

MINUTES OF MEETING OF BOARD OF DIRECTORS
APRIL 19, 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 April 19, 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 of Inframark ("Inframark"), operator of the District's facilities; Mr. Matt Froehlich 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. **Public Comments.** There were no comments from the public.
2. **Minutes.** Proposed minutes of the regular meeting of March 15, 2018 and special meeting of April 5, 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 meetings of March 15, 2018 and April 5, 2018, 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 98.6% of the 2017 taxes had been collected as of March 31, 2018 and that delinquent tax bills were mailed this week.

Ms. Loaiza reviewed and updated the Board on delinquent tax accounts listed on the Delinquent Tax Report, a copy of which is attached as *Exhibit B-1*.

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 approve the Tax Assessor and Collector's Report and to authorize payment of check numbers 1329 through 1335 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 April 19, 2018, the Investment Report, and the Deposit Collateral Report, copies of which are attached hereto as *Exhibit C*.

Ms. Kay noted receipt of payment from Harris County Municipal Utility District No. 151 for its share of costs for Lift Station No. 1 and fifty percent share of the installation of a valve at the interconnect.

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 9995 through 10028 from the Operating Account.

5. **Approve budget for fiscal year ending May 31, 2019.** President Stine reviewed with the Board the proposed budget for fiscal year ending May 31, 2019, a copy of which is attached hereto as *Exhibit D*.

Director Stine reviewed a monthly budget for revenues and expenditures for fiscal year 2019 and compared it to results from fiscal year 2018. He said the 2019 budget projects \$2,205,072 more in expenditures than in 2018, mostly for capital expenditures and increased costs for surface water. He discussed the proposed capital expenditures and noted a final payment due from Harris County Municipal Utility District No. 494 for purchase of trunk line capacity.

Director Stine reported that upon defeasance of the District's remaining bonds in June 2018, funds from the Debt Service Reserve will be transferred to the Capital Project Reserve.

The Board deferred action on this item to the May meeting.

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

Mr. Jenkins reported that Inframark has met with FEMA and submitted all documentation for damages associated with Hurricane Harvey.

Mr. Jenkins reported that Lift Pump No. 3 at Lift Station No. 2 on Atascocita Shores needs repairs. He reported that the cost of repairs is approximately \$10,242 and the cost to replace the pump is about \$12,798. He stated that Inframark recommends replacing the pump. Director Stine noted that when repairs exceed 55-60% of the cost of replacement, it is the District's policy to replace an item.

Mr. Jenkins noted that the Annual Identity Theft Prevention Program Report is attached to the Operations Report and requested the Board's consideration for approval.

Mr. Jenkins reported that a draft of the Consumer Confidence Report is attached as *Exhibit E-1* for the Board's review and approval. He noted that he is waiting on the template from the TCEQ.

Mr. Jenkins updated the Board on the status of the generators. He said there is a manufacturer delay and the generators are now expected to be delivered in July. He reported that the electrical panel was ordered and delivered.

President Stine asked Mr. Jenkins about a water outage affecting District customers. Mr. Jenkins reported that Harris County Municipal Utility District No. 151 experienced a main break at the interconnect with the District, which was isolated for repairs. He stated that Inframark was unaware that the valve was closed and the closure affected District customers. Discussion ensued regarding the policy for notifying customers when an outage occurs.

The President asked Mr. Jenkins about the follow up on a complaint about a sinkhole at 8310 Bunker Bend. Mr. Jenkins confirmed that settling had occurred from a previous repair at that location and stated that Inframark has installed dirt and sod and leveled the area.

Upon motion by Director House, seconded by Director Whitaker, after full discussion and the question being put to the Board, the Board voted unanimously: (1) to approve the Operations Report; (2) to authorize termination of the delinquent accounts in accordance with the Rate Order; (3) to approve replacement of Lift Pump No. 3 at Lift Station No. 2 on Atascocita Shores for an estimated cost of \$12,798; (4) to approve the Annual Identity Theft Prevention Program Report; and (5) to approve the Consumer Confidence Report, subject to final review and receipt of TCEQ template.

7. **Discuss Hurricane Preparedness.** President Stine reported that the Board reviews hurricane preparedness every year at this time. He inquired about generators and Mr. Jenkins reported that Inframark has a generator available for District use. The Board asked Mr. Jenkins about Inframark's procedures in a hurricane. President Stine asked that Board members contact him if they plan to leave town in the event of a hurricane.

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 reported that BGE received TxDOT approval of the proposal waterline underneath FM 1960 for the proposed White Sand Hotel.

Mr. Froehlich reported that work continues on the rehabilitation of Water Plant No. 1 GST Nos. 1 and 2. He requested approval of Pay Estimate No. 3 from D&M Tanks for \$73,485.00.

Mr. Froehlich reported that plans for the Water Plant No. 2 West Discharge Line were submitted to Harris County, the City of Houston and the TCEQ. He noted that minor comments were received from Harris County. He requested authorization to advertise for bids for construction of the project. Mr. Froehlich also presented and recommended approval of an invoice from Ninyo & Moore in the amount of \$4,900.00 for geotechnical services associated with this project.

Mr. Froehlich reported that the Operator met with the coating contractor regarding the manhole recoats at Lift Stations No. 1 and 3 discharge manholes. He stated that Lift Station No. 3 manhole recoat is underway, but further inspection of the Lift Station No. 1 manhole revealed that the material underlying the failing coatings in the cone is fiberglass. Mr. Froehlich stated that the Operator suggested and BGE concurs that using the fiberglass cone as an inner form to inject concrete and "shore up" the manhole is a better approach than recoating. He said the Operator

has confirmed that the bottom looks good, but that there are voids around the cone. The Operator is obtaining a quote for this work.

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: 1) approve the Engineer's Report; 2) approve Pay Estimate No. 3 for \$73,485.00 to D&M Tanks, LLC for Water Plant No. 1 tank rehabilitation; 3) authorize BGE to advertise for bids for the construction of Water Plant No. 2 West Discharge Line; and 4) approve an invoice from Ninyo & Moore in the amount of \$4,900.00 for geotechnical services .

9. **Interlocal Agreement between Harris County and the District.** Mr. Froehlich reported that he reached out to Harris County Precinct 2 regarding outstanding backcharges and they stated that Traf-Tex was not their contractor. He then reached out to TxDOT and has not received a response. Mr. Froehlich stated that he will follow up with TxDOT.

Ms. Ellison briefly reviewed a revised Interlocal Agreement with Harris County that was created in connection with Harris County's construction of a vehicle parking lot at Water Plant No. 2 to accommodate patrons using a trail that will also be constructed by Harris County. A copy of the Interlocal Agreement is attached as *Exhibit G*. She noted that the agreement includes responsibility for costs of maintenance and repairs and has a 30-year term. Upon motion by Director Whitaker, seconded by Director House, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Interlocal Agreement between Harris County and the District.

10. **Agreement for Maintenance of Portion of Drainage Ditch with Golf Course.** It was the consensus of the Board to defer this item.

11. **Review and authorize capacity commitments.** There were no capacity commitments presented for consideration.

12. **Discuss and take action in connection with District communications and website.** President Stine reported that the notification block from the website has been removed.

President Stine reported that Anthea Moran contacted him to request an audience with the Board regarding engagement of her new firm as financial advisor. Ms. Ellison stated that NRF will place an item on the agenda for next month.

President Stine reported that the June meeting conflicts with the AWBD summer conference. Discussion ensued and it was the consensus of the Board to change the meeting date to June 14, 2018.

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 May 17, 2018.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

