

MINUTES OF MEETING OF BOARD OF DIRECTORS
JANUARY 18, 2018

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 January 18, 2018 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. Allen Jenkins and Mr. Larry Jones of Inframark ("Inframark"), 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. **Minutes.** Proposed minutes of the meeting of December 20, 2017, 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 December 20 16, 2017, as presented.

2. **Consider Order Authorizing Exemption from Taxation.** The President recognized Ms. Ellison, who presented to and reviewed with the Board an Order Adopting a Residential Homestead Tax Exemption (the "*Homestead Order*") , a copy of which is attached hereto as *Exhibit B*. Discussion ensued. It was the consensus of the Board to maintain a 20% residential homestead exemption.

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 adopt the Homestead Order as presented, thereby approving a 20% homestead exemption for the 2018 tax year.

3. **Consider Order Authorizing Exemption from Taxation for Individuals who are Disabled or are 65 Years of Age or Older.** The President recognized Ms. Ellison, who presented to and reviewed with the Board an Order Authorizing Exemption from Taxation for Individuals who are Disabled or are 65 Years of Age or Older (the "*Order*") , a copy of which is attached hereto as *Exhibit C*. It was the consensus of the Board to maintain the exemption amount at \$40,000 for those persons who are disabled or 65 years of age or older.

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 adopt the Order as presented, thereby granting an exemption of \$40,000 to persons who are disabled or 65 years of age or older for tax year 2018.

4. **Adopt Resolution Authorizing Additional Penalty on Delinquent Taxes.** Ms. Ellison presented to and reviewed with the Board a Resolution Authorizing 20% Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11, and 33.08, Texas Tax Code, a copy of which is attached hereto as *Exhibit D*. 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 adopt the Resolution as presented.

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 E*. She reported that 48.4% of the 2017 taxes have been collected as of December 31, 2017.

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 1306 through 1311 from the Tax Account to the persons, in the amounts, for the purposes stated in the report.

6. **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 January 18, 2018, the Investment Report, and the Deposit Collateral Report, copies of which are attached hereto as *Exhibit F*.

Ms. Kay reported on maturing investments. She said a certificate of deposit at Texas Capital was renewed and the remaining proceeds will be moved to the District's TexPool account. She noted this transaction will be reflected in next month's report.

Ms. Kay noted that the cost for insurance will be added to the shared costs for Lift Station No. 1.

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 9900 through 9925 from the Operating Account.

7. **Operations Report.** Mr. Jones reported that Leroy Mensik will retire in April and he has been promoted to fill Mr. Mensik's position. He introduced Mr. Allen Jenkins as the Inframark representative who will be attending meetings and assisting with District operations. Mr. Jones then presented to and reviewed with the Board the Operations Report for the month of December, a copy of which is attached hereto as *Exhibit G*.

Mr. Jones reported that Traf-Tex paid \$21,000 of its builder damages.

Mr. Jones reported on the status of payments on the sinkhole repairs, noting that the Golf Preserve and Lifetime Fitness have paid their pro rata shares of costs and the outstanding balance is due from The Overlook.

Mr. Jones reported that 90.13% of the water pumped was billed for the period of November 30, 2017 through December 29, 2017.

Mr. Jones reported there are 96 accounts on the delinquent list and requested authorization to send five uncollectible accounts to collections.

Mr. Jones reported that there were no damages to Lift Station No. 1 from Hurricane Harvey, but that Lift Station Nos. 2 and 3 were both impacted by Harvey. He reported on the status of claims filed with FEMA.

Mr. Jones reported on a call from a District customer regarding poor water quality. Mr. Jones stated that Inframark had to flush the water line for five to six hours. He said the problem was due to unauthorized use of a fire hydrant. Upon inquiry from the Board, Mr. Jones explained about the time it took to complete the repair.

Mr. Jones discussed a conversation with FEMA in which FEMA suggested the District perform improvements at Lift Station Nos. 2 and 3 by elevating both lift stations to meet the current slab elevations. He stated that FEMA will pay 90% of expenses net of insurance proceeds for these repairs under a hazard mitigation grant program. Mr. Jones estimated the cost at each facility, including replacement of the generator, at \$55,000. Director House said that a higher fence around each lift station should be added to the project.

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 Operations Report, to authorize termination of the delinquent accounts in accordance with the Rate Order, to send five accounts to collections, and to authorize the operator to proceed to obtain a mitigation grant to raise the two lift stations from FEMA.

8. Discuss WHCRWA's installation of an Automated Meter Reading system and Right of Entry Agreement. The President recognized Ms. Ellison, who reviewed a Right of Entry Agreement that West Harris County Regional Water Authority ("WHCRWA") requested that the District execute, a copy of which is attached hereto as *Exhibit H*. She said WHCRWA wants to install an Automated Meter Reading system to read all the groundwater well meters within the Authority so that it can collect usage data more quickly. Mr. Froehlich reported that WHCRWA will bear the costs of installation and maintenance of the meter and the District will own the meter. Discussion ensued.

Discussion ensued regarding smart meters, current vendors, quality and costs. Mr. Jones stated the smart meters will fit into current boxes, but lids will need to be replaced. He asked the Board about running a test pilot on the Directors' homes. Mr. Jones asked the Board if they are interested in a presentation by Accu-Meter on smart meters. He also stated that Inframark prepared a Q&A from a presentation made by meter vendors to Inframark. Mr. Jones stated that he will forward the information to the Board. It was the consensus of the Board to review the information from Mr. Jones and discuss scheduling a special meeting for a presentation following a review of the Q&A.

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 authorize execution of the Right of Entry Agreement, subject to inclusion of both District wells and updated and corrected descriptions of the District's well sites..

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

Ms. Frankovich presented a draft interlocal agreement from the Parks Director for Harris County Precinct 2 for the proposed driveway widening and the parking lot, a copy of which is attached as *Exhibit J*. Ms. Ellison noted that she and Mr. Froehlich had commented on the agreement, and Ms. Presser distributed the comments to the Board for review. Ms. Frankovich also reported that Harris County Precinct Two requested the District provide a letter of support for the Atascocita Trails System. She stated that she prepared a letter for the Board's consideration.

Director Holder left the meeting.

Ms. Frankovich reviewed the proposals for the repairs for Kings River Estates Section 5 Storm Sewer Outfall that are on p. 3 of the Engineer's Report. She stated that BGE recommends awarding the project to Layne Inliner, LLC with the low bid of \$28,775 for cure-in-place pipe lining. Ms. Frankovich noted that the proposal does not include landscaping services. Mr. Froehlich stated that the repairs will disturb the landscaping in the area and landscaping restoration is anticipated to cost approximately \$2,000. He requested that the Board approve landscaping costs in an amount not to exceed \$2,500.

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: 1) approve the Engineer's Report; 2) approve the Interlocal Agreement from Harris County Precinct Two for the proposed driveway widening and parking lot, subject to final review by the Board and District's attorney; 3) approve and authorize execution of the letter of support of the Atascocita Trail System; and (4) award the Kings River Estates Section 5 Storm Sewer Outfall project to Layne Inliner, LLC in the amount of \$28,775 and to authorize landscaping costs in an amount not to exceed \$2,500.

10. **Report on Eminent Domain filing.** Ms. Ellison reported that the District is required to file an annual report by February 1, 2018 with the Texas Comptroller of Public Accounts to retain its eminent domain rights. She stated there are no changes from last year's report and that NRF filed the report on behalf of the District.

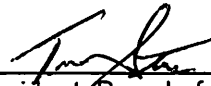
Ms. Ellison reported that Senate Bill 625 requires the District to provide additional District information to the Texas Comptroller for the Special Purpose District Public Information Database by May 1, 2018.

Discussion ensued regarding the Greens Bayou Coalition presentation on February 9, 2018 from 11:30 to 3:30 p.m. relating to the new Precinct 2 park and trail system in Atascocita.

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 February 15, 2018.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

