

MINUTES OF MEETING OF BOARD OF DIRECTORS
FEBRUARY 15, 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 February 15, 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 January 18, 2018, 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 January 18, 2018, as presented.

2. **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 96.2% of the 2017 taxes have been collected as of January 31, 2018 and that delinquent tax bills were mailed this week.

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 Tax Assessor and Collector’s Report and to authorize payment of check numbers 1312 through 1318 from the Tax Account to the persons, in the amounts, for the purposes stated in the report.

3. **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 February 15, 2018, the Investment Report, and the Deposit Collateral Report, copies of which are attached hereto as *Exhibit C*.

Ms. Kay noted the District received a check for \$106,487.00 from Hanover Insurance from a claim filed on flood damages to the lift station and well motor at Water Plant No. 2.

Mr. Froehlich requested that the check to South Texas Utilities & Underground Inc. for one-half of the costs incurred to install the interconnect between the District and Harris County Municipal Utility District No. 153 ("153") be rewritten for the full amount of the costs and that the District invoice 153 for its half of the costs.

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 accept the Bookkeeper's Report, to approve the Investment Report, and to authorize payment of check numbers 9926 through 9938 and check numbers 9940 through 9960 from the Operating Account.

4. **Operations Report.** President Stine recognized Mr. Jones, who stated that Mr. Jenkins will present and review with the Board the Operations Report for the month of January, a copy of which is attached hereto as *Exhibit D*. Mr. Jenkins reported the Operations Report was previously distributed to the Board and asked the Board if there were any questions or concerns to be addressed.

Discussion ensued regarding how Inframark monitors meter readings to guard against stuck meters. Mr. Jenkins said that Inframark produces a zero usage report and checks on those meters.

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 and to authorize termination of the delinquent accounts in accordance with the Rate Order.

Director Stine expressed a desire to move forward with installation of the lift station generators rather than waiting for FEMA to tell the District its requirements for elevating the slabs. The Board discussed elevating the slabs a reasonable amount and proceeding. Mr. Jones said the generators are on order and won't be delivered by the next meeting so he will bring more information on elevations for the Board to review at the next meeting. Mr. Jones said that FEMA won't pay for the cost to raise the height of the fence around the lift station.

Mr. Jones discussed with the Board the closing of the North payment window located on Lockhaven. He stated there is little to no traffic at that location and discussed alternative ways for customers to make payment. He reported that a notice of closing the Lockhaven payment window and alternative payment options will be provided on customer bills in the next billing cycle.

5. **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 E*.

Ms. Frankovich reported that the contractor discovered heavy pitting on the interior tank coatings during blasting operations at the Hydro-pneumatic Tanks that were not detectable prior to blasting because they were beneath heavy corrosion and blistering. She stated that BGE concurs with the contractor's recommendation to apply 100% solids epoxy to fill the pitted areas to ensure that the pits are covered prior to recoating the tank. Ms. Frankovich presented Change Order No. 2 in the amount of \$8,550.00 to complete this work. She also presented and requested approval of Pay Estimate No. 1 for \$22,927.50.

Ms. Frankovich reported that work is completed on the interconnect between the District and 153. She presented and requested approval of payment of an invoice from South Texas Utilities & Underground, Inc. for \$24,289.74 and authorization to invoice 153 for one-half of the costs. Mr. Froehlich requested that the Board authorize the bookkeeper to deliver the check to BGE to hold pending completion of restoration of the site area. He stated that he will reach out to the contractor to complete restoration.

Ms. Frankovich reported that Stuckey's Contract Services, L.P. completed work on the golf course drainage channel and culverts, and repair of the washout behind the Atascocita Shores Drive outfall headwall. She recommended payment of the invoice attached to the Engineer's Report in the amount of \$26,754.29 of which \$24,425.00 represents work on the golf course drainage channel and culverts. Mr. Froehlich discussed maintenance following repairs and said he would talk to the golf course about entering into a similar maintenance agreement to the one previously in place.

Mr. Froehlich reported that a pre-construction meeting was held regarding Kings River Estates Section 5 Storm Sewer Outfall with the contractor, landscaper and adjacent property owners to discuss the project. He stated that there is one property owner because one owner purchased the other's property. Mr. Froehlich reported the landscaper is preparing a quote and requested that the Board appoint a liaison to approve the cost for landscaping in order to complete the project prior to the next District meeting.

Ms. Frankovich reported that the well motor cover has been installed at Water Plant No. 2. She recommended payment of an invoice from STP Services for \$1,700.00.

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 Change Order No. 1 for a contract increase of \$8,550.00 to D&M Tanks, LLC for additional work on the Hydro-pneumatic Tanks at Water Plant No. 1; 3) approve Pay Estimate No. 1 for \$22,927.50 to D&M Tanks, LLC for Water Plant No. 1 tank rehabilitation; 4) approve an invoice in the amount of \$24,289.74 from South Texas Utilities & Underground, Inc. for the interconnect for the District and 153 and authorize transmitting an invoice to 153 for one-half of the total cost (\$12,144.87); 5) approve an invoice for \$26,754.29 to Stuckey's Contract Services LP for work completed on the golf course drainage channel and culverts, and the outfall headwall repair; 6) approve the invoice in the amount of \$1,700.00 from STP Services for work completed on the well motor cover at Water Plant No. 2; and 7) appoint Director Whitaker as liaison to approve landscape contract repairs for the storm sewer outfall project in Kings River Estates, Section 5.

Director Whitaker requested that the Board review the Capital Improvement Plan and come up with a more definitive timetable for action. Discussion ensued regarding adding a smart meter program to the Capital Improvement Plan. Mr. Froehlich reported that he will set up a workshop with the Board in the next couple of months to review the Capital Improvement Plan. He also stated that he will prepare a smart meter comparison spread sheet for the Board's review at the workshop.

Mr. Froehlich reported on a meeting for stakeholders regarding widening FM1960. He stated that Texas Department of Transportation ("TxDoT") is currently in a schematic phase. He said he would know more about potential costs to the District in late summer.

6. **Approve Order Calling Directors Election.** Ms. Ellison reviewed with the Board a draft Order Calling Directors Election, a copy of which is attached hereto as *Exhibit F*. She noted that the Order designates the local library as the District's election location, and Ollie Dole, Margie Youngless and Chris Levicky as the election officials.

Ms. Ellison reviewed the election schedule.

Upon motion by Director Holder, seconded by Director Mielke, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order Calling Directors Election.

7. **Report on AWBD winter conference.** Director Holder reported that one session discussed the imposition of a water line replacement fee by a district. Discussion ensued.

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 March 15, 2018.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

