the Harris-Galveston Subsidence District. He said that the municipal utility districts within its boundaries elect members to the board of WHCRWA. He noted that the District is not within the boundaries of WHCRWA but has a contract to participate in its Groundwater Reduction Plan. Mr. Froelich described some of the major capital expenditures being undertaken by WHCRWA and said its fees are expected to continue increasing.

Discussion ensued about inserting a note in the customers' bill about the WHCRWA increase in fees. Mr. Jones stated that he will prepared a notice for Director Stine to review.

10. **Operations Report.** Mr. Jones presented to and reviewed with the Board the Operations Report for the month of September 2016, a copy of which is attached hereto as *Exhibit G*. Mr. Jones reported that 89.15% of the water pumped was billed for the period of August 27, 2016 through September 27, 2016.

Mr. Jones reported on a call, received shortly before the meeting, from the customer at 8515 Rebawood complaining about the condition of a ditch behind her property. Discussion ensued as to location of the property and if the ditch is a District responsibility. After a full discussion, Mr. Jones stated that he will further investigate the issue.

Discussion ensued regarding sinkholes, and Mr. Jones updated the Board on his continued calls to the City of Houston (the "City") regarding the sinkhole on Atascocita Shores Drive. He stated the culverts are the property of the City and the City has not committed to when repairs will be addressed.

Upon motion by Director Holder, seconded by Director Whitaker, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operations Report and to terminate the delinquent accounts in accordance to the District's Rate Order.

11. **Champions Report.** The President recognized Ms. Wagner who presented to and reviewed with the Board Champions' Report, a copy is attached as *Exhibit H*. She specifically addressed a photograph of tree trimmings and limbs. She said Champions will remove the debris.

Ms. Wagner next presented and reviewed an Annual Maintenance Budget for 2016-2017 that outlines a maintenance plan and provides for quarterly attendance at Board meetings. She noted that the budget does not increase fees, but simply changes the reporting schedule.

Upon motion by Director Holder, seconded by Director Whitaker, after full discussion and the question being put to the Board, the Board voted unanimously to accept the report from Champions and approve the Annual Maintenance Budget for 2016-17 subject to Champions' providing an updated proof of insurance.

12. **Engineer's Report.** Mr. Froehlich presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as *Exhibit 1*, and which follows in substantially the form it was presented:

Mr. Froehlich reported that he received a quote for installation of crushed concrete throughout the unpaved areas within Lift Station No. 1 to facilitate operations during and immediately following rain events. He recommended approval of the quote from Camino Services in the amount of \$3,675.00 for this project.

Mr. Froehlich next updated the Board on Lift Station No. 2 Discharge Manhole and reported on a preconstruction meeting that included Director Whitaker and a representative from Harris County Municipal Utility District No. 151. He stated that the Notice to Proceed will be issued effective as of November 7 and the project is anticipated to be complete within two weeks.

Mr. Froehlich updated the Board on correspondence to Harris County Precinct 2 ("HC Pct 2") regarding the District's plans for striping and reflector buttons along the south edge of Kings River Drive. Mr. Froehlich said that after receiving the letter, HC Pct 2 advised him that they would re-evaluate the area. Director House stated that HC Pct 2 had already completed the project.

Mr. Froehlich told the Board BGE had completed the inspections of the bolted Ground Storage Tanks. He said the bolted Ground Storage Tank at Water Plant 1 is due for rehabilitation or replacement.

Mr. Froehlich noted the Capital Improvement Plan workshop is scheduled for December 8 at BGE's office at 10:30 a.m.

Upon motion by Director Whitaker, seconded by Director Holder, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report and to approve the quote from Camino Services in the amount of \$3,675.00 for installation of crushed concrete throughout the unpaved areas within Lift Station No. 1.

13. **Review and authorize capacity commitment letters.** Mr. Froehlich stated that BGE did not receive any new capacity commitment requests this month.

14. **Discuss and take action on proposed ACIA Amenities.** Director Stine reported the ACIA requested the District put the proposed ACIA Amenities on hold due to budgetary constraints related to new projects. The Board requested NRF to remove this item from the agenda until further notice.

15. **Discuss and take any action in connection with District communications.** Director Stine reported that no communications were received since the last meeting. He stated that he updated the web site to reflect Director Mielke's appointment.

Director Holder reported that he contacted Tracy Wilkerson regarding web hosting and stated that Mr. Wilkerson reviewed the District's site and said there were really no improvements that he could make. Mr. Wilkerson complimented the District's site.

16. **Discuss next meeting date(s).** Director Stine reported the District's next meeting is scheduled for November 17, 2016. He recognized Ms. Ellison, who said she recommended that the Board hold its regular meeting in December, if it wants to sign checks or conduct any business. It was the consensus of the Board to hold its regular meeting in December.

Director Stine requested Ms. Presser to prepare a schedule of the District's meetings from November, 2016 to December, 2017 for the meeting space host at The Overlook.

17. **Other matters.** No other matters were presented to the Board.

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 November 17, 2016.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

