

MINUTES OF MEETING OF BOARD OF DIRECTORS
JULY 19, 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 July 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/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 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 special and regular meetings on June 14, 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 special and regular meetings of June 14, 2018, as presented.
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*.

Ms. Loaiza reviewed the Delinquent Tax Report, a copy of which is attached as *Exhibit B-1*. She then reviewed a letter from a property owner who transmitted two checks, a check for \$111.47 to pay base taxes and a check for \$16.72 to pay penalties and interest, and is requesting the Board's consideration to waive penalties and interest. A copy of the letter is attached as *Exhibit B-2*. Ms. Loaiza said the letter indicates the taxpayer's mortgage company stopped payment on the check for the taxes. Ms. Loaiza said the taxpayer was given notice of the stopped payment on March 15, 2018 but did not contact the District until June 26, 2018. Discussion ensued and it was noted that the Tax Code does not permit waiving penalties and interest unless there is an error by Harris County Appraisal District or the District. It was the consensus of the

Board to deny the waiver of penalties and interest. The Board instructed Ms. Loaiza to post both checks.

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 Tax Assessor and Collector's Report and to authorize payment of check numbers 1351 through 1366 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 July 19, 2018, the Investment Report, and the Deposit Collateral Report, copies of which are attached hereto as *Exhibit C*.

Ms. Kay noted that she has now received all payments due on the sinkhole repair and Mr. Jones said Inframark will not bill the District until all payments are received.

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 accept the Bookkeeper's Report, to approve the Investment Report, and to authorize payment of check numbers 10091 through 10115 from the Operating Account.

5. Authorize retention of collection attorney. President Stine recognized Ms. Ellison, who reported that she has located an attorney to pursue collection of the outstanding debt from Traf-Tex. Mr. Jones reported that Traf-Tex has paid its outstanding balance of \$27,334.36 for repairs caused by a main waterline break on FM 1960. Ms. Ellison said she would notify the collection attorney that the District would not need his services.

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

Mr. Jenkins reported that 97.33% of the water pumped was billed for the period from May 26, 2018 through June 28, 2018.

Mr. Jenkins reported that Inframark mailed 121 delinquent letters and disconnected 11 accounts for non-payment. He requested the Board's authorization to send one account to collections.

Mr. Jenkins reviewed the monthly maintenance report.

Mr. Jenkins presented a proposal for replacement of the air conditioner at Water Plant No. 1 for an estimated cost of \$1,200.00.

Upon motion by Director Holder, seconded by Director Mielke, 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; (3) to authorize the submission of one delinquent account to collections; and (4) to approve the proposal for an air conditioner replacement at Water Plant No. 1 for an estimated cost of \$1,200.00.

Mr. Jenkins next reviewed and discussed correspondence from Ric Halbrook regarding two sewer back-ups at the Atascocita Shores pool. A copy of the letter is attached to the Operations Report. Mr. Jenkins outlined for the Board the reasons for the back-ups and proposed solutions. He discussed a sag in the line under the roadway where grease seems to be collecting. Mr. Froehlich advised he had the line televised and is awaiting the review of the film. The Board asked Inframark to monitor the line to find the source of the grease build-up. Mr. Froehlich requested the Board's authorization for BGE to determine the best way to repair the line and to proceed with obtaining a contractor to make the line repair. It was the consensus of the Board to authorize BGE to determine the best way to repair the line and to authorize repairs in an amount not to exceed \$25,000.

The Board discussed the pros and cons of installing a check valve on the ACIA line, which would be legal. The consensus of the Board was routine maintenance required for a check valve would be difficult for ACIA to accomplish on a continuous basis, therefore a check valve was not recommended.

Mr. Jones said that he will meet with Mr. Halbrook (president of ACIA) to review changes to Inframark operating procedures, actions planned relating to monitoring grease buildup and repairs to the line under the roadway.

Mr. Froehlich suggested ACIA might consider smoke testing or televising its service line to identify any leaks or defects.

Mr. Jenkins reviewed a summary regarding a water shut-down for over 25 hours to a portion of the District's customers due to a City of Houston contractor performing work on a 12" water main, which was ultimately repaired by Inframark to expedite completion of the project and restore water to District customers. A copy of the summary is attached as *Exhibit D-1*. Discussion ensued regarding customer notification by the City of Houston and Inframark. Director House discussed implementing an alert system to District residents. Mr. Jones said Inframark would change its procedures. Mr. Jones agreed to send a letter to the affected residents outlining what happened and actions planned going forward.

7. **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*.

Mr. Froehlich reported that Landpoint LLC is in the process of re-platting the Rowland/Ballard tract to remove the existing aerial/utility easement in response to the City of Houston's request relating to the Water Plant No. 2 West Discharge Line. He stated that BGE is waiting on approval from the TCEQ on the plans and from CenterPoint on the Grant to Others application. He requested the Board's authorization to advertise for bids on the project.

Mr. Froehlich reviewed estimates from Stuckey's to regrade the swales between Pinehurst Hole No. 9 to Rebawood Drive for an estimated cost of \$11,900.00 and to redo the outfall piping and swales from the pond between Pinehurst Hole Nos. 7 and 8 for an estimated cost of \$17,250.00 to address drainage issues. A copy of the estimates are attached to the Engineer's Report.

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) authorize BGE to advertise for bids for the discharge line; 3) approve the estimates provided by Stuckey's LLC; and 4) approve a proposal from Stuckey's LLC for \$19,844.73 to

repair the lake overflow structure at the end of Perry Oak Drive between Atascocita Shores Hole Nos. 7 and 8, presented at a special meeting of the Board on June 14, 2018.

8. **Review and authorize capacity commitments.** There were no commitments.

9. **Discuss and take action in connection with District communications and website.** Director Stine reported that the meeting date, time and place are on the web site. The Board discussed adding a summary of the water line rehabilitation project to the website.

10. **Report on AWBD Summer Conference.** No report was presented.

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 August 16, 2018.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

