

MINUTES OF MEETING OF BOARD OF DIRECTORS
SEPTEMBER 15, 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 September 15, 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, except Director Whitaker, thus constituting a quorum. Also attending all or parts of the meeting were Ms. Julia McCain of McCall Gibson Swedlund Barfoot PLLC, auditors for the District; Ms. Anthea Moran of FirstSouthwest, a division of Hilltop Securities; 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 August 18, 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 August 18, 2016.

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

3. **Approve audit for fiscal year ended May 31, 2016.** The President recognized Ms. McCain, who presented to and reviewed with the Board a draft audit, representation letter, and audit response letter, for fiscal year ended May 31, 2016, copies of which are 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 approve the audit for fiscal year ended May 31, 2016, including the revisions noted by the Board, and to authorize filing of same with the Municipal Securities Rulemaking Board, Texas Commission on Environmental Quality and Comptroller's Office.

4. **Approve Continuing Disclosure Report.** Ms. Ellison reviewed with the Board an Annual Report of Financial Information and Operating Data for the fiscal year ended May 31, 2016, a copy of which is attached hereto as *Exhibit C*. Ms. Ellison noted that the District files this report at the close of its fiscal year, and that 2016 certified tax values for the top ten taxpayers in the District will be included prior to filing the report, upon receipt of same from the tax assessor and collector. 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 District's Annual Report of Financial Information and Operating Data for fiscal year ended May 31, 2016, revised to include 2016 taxpayer information, and to authorize its filing of with the Municipal Securities Rulemaking Board.

5. **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 99.3% of the District's 2015 taxes had been collected as of August 31, 2016. 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 1184 through 1186 from the Tax Account to the persons, in the amounts, and for the purposes stated in the Tax Assessor and Collector's Report.

6. **Adopt Order Designating Officer to Calculate and Publish Tax Rates.** The President recognized Ms. Moran, who presented to and reviewed with the Board the financial advisor's recommendation for setting the District's 2016 Tax Rate, a copy of which is attached hereto as *Exhibit E*.

Director Stine distributed and reviewed a General Fund 15-year cash flow projection in connection with a proposed maintenance and operations tax rate of \$0.0865, a copy of which is attached hereto as *Exhibit F*. Discussion ensued regarding capital improvement projects and available funds. Director Stine said the cash flow projection shows the amount available for major projects is approximately \$1,600,000 per year.

Ms. Ellison presented to and reviewed with the Board an Order Designating Officer to Calculate and Publish Tax Rates for 2016 (*the "Order"*), a copy of which is attached hereto as *Exhibit G*. She noted that the District will need to confirm the quorum will be met for the next meeting so that the tax assessor can publish notice of the proposed tax rate. All Directors confirmed they are able to attend the meeting on October 27, 2016.

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 authorizing the tax assessor to publish notice of the proposed rate of \$0.0961 per \$100 assessed valuation (\$0.0096 for debt service and \$0.0865 for maintenance and operation).

7. **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 September 15, 2016, the Investment Report, and the Deposit Collateral Report, copies of which are attached hereto as *Exhibit H*. Director Stine noted a missed per diem for his attendance at the July Atascocita Joint Operations Board meeting. Ms. Kay confirmed that per diem can be included in next month's payment. 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 accept the Bookkeeper's Report, to approve the Investment Report, and to authorize payment of check numbers 9440 through 9462 from the Operating Account.

8. **Operations Report.** Mr. Jones presented to and reviewed with the Board the Operations Report for the month of August 2016, a copy of which is attached hereto as *Exhibit I*. Mr. Jones reported that 94.64% of the water pumped was billed for the period of July 27, 2016 through August 26, 2016.

Mr. Jones reported that he continues to follow up with the City of Houston regarding sinkholes in Atascocita Shores.

Mr. Jones reported on a defective transfer switch processor and blown out surge suppressor at Water Plant No. 1. He presented a proposal to replace the defective transfer switch processor with a new GE Zenith processor and repair the blown out surge suppressor for a cost estimated at \$4,800. A copy of the proposal is attached to the Operator's Report. He confirmed that the new transfer switch will still work with the current generator.

Mr. Jones presented a proposal from Stuckey's Contract Services, LP to desilt and clean out a concrete washout channel north of Rebawood Dr. and west of Atascocita Shores Dr. for a cost of \$3,500, a copy of which is attached to the Operator's Report. Discussion ensued regarding previous cleanings in the area and a proposed schedule for more frequent cleanings. Mr. Jones stated that he will make an evaluation and report to the Board.

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 Operations Report, to terminate the delinquent accounts in accordance to the District's Rate Order, to approve the proposal from ST for \$4,800 to replace the defective transfer switch processor with a new GE Zenith processor and repair the blown out surge suppressor, and to approve the proposal from Stuckey's Contract Services, LP for \$3,500 to desilt and clean out a concrete washout channel north of Rebawood Dr. and west of Atascocita Shores Dr.

9. **Champions Report.** Director Stine reported on receipt of an email from Stacey Wagner, of Champions Hydro-Lawn that provided a meeting attendance schedule and an amended budget for maintenance. He requested that Ms. Presser forward the correspondence from Ms. Wagner to the Board of Directors and notify Ms. Wagner of the October meeting date.

10. **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 J* and which follows in substantially the form it was presented:

Mr. Froehlich reported that a "no objection" letter to construction plans was issued to the Lodge at Westlake. Discussion ensued regarding detention design and pipe size.

Mr. Froehlich updated the Board on the Lift Station No. 1 conversion project. He stated the final two 60-HP pumps have been installed, resulting in three identical pumps routing through two pumps as lead, and one as lag. He reported there have been no operational issues since installation. The contractor has cleaned up the site and inspection by the Texas Commission on Environmental Quality is scheduled for September 21, 2016. He presented and recommended payment of Pay Estimate No. 6 in the amount of \$ 16,650.00 and Pay Estimate No. 7 in the amount of \$32,505.61 to R+B Group.

Mr. Froehlich reported on a discussion with the District's Operator for installation of an all-weather surface cover, such as crushed concrete throughout the unpaved areas within the lift station to facilitate operations during and immediately following rain events. He stated that he will coordinate with the District's Operator to obtain quotes and options for presentation to the Board.

Mr. Froehlich next updated the Board on Lift Station No. 2 Discharge Manhole and reported that construction contracts have been prepared and routed to South Texas Underground Utilities,

for a contract amount of \$63,689.88. He stated the contract price includes corrosion resistant coating in the precast manhole.

Mr. Froehlich presented two quotes for striping and reflector buttons along the south edge of Kings River Drive, copies of which are attached to the Engineer's Report. Discussion ensued regarding Harris County's participation, and if the District can legally make the repairs as discussed. Ms. Ellison stated that, pursuant to the Water Code, the District can make certain repairs to roads. She noted that Strategic Partnership money can be used for any lawful purpose. Further discussion ensued. The Board requested that Mr. Froehlich transmit a letter to Harris County regarding the District's plans.

Mr. Froehlich discussed a potential workshop on the District's Capital Improvement Plan. Following discussion, Mr. Froehlich indicated he would email the Board of Directors on potential dates in early December for the workshop.

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, to approve Pay Estimate No. 6 in the amount of \$ 16,650.00 and Pay Estimate No. 7 in the amount of \$32,505.61 to R+B Group for Lift Station No. 1 improvements, and to approve a proposal from Rocktek Paving in the amount of \$3,000 for providing reflective striping and markers along the south edge of Kings River Drive.

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

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

13. **Discuss and take any action in connection with District communications.** Director Stine reported that he received four emails this month regarding the following concerns:

a. Resident concerned about water quality issues. Mr. Jones reported that ST flushed the lines on this resident's street and talked to the resident.

b. From Tracy Wilkerson, solicitation for District's website. Director Holder stated that he will make contact with Mr. Wilkerson to obtain more information before granting an invitation to make a presentation to the Board.

c. Offer to purchase trucks. A response was provided that the District has no operating vehicles.

d. Request information to paint numbers on sidewalk – no response was provided.

14. **Discuss Appointment of New Director.** Director Stine opened discussion on appointment of a new director. He reported that four applications have been received and the directors have individually reviewed the applications and accompanying resumes. He confirmed that Director Whitaker had provided his input, as well. 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 nominate Greg Mielke, if he is still interested, to fill the vacant position on the Board. Director Stine stated that he will contact Mr. Mielke. The Board directed NRF to send a

note to the other candidates informing them of the Board's decision, upon confirmation of Mr. Mielke's acceptance of the nomination.

15. **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 October 27, 2016.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

