

MINUTES OF MEETING OF BOARD OF DIRECTORS
FEBRUARY 21, 2019

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 February 21, 2019 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. Shiann Hernandez of BGE, Inc., engineers for the District; Ms. Lina Loaiza of Bob Leared Interests, Tax Assessor and Collector for the District; Ms. Karrie Kay of Myrtle Cruz, Inc., bookkeepers for the District; Mr. Allen Jenkins and Mr. Larry Jones of Inframark ("Inframark"), operators of the District's facilities; and Ms. Kathleen Ellison and Ms. Shaila Sreedharan 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 meeting on January 9, 2019 and the regular meeting of January 17, 2019, previously distributed to the Board, were presented for approval. 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 minutes of the meeting of January 9, 2019. 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 minutes of the meeting of January 17, 2019.

3. **Review Tax Collector's Report and authorize payment of certain bills.** The President recognized Ms. Loaiza, who presented the Tax Assessor and Collector's Report, previously distributed to the Board, a copy of which is attached hereto as *Exhibit B*. She reported that 96.4% of the District's 2018 taxes have been collected to date. She noted that delinquent tax statements were distributed last week.

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 1405 through 1410 from the Tax Account to the persons, in the amounts, 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 reviewed the Bookkeeper's Report as of February 21,

2019, the Investment Report, and the Deposit Collateral Report, previously distributed to the Board, copies of which are attached hereto as *Exhibit C*.

Ms. Kay reviewed the Operating Budget Comparison and noted that the check payable to Stuckey's for \$105,000 that was previously reflected in the Miscellaneous line item was moved to R&M Sanitary Waste Water Collection. Director Stine stated that the \$105,000 should be placed under R&M Storm Water Collection. Ms. Kay said that this change will be corrected in next month's report.

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 accept the Bookkeeper's Report, to approve the Investment Report, and to authorize payment of check numbers 10297 through 10320 from the Operating Account.

5. Review Operations Report and authorize District maintenance and termination of delinquent account. President Stine recognized Mr. Jenkins, who reviewed the Operations Reports for January 2019, a copy of which is attached as *Exhibit D*. He reported 92.08% accountability for the period December 28, 2018 through January 25, 2019.

Mr. Jenkins reviewed the Major Maintenance Summary for January 2019.

Mr. Jenkins reviewed the delinquent list. He reported that 105 letters were mailed, 30 delinquent tags were hung and 11 accounts were disconnected for non-payment.

Mr. Jenkins presented and reviewed cost estimates for repair or replacement of a 60-hp Ebara Submersible Pump at Lift Station No. 1. A copy of the estimate is attached to the Operation's Report. He stated that the cost for repairs of the existing pump is estimated to be \$18,632.00 and the cost for replacement is estimated to be \$33,450.00. Discussion ensued.

Mr. Jenkins presented a proposal from Southern Flowmeter, Inc. for accuracy testing on the District's commercial meters for an estimated cost of \$13,785.00. A copy of the proposal is attached to the Operations Report. Discussion ensued on the process of testing meters.

Upon motion by Director House, seconded by Director Holder, after full discussion and the question being put to the Board, the Board voted unanimously: (1) to approve the Operations Report; (2) to approve termination of the delinquent accounts in accordance with the terms of the District's Rate Order; and (3) to approve the repair of the lift station submersible pump for an estimated cost of \$18,632.00.

6. Review Engineer's Report, authorize necessary capital projects and authorize capacity commitments. The President recognized Ms. Hernandez, who reviewed the Engineer's Report, a copy of which is attached hereto as *Exhibit E*.

Ms. Hernandez reviewed a schedule of Capital Improvements Projects and projected cash flow, a copy of which is attached to the Engineer's Report. Discussion ensued. Director Whitaker said he is concerned about the time it takes to accomplish a project and he suggested that the Board set more mile-markers to measure progress. He also suggested having more projects going on at the same time. The Board asked Ms. Hernandez to modify the schedule and to add more detail on each active project. President Stine reviewed a 15-year cash flow projection reflecting that the District can spend approximately \$2,000,000 per year on capital improvements. A copy is attached as *Exhibit E-1*.

The Board discussed the west discharge line and directed BGE to start work on obtaining the alternative alignment of the line through the Rowland/Ballard property if the City continues to block the alignment on the CenterPoint easement.

Ms. Hernandez reported that bids were received for the Water Plant No. 2 – Hydro-Pneumatic Tank No. 2 and BGE recommends awarding the contract to Gemini Contracting Services (“Gemini”). She stated that Gemini presented the lowest, qualified bid in the amount of \$237,100.00, which includes supplemental items.

Ms. Hernandez updated the Board on the Golf Course Drainage project and requested approval of Invoice Nos. 1279 for \$7,186.23, 1280 for \$2,519.39, and 1281 for \$2,015.00 from Stuckey’s LLC. She noted that the invoices include original proposal amounts as well as the additional or changed work authorized to date and she then reviewed a summary of charges in the Engineer’s Report. Ms. Hernandez stated that BGE recommends payment of the 10% retainage previously withheld until completion of the project.

Ms. Hernandez reported that Chief Mike Mulligan of the Atascocita Volunteer Fire Department (“AVFD”) reported that some of the fire hydrants in Atascocita do not match AVFD’s connection. She said Chief Mulligan discussed this issue with AJOB and asked that the respective district representatives take the information back to their districts to review processes and encourage the installation of fire hydrants consistent with AVFD connections. The Board asked the engineer to include this requirement in their plan reviews.

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: (1) approve the Engineer’s Report; (2) approve awarding a contract to Gemini in the amount of \$237,100.00, which includes supplemental items, for Water Plant No. 2 – Hydro-Pneumatic Tank No. 2; and (3) approve payment of Invoice Nos. 1279 for \$7,186.23, 1280 for \$2,519.39, and 1281 for \$2,015.00 from Stuckey’s LLC.

7. Discuss purchase and installation of smart meters and authorize appropriate action. The Board discussed the purchase and installation of smart meters. Director Whitaker suggested starting with a demo from Accurate Meter. Director House reported that the demo period is for four months with 10 meters at a cost of approximately \$4,000. Discussion ensued. The President suggested testing the commercial meters could provide some immediate savings. 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 proposal from Southern Flowmeter to perform accuracy testing on the District’s commercial meters for an estimated cost of \$13,785.00 and request a demo of smart meters from Accurate Meter. Director Whitaker stated that he will follow up with Accurate Meter on a demo kit.

8. Discuss mowing and detention maintenance and authorize any necessary action. Ms. Ellison reported that Shane Stuckey could not attend the meeting but is preparing a proposal to present to the Board. The Board deferred action on this item.

9. Discuss and take action in connection with District communications and website. No discussion or action was taken by the Board.

10. Report on AWBD Mid-Winter conference. It was noted that registration is open for the Summer Conference. The Board discussed highlights from the mid-winter conference.

11. **Additional Maintenance Items.** The President recognized Larry Jones with Inframark. Larry distributed a proposed amendment to the current Inframark agreement and a spreadsheet comparison of current rates to proposed updated rates for the Board to review. Discussion ensued regarding the last fire hydrant, valve and manhole surveys. It was the consensus of the Board that Inframark should conduct such surveys annually and the Board directed Inframark to schedule the surveys.

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 March 21, 2019.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

