

MINUTES OF MEETING OF BOARD OF DIRECTORS
SEPTEMBER 20, 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 September 20, 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 Mr. Shane Stuckey of Stuckey's Construction Company; Mr. Josh Rambo of McCall Gibson Swedlund Barfoot PLLC, auditors for the District; 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 ("*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 and special meetings on August 16, 2018 and September 7, 2018, respectively, 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 meetings of August 16, 2018 and September 7, 2018.
3. **Engineer's Report—Ongoing Repairs.** Mr. Froehlich said construction is underway on all approved drainage repairs in the golf course; however, Mr. Stuckey, the contractor, encountered issues with existing CenterPoint facilities. Mr. Stuckey said his crew broke the conduit of a CenterPoint line that was not marked and it took two days to restore power to the resident at 20407 Perryoak Drive. He reported that power has been restored and that CenterPoint installed a temporary bypass to allow the District to proceed with repairs. Mr. Froehlich reported on the status of the repairs by Ivy Point and Rebawood. After further discussion, Mr. Stuckey left the meeting.
4. **Approve audit for fiscal year end May 31, 2018.** The President recognized Mr. Rambo, who reviewed with the Board a draft audit, and management letter with response, copies of which are attached hereto as *Exhibit B*.

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 audit for fiscal year ended May 31, 2018, including the revisions noted by the Board, and to authorize filing of same with the Texas Commission on Environmental Quality and Comptroller's Office.

5. Adopt Order Designating Officer to Calculate and Publish Tax Rates. President Stine presented and reviewed with the Board the financial advisor's 2018 M&O Tax Rate Analysis for setting the District's 2018 Tax Rate, a copy of which is attached hereto as *Exhibit C*.

Director Stine distributed and reviewed a General Fund 15-year cash flow projection in connection with a proposed maintenance and operations tax rate of \$0.0850 per \$100 of assessed value, a copy of which is attached hereto as *Exhibit D*. Discussion ensued regarding adequate funds to support capital project reserves and long term projects. Ms. Ellison noted the District may set a lower tax rate than the rate published for the Public Hearing, but may not increase the published rate.

Ms. Ellison presented to and reviewed with the Board an Order Designating Officer to Calculate and Publish Tax Rates for 2018 (*the "Order"*), a copy of which is attached hereto as *Exhibit E*. She noted that the District will need to confirm the quorum will be met for the next meeting so that the tax assessor can publish notice of the proposed tax rate. All Directors confirmed they are able to attend the meeting on October 18, 2018.

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 adopt the Order, thereby authorizing the tax assessor to publish notice of the proposed rate of \$0.0900 per \$100 assessed valuation for maintenance and operations.

6. Review Insurance Proposal (CenterPoint). President Stine recognized Ms. Ellison, who said she had asked the District's insurance provider for a proposal for insurance to meet the conditions set for in the CenterPoint Consent to Encroach to indemnify CenterPoint for any damages suffered by CenterPoint during water line construction. A copy of the insurance proposal is attached as *Exhibit F*.

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 insurance proposal from McDonald Wessendorf.

7. 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 G*. She reported that the District's 2017 taxes are 99.3% collected as of August 31, 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 Tax Assessor and Collector's Report and to authorize payment of check numbers 1369 and 1372 from the Tax Account to the persons, in the amounts, and for the purposes stated in the report.

8. 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 September 20, 2018, the Investment Report, and the Deposit Collateral Report, copies of which are attached hereto as *Exhibit H*.

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 accept the Bookkeeper's Report, to approve the Investment Report, and to authorize payment of check numbers 10147 through 10181 from the Operating Account.

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

Mr. Jenkins reported that 96.48% of the water pumped was billed for the period from July 27, 2018 to August 27, 2018.

Mr. Jenkins reported that Inframark mailed 97 delinquent letters and disconnected six accounts for non-payment. He requested the Board's authorization to transfer seven accounts to collections and write-off two accounts that are uncollectible.

Mr. Jenkins reviewed the monthly maintenance report. He reported that Inframark has prepared a claim to the City of Houston for \$12,704.48 for repairing the water main on Atascocita Shores on August 22, 2018. The Board requested that Inframark include in the claim additional costs for District water and West Harris County Regional Water Authority fees.

Mr. Jenkins reported on a potential overpayment by FEMA for damages to the District's lift station from Hurricane Harvey, which may need to be reimbursed.

Mr. Jenkins reported that the generators have been delivered for the lift stations. Discussion ensued regarding the delay in installation of the generators.

Upon motion by Director House, 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; and (3) to approve transferring seven accounts to collections and writing off two account as uncollectible.

10. **Engineer's Report.** President Stine recognized Mr. Froehlich, who presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as *Exhibit I*.

Mr. Froehlich reported the status of Water Plant No. 2 HPT addition and recommended delaying construction until after the west discharge line is complete. He presented and recommended payment of Invoice No. 220789 from Ninyo & Moore for \$22,400.00 for geotechnical investigation for this project and the Waterline Replacement, Phase I.

Mr. Froehlich reviewed two options for a possible interconnect with Harris County Municipal Utility District No. 151. He suggested using the District's water model to determine the hydraulic benefits of the options.

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: 1) approve the Engineer's Report; and 2) approve payment of Invoice No. 220789 to Ninyo & Moore for \$22,400.00.

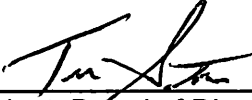
11. **Review and authorize capacity commitments.** There were no commitments.

12. **Discuss and take action in connection with District communications and website.** There were no updates.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

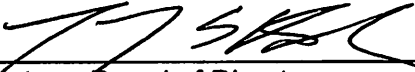
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The above and foregoing minutes were passed and approved by the Board of Directors on October 18, 2018.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

