

MINUTES OF MEETING OF BOARD OF DIRECTORS  
MAY 16, 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 May 16, 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, except Directors Whitaker and Mielke, thus constituting a quorum. Also attending all or parts of the meeting were Mr. Dave Ciarella of Enhanced Energy Services; Mr. Matt Froehlich and Ms. Shiann Hernandez of BGE, Inc., engineer for the District; Ms. Lina Loaiza of Bob Leared Interests, Tax Assessor and Collector for the District; Ms. Karrie Kay of Myrtle Cruz, Inc. ("MCI"), bookkeepers for the District; Mr. Allen Jenkins of Inframark ("Inframark"), operator of the District's facilities; 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 of April 18, 2019, 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 meeting of April 18, 2019, as corrected.
3. **Presentation from Enhanced Energy Services.** The President recognized Mr. Ciarella, who distributed and reviewed a handout, a copy of which is attached as *Exhibit B*. He discussed District usage, AJOB electricity pricing history, District pricing history, typical load electric pricing for a 12-month contract, and the status of reserve margins. He explained Nodal charges, reviewed costs for Pecan Grove to illustrate Nodal premiums, and discussed advantages and disadvantages of Nodal pricing. Mr. Ciarella reviewed pricing results for a new District contract to commence upon expiration of the current contract on March 31, 2020. Discussion ensued. Upon motion by Director Holder, seconded by Director Stine, after full discussion and the question being put to the Board, the Board voted unanimously to authorize Director House to monitor the market in collaboration with Enhanced Energy Services and execute a new electricity contract to commence April 1, 2020 at the best price and term available.
4. **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 C*. She reported that 98.2% of the District's 2018 taxes have been collected to date. 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 1427 through 1431 from the Tax Account to the persons, in the amounts, 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 reviewed the Bookkeeper's Report as of May 16, 2019, the Investment Report, and the Deposit Collateral Report, previously distributed to the Board and attached as *Exhibit D*. She noted the renewal of a CD at Cadence Bank at an interest rate of 2.45%. Director Stine requested that Ms. Kay move \$10,080 listed under District Operations, Miscellaneous, to a new item, FM 1960 Utility Relocation, under Non-Operating, Engineering on Major Repairs. Upon motion by Director Holder, seconded by Director House, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Bookkeeper's Report and to authorize payment of check numbers 10378 through 10398 from the Operating Account.

**6. Approve budget for fiscal year ending May 31, 2020.** Director Stine reviewed with the Board the proposed budget for fiscal year ending May 31, 2019, a copy of which is attached hereto as *Exhibit E*.

Discussion ensued regarding proposed costs associated with FM 1960 widening relating to the movement of the District service lines, proposed easements and land acquisition.

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 budget, as presented.

**7. Review Operations Report and authorize District maintenance and termination of delinquent account.** The President recognized Mr. Jenkins, who reviewed the Operations Reports for April 2019, a copy of which is attached as *Exhibit F*. He reported an 86.72% accountability for the period March 27, 2019 through April 23, 2019.

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

Mr. Jenkins reviewed the delinquent list. He reported that 107 letters were mailed, 30 delinquent tags were hung, and six accounts were disconnected for non-payment. Mr. Jenkins requested the Board's authorization to transmit accounts totaling \$275.84 to collections and write off one account totaling \$27.05.

Discussion ensued regarding decreasing accountability. Mr. Jenkins said the commercial meters have been tested for accuracy. He reviewed a list of the District's commercial meters that have been tested by Southern Flowmeter, a copy is attached as *Exhibit F-1*. He discussed recommended repairs from Southern Flowmeter, which will cost approximately \$8,500.00. Discussion ensued regarding phasing replacement of current commercial meters with smart meters, accuracy that is being lost through low flow, and the costs to replace commercial meters requiring repairs with meters with and without transmitters. The Board requested that Mr. Jenkins obtain proposals on replacing meters with transmitters and replacing meters without transmitters from Accurate.

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; (3) to send accounts in the aggregate amount of \$275.84 to collections; and (4) to authorize writing off one account in the aggregate amount of \$27.05.

**8. Approve Consumer Confidence Report.** Mr. Jenkins presented the District's Consumer Confidence Report, which is required to be distributed to customers by July 1, 2019. Discussion ensued regarding the means of providing the report to customers. The Board agreed to distribute the Consumer Confidence Report via a link on customers' bills to the report on the District website. Mr. Jenkins recommended distributing copies to the apartment complexes.

Upon motion by Director Holder, 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 presented via a hyperlink on the customers' bill to the report on the District's Website with hard copies distributed to the apartment complexes.

**9. Review Hurricane Preparedness.** Mr. Jenkins reviewed the Emergency Plan, a copy of which is included in the Operations Report. Upon motion by Director House, seconded by Director Stine, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Emergency Plan prepared by Inframark. Director Stine asked that the item be placed on the agenda next month so that all directors are aware of arrangements.

**10. Further Operations Report.** Mr. Jenkins delivered the Annual Report on Identity Theft Prevention and Protection and stated there are no recommended changes. A copy is attached as *Exhibit F-2*.

Mr. Jenkins reported that Inframark was considering changing electronic billing vendors to increase electronic payment options; however, Inframark has deferred implementation for the time being.

Director Stine presented and reviewed correspondence from Mr. Jeremy Williams of 20110 Atascocita Lake Drive over six months complaining of dirty water. Copies of his latest correspondence and the District's response are attached as *Exhibit G*. Discussion ensued regarding the customer's request that the District purchase and install a water filter system for his house. Ms. Ellison said the District was legally prohibited from purchasing and installing a private water filter system for an individual's private use. Mr. Jenkins reported on the directional flushing program that was initiated in Mr. Williams' area. Based upon legal advice, the Board decided not to purchase a water filter for the customer but to continue and possibly increase its directional flushing program in Mr. Williams' area. Director Stine said he would respond to the customer.

**11. 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 H*. Director Stine asked that the CIP schedule show when each component of each item was actually completed.

Ms. Hernandez discussed the deteriorating condition of the welded GST and associated piping at Water Plant No. 2. She reported the welded GST will be evaluated in one year and BGE anticipates that a full rehabilitation may be necessary within the next three years.

Ms. Hernandez reported that Water Plant No. 2 West Discharge Line Project has received approval from the City of Houston and the project will re-advertise on May 22 and 29. She noted that bids are due June 5.

Mr. Froehlich reported that he spoke with Mr. Stuckey today regarding re-grading the swale on Rebawood and that Mr. Stuckey will review the area and submit a proposal to the Board.

Director Stine reported that there is a swale and large catch basin located at the corner of Spoonwood and Atascocita Shores Drive and stated there have been issues there for a long time. He asked Mr. Froehlich to take a look at it and report to the Board.

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 Engineer's Report.

**12. Discuss mowing and detention maintenance and authorize any necessary action.** Director Stine reported on a meeting with Mr. Stuckey and Mr. Jenkins to review the areas proposed to be mowed and maintained by Stuckey's. He said the current mowing in front of the Water Plant is unsatisfactory and it is unclear who did it. Director Stine said Mr. Stuckey agreed and will address the issues.

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 Maintenance Services Agreement between the District and Stuckey's LLC, subject to receipt of revised exhibits.

**13. Review House Bill 911.** Director Stine briefed the Board on HB 911, a copy is attached as *Exhibit 1*, relating to the Lake Houston Watershed Commission. He reported that membership is comprised of representatives of various governmental entities, including municipal utility districts that border Lake Houston. Discussion ensued regarding representation from the District and Director Stine noted that Director Mielke is interested in serving. He asked that this item be put on the June agenda so that the Board can take formal action.

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

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 20, 2019.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors

