

MINUTES OF MEETING OF BOARD OF DIRECTORS
MAY 18, 2017

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 May 18, 2017 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. Julia McCain of McCall Gibson Swedlund Barfoot PLLC, auditors for the District; 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 – North America ("ST"), operator of the District's facilities; Mr. Matt Froehlich and Ms. Susana Blauser 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 April 20, 2017, previously distributed to the Board, were presented for approval. 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 minutes of the meeting of April 20, 2017, as presented.

2. **Receive comments from the public.** There were no comments from the public.

3. **Engage auditor for fiscal year ending May 31, 2018.** The President recognized Ms. McCain, who presented to and reviewed with the Board two options for an engagement letter: an engagement for a two-year term or an "evergreen" engagement. She said both options provide that the engagement may be terminated by either party upon 30 days' notice. She said the fees for the upcoming audit would be in the range of \$15,000 to \$16,500. She noted that the Board would be advised of the proposed fee each year if they choose the "evergreen" engagement. Discussion ensued.

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 engage MGSB to perform the District's audit for fiscal year ending May 31, 2017, and subsequent years until terminated by either party pursuant to the terms of the engagement letter. A copy of the approved engagement letter is attached as *Exhibit B*.

4. **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 C*. She noted that 98.3% of the District's 2016 taxes had been collected as of April 30, 2017.

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 approve the Tax Assessor and Collector's Report and to authorize payment of check numbers 1247 through 1255 from the Tax Account to the persons, in the amounts, and for the purposes stated in the report.

5. 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 May 18, 2017, the Investment Report, and the Deposit Collateral Report, copies of which are attached hereto as *Exhibit D*.

Ms. Kay noted the District received a refund from McDonald & Wessendorff Insurance in the amount of \$1,594.00.

Ms. Kay also noted the District's receipt of \$201,132.21 from the settlement with BGE related to Lift Station No. 1 conversion. She stated that Harris County Municipal Utility District Nos. 151 and 153 will receive a portion of the proceeds as participants in the shared facility.

Upon motion by Director Holder, 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 9659 through 9690 from the Operating Account.

6. Approve budget for fiscal year end May 31, 2018. President Stine reviewed with the Board the proposed budget for fiscal year ending May 31, 2018, a copy of which is attached hereto as *Exhibit E*. 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 budget, as presented.

7. Operations Report. Mr. Jones presented to and reviewed with the Board the Operations Report for the month of April, a copy of which is attached hereto as *Exhibit F*.

Mr. Jones reported that 86.75% of the water pumped was billed for the period of March 28, 2017 through April 25, 2017. He said the low accountability was due to three commercial meters that were stuck. Director House asked if replacement meters are "smart meters." Discussion ensued regarding a smart meter conversion program and its costs and benefits. Mr. Jones stated there are approximately 2,200 meters in the District and smart meters cost about \$200 each. It was the consensus of the Board to gather information from the vendors at the Association of Water Board Directors conference and to discuss smart meters after the conference.

Mr. Jones reported there are three uncollectible accounts and requested the Board's authorization to send to collections.

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 terminate the delinquent accounts in accordance to the District's Rate Order, and to authorize the submittal of three uncollectible accounts to collections.

8. **Approve Consumer Confidence Report.** Mr. Jones presented the District's Consumer Confidence Report, which is required to be distributed to customers by July 1, 2017. Discussion ensued regarding the means of providing the report to customers. It was the consensus of the Board to notify customers through a notice on the water bills if the web manager can prepare a hyperlink to the report which can be referenced in the notice, and if not, to mail the report to District customers.

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 distribution of the Consumer Confidence Report in the form attached hereto as *Exhibit G*.

9. **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 H*.

Mr. Froehlich reported that plan review comments have been submitted to the City of Houston (the "City") for replacement of the culverts under Atascocita Shores Drive.

Mr. Froehlich reported that Stuckey's Contract Services is working on pricing for options to repair the drainage ditch culvert along Hole No. 13 at the golf course. The Board directed Mr. Froehlich to (i) check the grade of the ditch, (ii) talk to the golf course about whether it would be interested in changing the ditch to a water feature, and (iii) checking on whether the whole ditch is dedicated to the District.

Mr. Froehlich reported Harris County Municipal Utility District No. 153 ("MUD 153") is agreeable to the District moving the interconnect valve between the two districts. He stated that currently the District's connections south of FM 1960 at Pinehurst Trail Drive are serviced and billed by MUD 153, and installation of a new valve along Pinehurst Trail Drive to serve as the interconnect point will allow the District to service and bill those customers. Mr. Froehlich estimated the District's costs to install the valve to be \$6,000 – \$7,000. The Board directed ST to proceed with the installation of the new valve.

Mr. Froehlich reported that he contacted Messrs. Rowland and Ballard regarding Water Plant No. 2's second discharge line, and they are amenable to working with the District. He stated that BGE also contacted Harris County Flood Control District regarding potential easements within its drainage channel right-of-way.

Mr. Froehlich reported that Drylet has completed the second round of testing at the Wastewater Treatment Plant. He stated that BGE prepared and presented a technical summary to AJOB regarding the testing results and economic impact related to the reduction in sludge production. He noted that AJOB authorized proceeding with the application through 2017 and will monitor results to determine if the contract should be continued in 2018.

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 approve the Engineer's Report.

10. **Review and authorize capacity commitment letters.** No new requests were presented to the Board.

11. **Consider participation in Library expansion.** Director Stine presented an illustration and elevation drawings of the proposed library expansion, copies of which are attached

as *Exhibit I*. Director Stine reported that Harris County has agreed to pay for the parking lot improvements and contribute \$200,000 towards the building expansion. Discussion ensued regarding possible District participation in the project. No action was taken.

12. **Discuss and take any action in connection with District communications.** There was no discussion or action taken on this item.

13. **Other Director and Consultant reports.** The Board discussed the invitation to the West Harris County Regional Water Authority's MUD Directors Workshop on June 8.

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 June 15, 2017.



President, Board of Directors

ATTEST:



Secretary, Board of Directors



