

MINUTES OF MEETING OF BOARD OF DIRECTORS  
AUGUST 18, 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 August 18, 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, Assistant Secretary

All members of the Board were present. Also attending all or parts of the meeting were Mr. Gareth Young, a resident of the District; 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 Brown & Gay Engineers, Inc. ("*BGE*"), engineers 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 July 21, 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 July 21, 2016.

2. **Receive comments from the public.** Director Stine recognized Mr. Young, a District resident who desires to serve on the Board. A copy of Mr. Young's resume was previously transmitted to the Board. Mr. Young reviewed his interest in serving on the Board and reported that he is a practicing civil engineer, an engineering officer in the US Navy Reserve, and an active volunteer with the local Girl Scout and Cub Scout troops. He also reported that he is currently a member of the board of Harris County Municipal Utility District No. 422 (a neighborhood currently under development off of West Lake Houston Parkway) and will resign that position if offered a position on the Board. Discussion ensued and Director Stine reported the Board will be making a decision soon.

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 99.2% of the District's 2015 taxes had been collected as of July 31, 2016. Ms. Loaiza reported that certified tax rolls have not been received from the Harris County Appraisal District as of this meeting. She stated that the Board will receive tax recommendations in September, and hold a hearing to levy the District's taxes in October. 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 1178 through

1183 from the Tax Account to the persons, in the amounts, and for the purposes stated in the Tax Assessor and Collector's Report.

**4. Adopt Resolution Reviewing Investment Policy and accept related party disclosures.** The President recognized Ms. Ellison, who presented to the Board a Resolution Reviewing Investment Policy and Making Any Desirable Changes Thereto (the "*Resolution*"), a copy of which is attached hereto as *Exhibit "C."*

Ms. Ellison stated that the District reviews its investment policy and updates the attached List of Authorized Brokers on an annual basis. She reviewed the Public Funds Investment Act criteria for investing the District's funds, and confirmed the District's investment policy is in compliance with the requirements. She stated that none of the consultants has any recommended changes to the District's current policy. The Board agreed that no changes are needed at this time.

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 Resolution as presented.

**5. 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 August 18, 2016, the Investment Report, and the Deposit Collateral Report, copies of which are attached hereto as *Exhibit "D."* Director Stine noted the amount in the General Operating Fund column, line titled Capital Projects Reserve is incorrect and should be \$2,750,000, as reflected on page 6 of the Bookkeeper's Report.

Ms. Kay noted that check no. 9420 payable to Lake Pro for \$200.00 will be voided because the invoice is for a different district. She stated the budget will be adjusted accordingly. In addition, it was noted, on page 7, the expense under Non-Operating, Major Repairs, WP#2 HPT#2 Addition, in the amount of \$37,310.00, should be listed under Non-Operating, Major Repairs, WP#2 Improvements.

Director Stine asked about the invoices from the Atascocita Joint Operations Board ("AJOB") marked "AMENDED." Ms. Kay reported that AJOB's bookkeeper used an incorrect rate for previous billings and the "AMENDED" invoices were to correct the amounts. Director Stine reported that annual "true-up" amounts are coming soon.

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 accept the Bookkeeper's Report, to approve the Investment Report, and to authorize payment of check numbers 9407 through 9439 from the Operating Account.

**6. Operations Report.** Mr. Jones presented to and reviewed with the Board the Operations Report for the month of July 2016, a copy of which is attached hereto as *Exhibit "E."* Mr. Jones reported that 92.65% of the water pumped was billed for the period ending July 26, 2016.

Mr. Jones noted there are currently 78 delinquent accounts, 111 delinquent letters were sent on July 8, 2016, 41 houses were tagged on July 27, 2016, and 12 accounts were disconnected on August 3, 2016.

Mr. Jones said that ST had been absorbing the AVR fee of \$0.37 per bill since it began contracting with AVR for billing, but it would now like the District to absorb the fee. He stated that ST changed its billing to AVR in response to customers' requests for multiple options for payment and the change has been well-received. Director Whitaker discussed three payment issues, which he has experienced or been told about, with AVR. He noted the short time between receipt of ST's bill and the payment due date; wait times when calling the Service Center; and Service Center payment issues. Discussion ensued regarding the wait time and Mr. Jones said that the programming was being changed to alert customers to the time before a representative will respond. The Board suggested that such a message be provided to a customer immediately. Mr. Jones stated that he will take this information back to his management. Director Stine discussed ACH payments and suggested adding to customer bills a line stating that the District pays the fees for the ACH payment option. He requested that the bills include more promotion for electronic bill pay and Mr. Jones stated that he will bring a proposed message for review at the next meeting. 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 absorb the AVR charge so that the District pays an additional \$0.37 per bill per month as part of its ST bill.

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 Operations Report and to terminate the delinquent accounts in accordance to the District's Rate Order.

7. **Champions Report.** The President noted there was not a representative from Champions present and no report was received by the Board.

8. **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"* and which follows in substantially the form it was presented:

Mr. Froehlich updated the Board on the Lift Station No. 1 conversion project. He stated the final two 60-HP pumps arrived and installation is scheduled for next Tuesday. He stated the first 60-HP pump sucked up a chunk of asphalt concrete and was sent to the shop for repairs, which are covered under warranty. He reported the lift station currently has three pumps operating: two 100-HP on variable frequency drives, and one of the new 60-HP pumps. He noted the Operator continues to monitor the system and there are no issues. The Board discussed an operational timeline. Director Stine requested that Ms. Kay provide a recap of the payments made on this project, and requested she confer with Messrs. Froehlich and Jones to determine back charges and credits for final billings to other participants.

Mr. Froehlich next reported that Water Plant No. 2 Building Addition is complete. He presented Pay Estimate No. 10 and Final from Shier Construction in the amount of \$37,310.00.

Mr. Froehlich next updated the Board on Lift Station No. 2 Discharge Manhole. He discussed a proposal from Boyer for a cost of \$186,205.00, a copy of which is attached to the Engineer's Report. He stated that Boyer proposed a replacement of the existing manhole with a cast-in-place PVC-lined manhole and HDPE force main drop. He reported that he has discussed repairs with Pat Meyers, of South Texas Underground Utilities, and Mr. Meyers has prepared a quote for an alternative approach that would abandon the existing manhole and pre-cast a newly made manhole about ten feet from the current site for a cost of about \$57,692.64. Discussion ensued regarding proposed repairs by each contractor, along with the urgency of the project. Mr. Froehlich reported the bottom and wall are gone from the existing manhole. He stated the deterioration is caused by the District's aged force main. 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 authorize BGE to prepare a letter to the TCEQ requesting emergency approval for repairs, and to prepare a short form contract with South Texas Underground Utilities to perform the repair an amount not to exceed \$70,000.

Mr. Froehlich discussed a bid from Camino Services in the amount of \$96,814.00 and a previously submitted bid (May) from South Texas Underground Utilities in the amount of \$103,000.00 for storm sewer installation in connection with the King's River Drive roadside ditch. He explained how the storm sewer installation will drain water from street runoff to a grassy area and, ultimately into the ditch. Director Holder stated the issue doesn't warrant the expense provided in these bids and suggested reflective flex poles/markers. Discussion ensued regarding installation of street reflectors and painting a line around the curve of the turn to the straightway. Mr. Froehlich stated that he will try to find a contractor that does this work and submit a request to Harris County. No action was taken by the Board on this matter at this time.

Mr. Froehlich discussed a potential workshop on the District's Capital Improvement Plan. He suggested a meeting in the Fall. No meeting was scheduled at this time.

Mr. Froehlich reported that AJOB awarded contracts to Triumph Parking Lot Maintenance for \$59,800.50 for the paving portion of the project and to Camino Services for \$13,122.00 for the driveway culvert replacement at the plant. He also reported that a kickoff meeting for the second round of DryLet testing at the plant is scheduled for August 29<sup>th</sup>.

Mr. Froehlich presented and requested approval of a Water Meter Easement and 20-Foot Water Line Easement, granted by the Lodge at Westlake Apartments, LP. He reported the developers dedicated the easements for the District's water line and meter within their private property because they could not be placed in TxDOT's right-of-way.

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 Engineer's Report, to approve Pay Estimate No. 10 and Final from Shier Construction in the amount of \$37,310.00, and to accept the Water Meter and Water Line Easements granted by the Lodge at Westlake Apartments, LP.

9. **Consider easements from Lodge at Westlake Apartments, L.P.** This matter was discussed and acted upon by the Board under the Engineer's Report.

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

11. **Discuss and take action on proposed ACIA Amenities.** Director House stated there are no updates to report at this time.

12. **Discuss and take any action in connection with District communications.** Director Stine reported that the District's 2015 Water Quality Report is now posted on the web site. He stated that he is preparing information on utilities that reflect annual costs for the past three years.

13. **Discuss Appointment of New Director.** Director Stine confirmed receipt of information on four interested candidates for the vacancy on the Board. The Board discussed a timeline for appointing a new director and a process for review and selection of the candidates.

14. **Other matters.** The Board discussed the ditch at Rebawood. Mr. Jones said he met with Shane Stuckey on site. It was the consensus of the Board to contact Stuckey's to clean the ditch.

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 September 15, 2016.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors

(DISTRICT SEAL)