

MINUTES OF MEETING OF BOARD OF DIRECTORS
JUNE 15, 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 June 15, 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; Ms. Susana Blausler 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 May 18, 2017, previously distributed to the Board, were presented for approval. Upon motion by Director Whitaker, 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 May 18, 2017, as presented.

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 98.6% of the District's 2016 taxes had been collected as of May 31, 2017.

Ms. Loaiza reported that the District's preliminary 2017 value (using 2016 personal property values) is \$620,448,288, a 3.22% increase.

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 1256 through 1265 from the Tax Account to the persons, in the amounts, and 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 June 15, 2017, the Investment Report, and the Deposit Collateral Report, copies of which are attached hereto as *Exhibit C*.

Ms. Kay noted that check no. 9707 in the amount of \$1,347.60 was submitted to the Texas State Comptroller for the annual escheatment of unclaimed property.

Ms. Kay reported that a Certificate of Deposit at Third Coast Bank for \$240,000 was renewed for a one-year term at a rate of 0.50%. Director Stine discussed the District's policy of depositing money in LOGIC rather than certificates of deposit if the difference in interest rates is 0.30% or more.

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 Bookkeeper's Report, to approve the Investment Report, and to authorize payment of check numbers 9692 through 9719 from the Operating Account.

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

Mr. Jones reported that 96.58% of the water pumped was billed for the period of April 26, 2017 through May 25, 2017.

Mr. Jones reported on a broken meter at the Verandah Apartments, which had impacted recent accountability. He presented a proposal from Southern Flowmeter, Inc. in the amount of \$8,511.00 for installation of a replacement meter, a copy of which is attached as *Exhibit D-1*. The Board inquired about the compilation of a bill for the period the meter showed no usage. Mr. Jones stated that an invoice was created from an average of the customer's billing data. Director Whitaker asked whether ST would flag a meter with zero usage for two months. Mr. Jones said he should be notified and he would check if Director Whitaker was aware of such a situation.

*Requested to flag and notify when
Implement a procedure to*

The Board discussed smart meters. Director House said the meters serve mainly as a customer service. Mr. Jones said they should improve accountability, too.

Mr. Jones reported on the status of ST setting up a remote office in Atascocita at the Wastewater Treatment Plant, which will be available to Districts that participate in the joint plant. He stated that an agreement will be prepared between ST and AJOB.

Director Stine discussed verbiage in the water bill regarding the Consumer Confidence Report. He asked that ST modify the verbiage in the future. Mr. Jones said he would check to see if the language can be revised.

Upon motion by Director Mielke, seconded by Director House, 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 to approve the proposal from Southern Flowmeter, Inc. in the amount of \$8,511.00 for installation of a replacement meter.

6. Engineer's Report. Ms. Blausen presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as *Exhibit E*.

Ms. Blausen reported that BGE has reviewed and offered no objection to plans for construction of a new Potbelly Sandwich Shop in Atascocita Town Center.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities.

2. It then outlines the various methods used to collect and analyze data, including surveys, interviews, and focus groups.

3. The document also describes the process of identifying key stakeholders and their interests, as well as the development of a communication plan.

4. Finally, it provides a detailed overview of the project's timeline and budget, along with a list of key milestones and deliverables.

5. The document concludes with a summary of the project's objectives and a call to action for all stakeholders to work together to ensure its success.

6. The following table provides a detailed breakdown of the project's budget, including a list of all expenses and their corresponding amounts.

7. It is important to note that the budget is subject to change as the project progresses and new information becomes available.

8. The document also includes a list of key risks and their potential impacts, along with a risk management plan to address them.

9. Finally, the document provides a list of key contacts and their roles, along with a list of key documents and their locations.

10. The document is intended to serve as a comprehensive guide for all stakeholders involved in the project, and it is updated regularly to reflect any changes in the project's status.

11. The document is available in both printed and electronic formats, and it is accessible to all authorized personnel.

12. The document is a confidential document and should be handled accordingly. It is not to be distributed outside of the project team without the appropriate authorization.

Ms. Blauser reported that BGE has discussed culvert replacement along Hole No. 13 with Stuckey's Contract Services ("Stuckey's") and they concluded that the best option is to replace the culverts in kind at the same grade, unless the culverts are removed to make an open channel.

Ms. Blauser discussed research that revealed that a portion of the drainage easement on the golf course was dedicated to the District and a portion was dedicated to Harris County Flood Control District ("HCFCD"), as depicted on the exhibit attached to the Engineer's Report. She also noted that the District entered into a maintenance agreement with the original golf club, which is no longer in existence.

Ms. Ellison reported on discussions with the District's engineer and Ms. Jana Cogburn, NRF attorney previously assigned to this District. She stated that a drainage easement allows the District to drain water through the golf course property and its rights are superior to the right of the golf course.

The Board discussed returning the area to an open channel. Director Stine reported on the District's historical maintenance activity concerning the channel and discussion ensued regarding formal responsibility for maintenance of the channel. It was noted that the golf course is also requesting that the District repair five sinkholes.

After a full discussion of the Board, the President asked Directors Whitaker and House to meet with the golf course to discuss maintenance and the repairs needed ^{on the drainage easement} at the golf course.

Ms. Blauser stated that the Operator plans to install the new interconnect valve south of FM 1960 at Pinehurst Trail Drive next week. Director Stine recognized Ms. Ellison, who reviewed and discussed an Amended and Restated Emergency Water Supply Contract between the District and Harris County Municipal Utility District No. 153 ("No. 153"). Discussion ensued and the Board requested information on No. 153's out of district water rate. Ms. Ellison said she would add a provision requiring notification of the other party when the interconnect valve is opened.

Ms. Blauser reported there is an oil well at the western end of the Rowland-Ballard property that is currently not in use and has not been capped. She requested the Board's authorization to perform a Phase I environmental site assessment to determine if the well may have any impact on the proposed second discharge line. She stated the estimated fee is \$4,000 for these additional services, which will be invoiced to the District on an hourly basis.

Director Whitaker reported that he is familiar with this location and has retrieved Railroad Commission data on the well. He volunteered to further analyze the data to determine if the well has any shallow impact. It was the consensus of the Board to defer authorizing BGE to perform a Phase I environmental site assessment.

Ms. Blauser reported that BGE has received an inquiry from Harris County Precinct 2 (the "Precinct") about potentially allowing the Precinct to add parking spaces on the Water Plant No. 2 driveway to accommodate future hike and bike trails. Director Stine reported that the Precinct is considering construction of hike and bike trails along drainage ditches from Lifetime Fitness to the Water Plant, across West Lake Houston Parkway and along the drainage ditch. Discussion ensued regarding the District's drainage easements. Ms. Blauser said no action is requested of the Board and updates will be provided as information is received from the Precinct.

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 Engineer's Report.

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

8. **Consider participation in Library expansion.** Director Stine reported that he has not received any updates to report to the Board.

9. **Discuss and take any action in connection with District communications.** Director Stine said he posted the rate order.

10. **Other Director and Consultant reports.** No other reports were presented.

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 July 20, 2017.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

