

MINUTES OF MEETING OF BOARD OF DIRECTORS
NOVEMBER 17, 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 November 17, 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
Gregg Mielke, Assistant Secretary

All members of the Board were present. Also attending all or parts of the meeting were 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. **Minutes.** Proposed minutes of the meeting of October 27, 2016, previously distributed to the Board, were presented for approval. Upon motion by Director Holder, seconded by Director House, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting of October 27, 2016, as corrected.
2. **Receive comments from the public.** There were no comments from the public.
3. **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 B*. She noted that 99.5% of the District's 2015 taxes had been collected as of October 31, 2016. Upon motion by Director Holder, seconded by Director House, 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 1198 and 1199 from the Tax Account to the persons, in the amounts, and for the purposes stated in the Tax Assessor and Collector's Report.
4. **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 November 17, 2016, the Investment Report, and the Deposit Collateral Report, copies of which are attached hereto as *Exhibit C*.

Ms. Kay noted receipt of \$44,166.80 from Atascocita Joint Operations, which represents a reconciliation of budgeted amounts for the Plant's operations. She also reported the District

received a check from Harris County Municipal Utility District No. 494 ("No. 494") for acquisition of trunkline capacity for the 2016 acquisition period.

Director Stine inquired if Mr. McDonald confirmed attendance at the next meeting in December to present the District's insurance renewal proposal, and Ms. Presser confirmed that he will attend. The Board instructed Ms. Kay to hold the payment for insurance renewal pending presentation and approval of the insurance proposal.

Ms. Kay stated that Integrity is offering a higher interest rate than TexPool and requested the Board's consideration to open an account and purchase a Certificate of Deposit.

Director Stine asked about the delinquent notice from Harris County Municipal Utility District No. 153 advising that the District's account is two months' past due. Discussion ensued, and Ms. Kay said she would follow up.

The Board discussed the invoices from Cavallo Energy Texas and asked Ms. Kay to follow up on the two different accounts and billing periods.

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, to authorize payment of check numbers 9510 through 9538 from the Operating Account, and authorize the bookkeeper to open an account at Integrity and purchase a one-year Certificate of Deposit.

5. Operations Report. Mr. Jones presented to and reviewed with the Board the Operations Report for the month of October 2016, a copy of which is attached hereto as *Exhibit D*. Mr. Jones reported that 93% of the water pumped was billed for the period of September 28, 2016 through October 26, 2016.

The Board discussed recurring delinquent account and distribution of an "awareness letter" notifying customers of added charges to their bill for delinquencies.

Upon motion by Director Mielke, seconded by Director Holder, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operations Report, to terminate the delinquent accounts in accordance to the District's Rate Order, and authorize preparation of an "awareness letter" to delinquent customers.

6. Assignment of Trunkline Capacity to Harris County Municipal Utility District No. 494. Ms. Ellison noted the District's receipt of payment from No. 494 for trunkline capacity. She presented and reviewed an Assignment of Trunkline Capacity to No. 494, a copy of which is attached as *Exhibit E*. Director Stine explained the background concerning the sale of capacity to No. 494. 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 Assignment of Trunkline Capacity to HCMUD 494.

7. 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 F*, which follows in substantially the form it was presented:

Mr. Froehlich stated that the lift station No. 1 conversion is complete, except for installation of safety nets at the hatches. Mr. Jones confirmed the safety nets were delivered and installed.

Mr. Froehlich stated that BGE is coordinating with Camino Services and the District's Operator to install the crushed concrete ground cover at the site.

Mr. Froehlich updated the Board on construction of the new manhole and reported the old manhole caved in as the new manhole was completed, thereby resolving the abandonment issue.

Mr. Froehlich reminded the Board of the workshop to discuss the District's Capital Improvements Projects is scheduled for December 8, 2016 at BGE's offices at 10:30 a.m. Ms. Ellison stated that NRF will prepare and post an agenda for the meeting.

Mr. Froehlich reported the driveway culvert replacement and asphalt overlay projects are complete at the Wastewater Treatment Plant. He also stated that testing continues of the DryLet product addition.

Director Stine asked about the status of the compilation of costs for the Lift Station No. 1 conversion. He said he wanted to review every invoice paid on the project to determine what should be reimbursed by BGE and what should be paid by the districts. The Board requested that the bookkeeper, Operator and Engineer work together to compile the costs.

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 Engineer's Report.

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

9. **Renew District's Insurance Policy.** It was the consensus of the Board to defer this matter pending presentation of the District's renewal policy by Dan McDonald at the December meeting.

10. **Indemnification of Directors.** Ms. Ellison stated this matter should be considered in connection with renewal of the District's insurance. It was the consensus of the Board to defer this matter to the District's December meeting.

11. **Discuss and take any action in connection with District communications.** Director Stine reported that he will update the web site and add information on the increased pumpage fee from the regional water authority.

12. **Other Director and Consultant reports.** Director Stine reported on a possible library expansion. He said the District may wish to consider making an arrangement with the library to obtain access to space there for its meetings and elections.

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 December 15, 2016.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

