

MINUTES OF MEETING OF BOARD OF DIRECTORS  
OCTOBER 17, 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 October 17, 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 thus constituting a quorum. Also attending all or parts of the meeting were Mr. Randy Nycz, resident of the District; Mr. Matt Froehlich and Mr. Nick Bailey of BGE, Inc. (“BGE”), 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. (“MCI”), bookkeepers for the District; Mr. Allen Jenkins of Inframark (“Inframark”), operator of the District’s facilities; and Ms. Leslie Bacon and Ms. Jane Maher 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 Hearing concerning First Amendment to Strategic Partnership Agreement.** The President opened the public hearing to take public comments regarding the First Amendment to the Strategic Partnership Agreement (“SPA”) with the City of Houston, a copy of which is attached hereto as *Exhibit “SPA-1.”* There were no public comments. 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 close the public hearing.

2. **Set second Public Hearing concerning First Amendment to Strategic Partnership Agreement.** Ms. Bacon stated that the Board needs to set a second public hearing date regarding the SPA. 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 set the second public hearing on the District’s next regularly scheduled meeting of November 21, 2019 at 6:00 p.m.

3. **Public Comments.** The president recognized Mr. Nycz, who expressed concern about water levels during Hurricane Harvey and Tropical Storm Imelda. He stated that during both events, the water levels were very close to coming into his house on Pinehurst Shadows Drive. Discussion ensued about potential drainage solutions to help alleviate flooding. Mr. Bailey stated that BGE can look into possible solutions.

4. **Minutes.** Proposed minutes of the regular meeting of September 26, 2019, 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 September 26, 2019, as presented.

5. **Public Hearing on 2019 Tax Rate.** The President opened the hearing for public comments on the proposed tax rate. There were no public comments. The President closed the hearing.

6. **Adopt Order Setting Tax Rate and Levying Tax.** The Board reviewed an Order Setting Tax Rate and Levying Tax for 2019 (the "Order"), a copy of which is attached hereto as *Exhibit B*. 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 levying a tax rate of \$0.090 per \$100 assessed valuation for operation and maintenance purposes.

7. **Approve Amended District Information Form.** Ms. Bacon stated that this item is not applicable since the District's tax rate did not change from the previous year.

8. **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 99.1% of the District's 2018 taxes have been collected to date.

Ms. Loaiza presented to and reviewed with the Board the Delinquent Tax Report from Perdue, Brandon, Fielder, Collins & Mott, L.L.P., a copy of which is included as *Exhibit D*. She noted that full payment was received for the third account listed, and the eighth account listed has bankruptcy protection.

Ms. Loaiza stated she received a call from Ronald Jones from the Atascocita Community Improvement Association ("ACIA"), regarding the Golf Villas Association account. She stated that the account doesn't have an associated address on file with the Harris County Appraisal District ("HCAD"). Discussion ensued regarding ownership of the property associated with the account. Ms. Bacon suggested that the Board could conduct a title search. It was the consensus of the Board to conduct the title search. Ms. Loaiza stated that she will provide the necessary information to NRF.

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 1469 through 1482 from the Tax Account to the persons, in the amounts, and for the purposes stated in the report.

9. **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 October 17, 2019, the Investment Report, and the Deposit Collateral Report, previously distributed to the Board and attached as *Exhibit E*. The President stated that on page eight of the report, the Stuckey's repairs from last month should be listed in the storm water collection expense instead of the wastewater collection expense.

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 accept the Bookkeeper's Report and to authorize payment of check numbers 10512 through 10535 from the Operating Account to the persons, in the amounts, and for the purposes stated therein.

**10. Review Operations Report and authorize District maintenance and termination of delinquent account.** The President recognized Mr. Jenkins, who reviewed the Operations Reports for September 2019, a copy of which is attached as *Exhibit F*. He reported a 90.69% accountability for the period August 28, 2019 through September 26, 2019. Mr. Jenkins reviewed the Major Maintenance Summary for September 2019.

Mr. Jenkins reviewed the delinquent list. He reported that 84 letters were mailed, 36 delinquent tags were hung, and five accounts were disconnected for non-payment. He requested authorization to turn eight accounts with a total of \$904.61 to Collections Unlimited of Texas, Inc. for collection.

Mr. Jenkins informed the Board that the pedestal style air mixers installed at Lift Station No.1 by Precision Pump Systems ("PPS") did not work and that the installed equipment was removed. He stated that since the mixers did not work, the Board would not be charged the previously approved cost of \$6,500.00. He stated that the mixers at Lift Station No.1 need to be repaired and that the approximate cost per mixer is \$8,479.00.

Mr. Jenkins presented information from Classic Messaging regarding emergency mass messaging to District residents, a copy of which is attached hereto as *Exhibit G*. He noted that a representative can attend a future meeting if the Board is interested.

Upon motion by Director House, seconded by Director Whitaker, after full discussion and the question being put to the Board, the Board voted unanimously: (1) to approve the Operations Report; (2) to approve the repairs of the mixers at Lift Station No. 1; (3) to approve termination of the delinquent accounts in accordance with the terms of the District's Rate Order; and (4) to turn over \$904.61 in accounts to collections.

**11. Review Engineer's Report, authorize necessary capital projects and authorize capacity commitments.** The President recognized Mr. Bailey, who reviewed the Engineer's Report, a copy of which is attached hereto as *Exhibit H*.

Mr. Bailey stated that the field inspections for the tanks at both water plants is complete. He stated there is mild corrosion at HPT1 at Water Plant No. 2 and that BGE is requesting pricing for the touch-up repairs from the contractor.

Mr. Bailey stated that the construction is underway for the Water Plant No. 2 West Discharge Line and that BGE recommends the payment of Pay Estimate No. 1 in the amount of \$115,045.20.

Mr. Bailey stated that for the HPT Addition at Water Plant No. 2, the contractor has completed the new driveway and has installed the new hydrotank. He stated that BGE recommends the payment of Pay Estimate No. 2 in the amount of \$31,657.50.

Mr. Bailey reported that bids were received and opened on October 8, 2019 for the Waterline Replacement, Phase 1. He stated that the lowest bid was submitted by McKinney Construction, Inc. in the amount of \$918,247.00. He stated that BGE recommends that the contract be awarded to McKinney Construction, Inc. for the proposed amount. Mr. Froehlich

informed the Board that since the bid came in significantly lower than the estimated cost, BGE is requesting an additional amount up to \$80,000 for its work on the project. He stated that the BGE would not bill any further for the design and survey, and that all other work would be billed on an hourly basis. He noted that the District has paid BGE \$182,000 to date and that the current contract threshold for differentiating billing engineering at actual time and a fixed percentage of the total contract amount is \$350,000. He noted that BGE will bill future projects on a proposal by proposal basis.

Mr. Bailey updated the Board on the Golf Course Drainage. Discussion ensued regarding drainage solutions proposed by Mr. Nycz. He stated BGE will coordinate with Stuckey's to obtain pricing for the revising the inlet and regrading as well as pricing for the additional piping to alleviate ponding as discussed at the September meeting.

Mr. Bailey stated that BGE received a capacity commitment request for up to 28,500 gallons per day of water and wastewater for a proposed car wash development at 8514 FM 1960, just east of Pine Echo Drive. He reported that the District has capacity to serve the proposed development.

Mr. Bailey presented proposals from Gullett & Associates, Inc. and ROW Management, LLC, for easement acquisition services associated with the widening of FM 1960 project, copies of which are attached hereto as *Exhibit I*. He stated that BGE recommends the proposal from ROW Management, LLC. It was the consensus of the Board to engage ROW Management, LLC for easement acquisition services. He stated that a contract will be presented at the 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: (1) approve the Engineer's Report; (2) approve Pay Estimate No. 1 in the amount of \$115,045.20 for the Water Plant No. 2 West Discharge Line; (3) approve Pay Estimate No. 2 in the amount of \$31,657.50 for the Water Plant No. 2 HPT Addition; (4) award the Waterline Replacement, Phase 1 contract to McKinney Construction, Inc. in the amount of \$918,247.00, (5) authorize BGE to bill for time and materials with respect to the Waterline Replacement, Phase 1 project in an amount not to exceed \$80,000; (6) approve the capacity commitment letter for the proposed Whitewalls Car Wash; and (7) retain ROW Management, LLC for the easement acquisition services.

**12. Consider FM 1960 Widening issues, including engagement of condemnation attorney, acquisition agent.** This item was addressed under the previous item.

**13. Report on mowing and detention maintenance services.** The President stated he toured the golf course ditch with Mr. Stuckey and saw that there are trees located in the ditch starting at the apartments and continuing to Atascocita Shores Drive. He stated that Stuckey's will provide quotes to remove the trees.

**14. Review smart meter test program and take appropriate action.** Director Whitaker stated that there are 3.2 million gallons of water that is not accounted for and that smart meters could help determine where the loss is originating. He stated that smart meters have better accuracy. He noted that the cost to for the smart meter program is approximately \$1,000,000. Discussion ensued regarding the cost and community involvement. Director Whitaker stated that he can obtain an updated proposal from Accurate Meters.

Mr. Jenkins stated that if the Board decides to install smart meters the contract would be through Inframark and that Inframark would buy and install the meters and that the District would

also be charged for time and material. The Board discussed the option of the District purchasing the meters to avoid the 10% mark-up and then having Inframark install the meters.

Upon motion by Director Holder, seconded by Director Whitaker, after full discussion and the question being put to the Board, the Board voted 4-1, with the President opposed, to approve the installation of smart meters on all two inch and smaller connections.

15. **Report on electricity contract, as finalized.** Director House presented the finalized electricity contract, a copy of which is attached hereto as *Exhibit J*. He stated that the energy price is \$0.0419 per kilowatt.

16. **Discuss and take action in connection with District communications and website.** No action was taken on this item.

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 November 21, 2019.

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President, Board of Directors

ATTEST:

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Secretary, Board of Directors

(DISTRICT SEAL)