

MINUTES OF MEETING OF BOARD OF DIRECTORS
JUNE 16, 2016

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 Trails Drive, Atascocita, Texas, 77346, on June 16, 2016 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
Lloyd Lentz, Assistant Secretary
Michael Whitaker, Assistant Secretary

All members of the Board were present, except Director Lentz. 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 ("*ST*"), operator of the District's facilities; Mr. Doug Baker and Mr. Matt Froehlich of Brown & Gay Engineers, Inc. ("*BGE*"), engineers 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 19, 2016, 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 May 19, 2016.
2. **Receive comments from the public.** There were no comments.
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 98.0% of the District's 2015 taxes had been collected as of May 31, 2016.

Ms. Loaiza reported the Harris County Appraisal District ("*HCAD*") released preliminary estimated values and the District's estimated value is \$570,692,450. She stated *HCAD*'s value does not include personal property and will change following taxpayer protests. She reported the District's value represents an 8.54% increase from last year.

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 1158 through 1172 from the Tax Account to the persons, in the amounts, and for the purposes stated in the Tax Assessor and Collector's 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 16, 2016, the Investment Report, and the Deposit Collateral Report, copies of which are attached hereto as Exhibit "C."

Ms. Kay discussed various rates and terms for time deposit investments at Texas Gulf Bank. She also discussed raising the investment amounts in certificates of deposit ("CDs") to \$240,000 when they are renewed. She said that she had the documentation to open new District accounts at TexSTAR and LOGIC local government investment pools.

Upon motion by Director Holder, seconded by Director House, 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, to enter into a two year CD at Texas Gulf Bank at an interest rate of .75%, to approve the documentation to open new accounts at TexSTAR and LOGIC local government investment pools, and to authorize payment of check numbers 9352 through 9370 from the Operating Account.

5. **Operations Report.** Mr. Jones presented to and reviewed with the Board the Operations Report for the month of May 2016, a copy of which is attached hereto as Exhibit "D." Mr. Jones reported that 99.02% of the water pumped was billed for the period ending May 26, 2016.

Mr. Jones reviewed the delinquent list with the Board and noted there are 55 delinquent accounts, 100 delinquent letters were sent on May 9, 2016, 43 doors were tagged on May 24, 2016, and six accounts were disconnected on June 1, 2016.

Mr. Jones reported on seven sink holes at the Country Club, one of which is on Pinehurst Drive, the street in front of the Overlook, and the tennis facility next door. He said he would be meeting with Jack Day, the owner of the golf course, concerning the sinkholes. The Board asked Mr. Jones to document the meeting.

The Board then discussed water meter replacement. Mr. Jones reported that ST had installed 60 water meters with smart meter bases in the District. He said that ST will continue to install meters with smart meter bases when it changes out old meters. Director Whitaker suggested identifying locations for strategic placement of smart meters to determine water pressure.

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 terminate the delinquent accounts in accordance to the District's Rate Order.

6. **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 "E" and which follows in substantially the form it was presented:

Mr. Froehlich reviewed the Annual Tank Evaluations chart. He reported on the inspections of the District's force main discharge manholes and air release valves, noting that coating deficiencies and significant corrosion in the lift stations' discharge manholes were found. He also reported on corroded air release valves and will investigate rehabilitation and repair options and report to the Board.

Mr. Froehlich reported on the King's River Drive roadside ditch project. He said that BGE is waiting on quotes from two contractors on the storm sewer installation. The Board discussed adding markers or guides on the edge of the road while repairs are pending.

Mr. Froehlich updated the Board on the Lift Station No. 1 conversion project, noting the project is 99% complete and the Tideflex valve is installed in the force main discharge manhole. Mr. Baker then discussed the cause of the hydraulic issues that have been occurring at the lift station. He stated that BGE made an error in design and specified pumps twice the size they should have been for the head. He reported that BGE has ordered the correctly sized pumps and one will be installed next week. Mr. Baker stated that BGE will take responsibility for negotiations with the contractor and either the contractor or BGE will be responsible for payment of backcharges arising from the problems at the lift station.

Mr. Baker stated that BGE will reimburse the District for the pumps currently in place (100 hp each) and the District will be responsible for the new pumps (60 hp each). He also reported that exchanging the pumps and getting the new pumps completely operational will take about two and half weeks. He stated that ST will install the new pumps. Mr. Baker then discussed two pay estimates from the contractor that are being held by the District. He said that after BGE talks to the contractor about the backcharges, the District can release the pay estimates.

Mr. Froehlich reminded the Board of a re-scheduled meeting on July 8 at 10:30 a.m. at BGE's offices to discuss District facilities, repairs, replacement, planning and strategy.

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 approve the Engineer's Report.

7. Review and authorize capacity commitment letters. Mr. Froehlich stated that BGE did not receive any new capacity commitment requests this month.

8. Discuss and take action on proposed ACIA Amenities. Director Stine reported that he and Director House met with representatives of ACIA. He stated that ACIA will manage the pavilion/sidewalk project and the District will provide funding. He said ACIA will complete its tennis courts before undertaking the pavilion/sidewalk project.

9. Discuss and take any action in connection with District communications. Director Stine reported that he updated information on the website. He stated that Mr. Gordon was provided contact information to Harris County Precinct 2 as requested.

10. Discuss Appointment of New Director. The Board discussed consideration of director candidates. Director Stine presented a notice of vacancy, a copy of which is attached hereto as Exhibit "F." He asked that the notice be posted on the District's web site and distributed to District customers by ST.

11. Other matters. No other matters were presented or discussed by the Board.

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 21, 2016.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

