

MINUTES OF MEETING OF BOARD OF DIRECTORS
OCTOBER 18, 2018

THE STATE OF TEXAS
COUNTY OF HARRIS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 132

§
§
§

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 October 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/collector for the District; Ms. Karrie Kay of Myrtle Cruz, Inc., bookkeeper for the District; Mr. Allen Jenkins of Inframark ("Inframark"), operator of the District's facilities; Mr. Matt Froehlich and Ms. Shiann Hernandez ("BGE"), engineers for the District; and Ms. Leslie Bacon 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. **Public Comments.** There were no comments from the public.
2. **Minutes.** Proposed minutes of the regular meeting on September 20, 2018, previously distributed to the Board, were presented for approval. 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 approve the minutes of the meeting of September 20, 2018.
3. **Public Hearing on Tax Rate** The President opened the public hearing for comments on the proposed tax rate. Hearing none, the President closed the hearing.
4. **Order Setting Tax Rate and Levying Tax for 2018.** The Board reviewed an Order Setting Tax Rate and Levying Tax for 2018 (the "Order"), a copy of which is attached hereto as *Exhibit B*. 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, thereby levying a tax rate of \$0.090 per \$100 assessed valuation.
5. **Approve and authorize filing of Amendment to District Information Form.** Ms. Bacon stated that because the District's tax rate has changed, an amended District Information Form to reflect the new rate needs to be approved. The Board reviewed the Amended and Restated District Information Form reflecting the 2018 tax rate, a copy of which is attached hereto as *Exhibit C*. 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 approve and authorize filing of the Amended District Information Form in Harris County Real Property Records.

6. **Review Tax Collector's Report and authorize payment of certain bills.** The President recognized Ms. Loaiza, who reviewed the Tax Assessor and Collector's Report, previously distributed to the Board and attached hereto as *Exhibit D*.

Ms Loaiza reviewed the Delinquent Tax Attorney Report, a copy of which is attached as Exhibit D-1. No action was requested of the Board.

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 Tax Assessor and Collector's Report and to authorize payment of check numbers 1373 through 1391 from the Tax Account to the persons, in the amounts, and for the purposes stated in the report.

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 October 18, 2018, the Investment Report, and the Deposit Collateral Report, copies of which are attached hereto as *Exhibit E*.

Ms. Kay noted that references and reports related to Debt Service Fund will be removed since the District has paid off its outstanding bonds. She stated that surplus funds from the Debt Service Fund will be transferred to the District's Operating Fund.

Ms. Kay noted the District received three direct deposits from FEMA for \$5,175.00, \$9,116.95, and \$21,768.30. Mr. Jenkins reported the funds are for claims submitted for well pump damages from Hurricane Harvey. He reminded the Board of a notice from FEMA that they have overpaid the District for previously submitted claims and FEMA may request that a portion of those funds be refunded back to them. After discussion, the Board instructed Ms. Kay to apply the funds to the R&M – Water Plant line item in the budget.

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 accept the Bookkeeper's Report, to approve the Investment Report, and to authorize payment of check numbers 10182 through 10212 from the Operating Account.

8. **Operations Report.** President Stine recognized Mr. Jenkins, who presented and reviewed the Operations Report for the month of September, a copy of which is attached hereto as *Exhibit G*.

Mr. Jenkins reported that 90.90% of the water pumped was billed for the period from August 28, 2018 to September 25, 2018.

Mr. Jenkins reported that a failed seal on the pump at Lift Station No. 1 resulted in silt infiltration that contributed to internal damage that caused deterioration of the impeller. He said he obtained cost estimates for the replacement or repair of the impeller and consulted with President Stine, who directed him to proceed with replacement of the impeller for an estimated cost of \$16,000. Discussion ensued regarding potential damage to impellers in the other two pumps at Lift Station No. 1. Mr. Froehlich reported on the rotation cycle of the pumps and suggested adjusting the lead cycle to allow for inspection of the other two pumps to determine if there is any internal damage. Discussion ensued on impeller materials that are better equipped to withstand corrosion and deterioration. Mr. Froehlich reported on impeller materials and suggested that stainless steel impellers may be a consideration, if replacement is needed, following inspection of the other two pumps. The Board requested the surplus 100 HP pump be installed in the place of the 60 HP pump while it is out for repairs in the event of a major rain occurrence.

Mr. Jenkins reported that Inframark mailed 92 delinquent letters and disconnected 13 accounts for non-payment.

Upon motion by Director House, seconded by Director Mielke, after full discussion and the question being put to the Board, the Board voted unanimously: (1) to approve the Operations Report; (2) to terminate delinquent accounts in accordance with the terms of the District's Rate Order; and (3) to approve the replacement of the damaged pump impeller at Lift Station No. 1.

9. **Engineer's Report.** President Stine recognized Mr. Froehlich, who presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as *Exhibit G*.

Mr. Froehlich reported that the annual inspection of Hydro-Tank No. 1 at Water Plant No. 1 and bolted Ground Storage Tank at Water Plant No. 2 is complete. He recommended approval of a proposal from K2 Services in the amount of \$2,990.00 to address minor coating defects on the bolted Ground Storage Tank at Water Plant No. 2.

Mr. Froehlich reported on the golf course drainage repairs and issues with progress due to inclement weather. He said that concrete was poured for a portion of the cart path and did not set correctly due to rain. He said that Shane Stuckey, the contractor, suggested concrete top coat procedures utilizing an adhesive binder. Discussion ensued and the Board elected to tear out the damaged concrete and re-pour the cart path correctly for a cost of approximately \$2,700.00.

Mr. Froehlich reported that the correct address has been received for the CenterPoint Lake Houston Substation. He requested that the Board authorize execution of the HCAD address correction form for Lift Station No. 1, which coincides with the address the District has listed in its Emergency Preparedness Plan.

Mr. Froehlich reported that a capacity commitment request was received from Break Time Market for development of a proposed gas station, fast food service and retail space at the northeast corner of FM 1960 and Atascocita Shore Dr. He stated the request is for 4,750 gpd and the District has capacity to serve the proposed development.

Upon motion by Director Mielke, 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 K2 Services in the amount of \$2,990.00 to address minor coating defects on the bolted Ground Storage Tank at Water Plant No. 2; (3) authorize Stuckey's Construction Company to re-pour the cart path sections for an estimated cost of \$2,700; (4) authorize execution of the HCAD address correction form for Lift Station No. 1; and (5) approve the capacity commitment request received from Break Time Market.

Mr. Froehlich reported that AJOB met earlier in the week and voted to discontinue the Drylet application at the Wastewater Treatment Plant. Discussion ensued.

President Stine reported that David Fielle, a representative of the Lake Houston Long Term Recovery Task Force ("LHLTR"), attended AJOB's meeting. President Stine stated that the LHLTR has attempted to reach out to local Homeowners Associations without much success, and, therefore, Mr. Fielle asked to attend AJOB's meeting to explain LHLTR's purpose and solicit community involvement. Mr. Fielle requested assistance from the AJOB members in communicating, within their respective communities, LHLTR's work with communities to identify severe drainage problems that could be improved with the benefit of Harris County Flood Control District bond proceeds. Discussion ensued and there were no projects immediately identified in the District.

10. **Review and authorize capacity commitments.** There were no capacity commitment request other than what was presented in the Engineer's Report.

11. **Discuss and take action in connection with District communications and website.** There were no updates.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

* * *

The above and foregoing minutes were passed and approved by the Board of Directors on November 15, 2018.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

