

MINUTES OF MEETING OF BOARD OF DIRECTORS
NOVEMBER 16, 2017

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 16, 2017 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 – North America ("*ST*"), operator of the District's facilities; Mr. Matt Froehlich and Ms. Julia Frankovich 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. **Receive comments from the public.** There were no comments from the public.
2. **Minutes.** Proposed minutes of the meeting of October 19, 2017, previously distributed to the Board, were presented for approval. Upon motion by Director House, seconded by Director Mielke, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting of October 19, 2017, as presented.
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 reported that 1.5% of the 2017 taxes have been collected as of October 31, 2017. Upon motion by Director House, seconded by Director Mielke, 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 1297 through 1300 from the Tax Account to the persons, in the amounts, for the purposes stated in the 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 16, 2017, the Investment Report, and the Deposit Collateral Report, copies of which are attached hereto as *Exhibit C*.

Ms. Kay noted that a certificate of deposit at Texan Bank expired on November 13, 2017 and funds were transferred to LOGIC because of the difference in rates.

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 9840 through 9865 from the Operating Account.

5. **ACIA waste disposal services.** President Stine reported on an email received from the President of the ACIA requesting the District to assume the waste disposal services currently managed by the ACIA. President Stine responded to the ACIA President that the Board needed to discuss the request and that he will arrange for the topic to be added to the agenda for the November meeting. Discussion ensued. The Board concurred that it had no interest in assuming waste disposal services from the ACIA due to a lack of consistency in the boundaries served by the ACIA and the boundaries of the District.

6. **Approve amendment to Identity Theft Program and Rate Order.** Mr. Jones reported on the procedures customers must follow for new service or transfer of service under the District's current Identity Theft Program. He presented an amended Identity Theft Program, a copy of which is attached hereto as *Exhibit D*. He said the new program will allow customers to request new service by phone or online, a copy of which is attached as *Exhibit D*. Mr. Jones noted there is a transaction fee of \$2.50 that the customer will pay. He requested that the Board review the handout, contact him with any questions and stated that no action is required today. Discussion ensued regarding whether the District should pay the fee rather than charging the customer.

7. **Operations Report.** Mr. Jones presented to and reviewed with the Board the Operations Report for the month of October, a copy of which is attached hereto as *Exhibit E*.

Mr. Jones reported that 97.24% of the water pumped was billed for the period of September 29, 2017 through October 27, 2017.

Mr. Jones reported there are 109 accounts on the delinquent list and requested authorization to send two uncollectible accounts to collections.

Mr. Jones reported on a complaint from a customer regarding a high water bill due to an undetected leak. He summarized the actions taken by ST to assist the customer and reviewed the usage history. Mr. Jones said he would re-visit the customer to determine if all issues are resolved.

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 authorize termination of delinquent accounts in accordance with the terms of the Rate Order, and to authorize sending two accounts to collections.

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*.

Mr. Froehlich updated the Board on Water Plant No. 2 West Discharge Line and presented for approval a proposal from Ninyo & Moore for geotechnical investigation and recommendations for a cost of \$4,900.00, a copy of which is attached to the Engineer's Report. He noted that NRF had reviewed the proposal.

Mr. Froehlich reported that Rowland Ballard had contacted BGE about the construction of a permanent driveway past Water Plant No. 2 that ties into the District's existing driveway at some point prior to West Lake Houston Parkway. He reported that the Precinct 2 project in the area was on hold, but now is starting back up. He requested the Board's authorization to meet with both parties to discuss the projects in relation to each other and the proposed waterline project to work on a solution to accomplish all goals.

Mr. Froehlich reported that the contracts for Water Plant No. 1 GST No. 1 and HPT Nos. 1 and 3 Rehabilitation are ready for execution. He stated that he will visit with the contractor regarding mobilization as it relates to the holidays, which may result in a January start-up. Mr. Froehlich reported that the Water Plant will remain in operation during rehabilitation.

Mr. Froehlich reviewed the update in the Engineer's Report relating to the sanitary sewer repair at 8318 Bunker Bend. He reported that upon completion of this project, the contractor will move to the repairs to the interconnect with Harris County Municipal Utility District No. 153. Mr. Froehlich noted that he and ST will continue to follow up on this project to address any settling issues that may occur.

Mr. Froehlich reported on the proposed widening of Atasca Oaks drive between 1960 and Atascocita Road. He stated that three of the District's fire hydrants will need to be relocated to the opposite side of the road. Harris County is requesting that the District acknowledge the relocation of its fire hydrants.

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: 1) approve the Engineer's Report; 2) approve a proposal from Ninyo & Moore for geotechnical investigation and recommendations for a cost of \$4,900.00; 3) authorize BGE to meet with Rowland Ballard and Harris County Precinct 2 to discuss their respective projects in relation to each other and the proposed waterline project to work on a solution to accomplish the goals for all parties; and 4) authorize BGE to communicate with Harris County the District's acknowledgement of the relocation of its fire hydrants.

9. Review and authorize capacity commitment letters. No new requests were presented to the Board.

10. Renew District Insurance Policy (McDonald & Wessendorff, expires January 24). The Board reviewed the insurance renewal proposal from McDonald & Wessendorff, a copy of which is attached hereto as *Exhibit G*. Upon motion by Director House, seconded by Director Mielke, after full discussion and the question being put to the Board, the Board voted unanimously to authorize execution of the renewal insurance proposal.

11. Indemnification of Directors. Ms. Ellison stated that to the extent that the directors and officer's insurance policy does not cover losses of directors carrying out their lawful duties in good faith, then the District can indemnify the directors for losses. 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 indemnification of directors for losses arising from the Directors carrying out their lawful duties in good faith, to the extent that such losses are not otherwise covered by insurance.

12. Discuss and take any action in connection with District communications and web site. Director Stine reported the web site has been updated to include the WHCRWA rate increase and information from the Rising Cost of Water brochure previously distributed to the Board. Discussion ensued regarding a You Tube presentation of the WHCRWA system. Director Stine stated that he will follow up and add the hyperlink to the web site.

Director Holder discussed a water conservation app that he heard about at an AWBD conference and which he finds very useful. He asked about putting the information about the app on the District's web site and Director Stine requested information for posting.

13. Vote for Representative on Harris County Appraisal District. Ms. Ellison reported that the Harris County Appraisal District is holding an election for the position on the Board of Directors representing water districts, noting there are two candidates for the position. She stated that the HCAD

Board handles administrative matters and are not involved in appraisals. Discussion ensued and it was the consensus of the Board to decline participation in the election..

14. **Matters pertaining to 2018 Directors Election.** Ms. Ellison presented to the Board various administrative items related to the 2018 Directors Election. 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 appoint Brenda Presser as Election Agent for the District, to approve, authorize execution, and authorize posting of notice of the Appointment of Agent, to approve and authorize posting of the Notice of the Deadline to File an Application, and to approve and authorize publication of notice of the District's intent to not use an electronic voting machine system, copies of which are attached hereto as *Exhibit H, H-1, and H-2*, respectively.

15. **Next Meeting.** Director Stine reported that he is unavailable to attend the regular meeting scheduled for December 21, 2017. Discussion ensued regarding the availability of a quorum on the regular meeting date and a quorum could not be established. The Board discussed an abbreviated meeting on an alternative date and concurred to meet on Wednesday, December 20, 2017 at 6:00 p.m. with Directors House, Holder and Whitaker confirming availability.

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 21, 2017.


Vice President, Board of Directors

ATTEST:


Secretary, Board of Directors

