

MINUTES OF MEETING OF BOARD OF DIRECTORS
NOVEMBER 15, 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 November 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, except Director Whitaker, thus constituting a quorum. 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 of BGE, 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. **Public Comments.** There were no comments from the public.
2. **Minutes.** Proposed minutes of the regular meeting on October 18, 2018, previously distributed to the Board, were presented for approval. 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 minutes of the meeting of October 18, 2018.
3. **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 B*. She reported that the District's 2018 taxes are 0.5% collected as of October 31, 2018.

Ms. Loaiza noted that check no. 1392 to Harris County Appraisal District has been left blank pending receipt of an invoice for the quarterly payment that will be due before the District's next meeting.

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 1392 through 1396 from the Tax Account to the persons, in the amounts, and 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 November 15, 2018, the Investment Report, and the Deposit Collateral Report, copies of which are attached hereto as *Exhibit C*.

Ms. Kay noted check number 10228 in the amount of \$1,011.00 for the cost of a supplemental insurance policy in compliance with the requirements for CenterPoint's issuance of a Consent to Encroachment.

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 accept the Bookkeeper's Report, to approve the Investment Report, and to authorize payment of check numbers 10213 through 10231 from the Operating Account.

5. **Approve Assignment of Trunkline Capacity.** Ms. Ellison confirmed the District's receipt of payment from Harris County Municipal Utility District No. 494 for \$23,759 for trunkline capacity. She presented an Assignment of Trunkline Capacity to No. 494, a copy of which is attached as *Exhibit D*. 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 Assignment of Trunkline Capacity to HCMUD 494.

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

Mr. Jenkins reported that 94.25% of the water pumped was billed for the period from October 6, 2018 to November 1, 2018.

Mr. Jenkins reported that a 12-inch gate valve on the well that feeds into Ground Storage Tank No. 1 needs to be removed and replaced. He also reported on the removal and replacement of a three-inch air release valve on the well at Water Plant No. 1. He reviewed a proposal for repairs of both of these valves for an estimated cost of \$6,475.00, a copy of which is attached to the Operations Report.

Mr. Jenkins reported on a notice from West Harris County Regional Water Authority regarding increases in fees, effective January 1, 2019. She stated the Groundwater Reduction Plan Fee will increase to \$2.95 per 1,000 gallons and the Surface Water Fee will increase to \$3.35 per 1,000 gallons. A copy of the notice is attached as *Exhibit E-1*

Discussion ensued regarding transition to smart meters, costs, and consideration to add to the District's capital improvement plan. Following discussion, Mr. Jenkins stated that he will obtain updated information and quotes for the Board's review.

Mr. Jenkins reported that Inframark mailed 88 delinquent letters and disconnected four accounts for non-payment.

Upon motion by Director Mielke, seconded by Director House, 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 proposal for removal and replacement of a 12-inch valve on the well that feeds into the Ground Storage Tank and the air release valve on the well at Water Plant No. 1.

7. **Engineer's Report.** President Stine recognized Ms. Hernandez, who presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as *Exhibit F*.

Ms. Hernandez updated the Board on the status of the addition of a Hydro-pneumatic tank at Water Plant No. 2. She presented a quote for \$8,970.00 for replacement of the roof vent and repainting of the stained roof panels on the welded GST (a copy of which is attached to the Engineer's Report). Mr. Froehlich reported that most of the work is aesthetic and the integrity of the structure is not compromised. He suggested including this work with some other upcoming projects or delaying until the tank is fully rehabilitated in 2024. Discussion ensued and it was the consensus of the Board to defer replacement of the roof vent and repainting the stained roof panel until a later date.

Ms. Hernandez and Mr. Froehlich discussed interconnects with Harris County Municipal Utility District No. 151 ("MUD 151") along Kings River Drive and Pinehurst Shadows Drive. Ms. Hernandez reported that quotes were obtained from several contractors for both projects and the estimated cost is \$220,499. Mr. Froehlich noted the increase in the estimated cost presented last month (\$70,000.00) is due to the additional interconnect on Pinehurst Shadows Drive, costs for install valves and costs variance due to meter sizes. He stated that the interconnects are more beneficial to the District than MUD 151 because they allow for service to more isolated areas in the District. Mr. Froehlich requested the Board's authorization to negotiate with MUD 151 to amend the current interconnect agreement to include these interconnects.

Ms. Hernandez reported that the overall water distribution system has been evaluated and BGE is recommending installation of 21 valves pursuant to the exhibits attached to the Engineer's Report. She stated the budgetary cost for the project is approximately \$65,000.00. Discussion ensued and the Board requested that BGE isolate and prioritize the most critical valves.

Mr. Froehlich reported that renovations and repairs of the property owner's home at 21211 Kings River Point are complete. He requested authorization to proceed with the previously approved quote from South Texas Utilities & Underground for \$8,057.50 for repairs to the property owner's driveway resulting from storm sewer outfall repairs. A copy of the proposal is attached to the Engineer's Report.

Mr. Froehlich discussed a request for additional capacity for a proposed motel. He noted that a capacity allocation had been submitted and approved in 2015, but had lapsed because improvements were not built within the required time. A copy of the letter approving previously allocated capacity is attached to the Engineer's Report. Discussion ensued on the previously allocated capacity and the Board requested that BGE advise the property owner that no additional capacity is allocated to the tract.

Mr. Froehlich reported on a request for capacity for a proposed office and warehouse building along Pinehurst Trail Drive. He stated that the proposed structures requested 397 gpd of water and wastewater equating to one equivalent single family connection ("ESFC").

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: (1) approve the Engineer's Report; (2) authorize BGE to negotiate with MUD 151 regarding allocation of costs to install two additional interconnects for an estimated cost of \$220,499.00; (3) authorize the contractor to proceed with driveway repairs at 21211 Kings River Point for an estimated cost of \$8,057.50; and (4) approve the capacity commitment request received from XL Parts Atascocita for one ESFC.

8. Renewal of District's Insurance Policy. The Board concurred to defer this item pending receipt and review of a proposed Insurance renewal proposal.

9. **Approve resolution regarding indemnification of directors.** The Board concurred to defer this item pending review of proposed insurance renewal proposal.

10. **Discuss and take action in connection with District communications and website.** President Stine reported on a video prepared by the District's web manager regarding Surface Water conversion. He noted that it is currently posted on the web site for West Harris County Regional Water Authority. Discussion ensued regarding adding this video to the District's web site. President Stine stated that he will review the video and coordinate with the District's web manager to get it posted on the District's web site.

11. **Set date for December meeting.** Discussion ensued regarding availability of a quorum for the December meeting. It was the consensus of the Board to hold its next meeting on December 13, 2018 at 6:00 p.m.

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 December 13, 2018.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

