

MINUTES OF MEETING OF BOARD OF DIRECTORS
JANUARY 21, 2021

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*”) convened for its regular session on January 21, 2021 at 3:00 p.m. via videoconference and teleconference in compliance with guidelines promulgated by the Texas Attorney General for use during the COVID-19 statewide disaster in connection with the temporary suspension of certain provisions of the Open Meetings Laws approved by the Office of the Governor of Texas. The President conducted a roll call of the directors named below:

Tim Stine, President
Don House, Vice President
Jerrold Holder, Secretary
Michael Whitaker, Assistant Secretary
Gregg Mielke, Assistant Secretary

All directors were present. The President determined the following additional persons were present: 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. Kathleen Ellison and Ms. Jane Maher of Norton Rose Fulbright US LLP (“NRF”), attorneys for the District. Mr. Robert Lugo of Inframark (“Inframark”), operator of the District’s facilities, entered the meeting in progress.

Pursuant to Section 551.054, Texas Gov’t Code, as modified by the temporary suspension of certain provisions thereof, notice of the meeting was posted on the District’s website within the time limits prescribed by law. A certificate of such posting is attached hereto as *Exhibit A*. The agenda packet was posted on the website as items became available in compliance with the guidelines issued by the Texas Attorney General.

Call to Order. The President called the meeting to order. He noted that the meeting was being held by videoconference and teleconference in accordance with federal, state and county directives to slow the spread of COVID-19 by avoiding meetings that bring people together. He said the notice of the meeting included a toll-free dial-in number for members of the public to call so they can hear the meeting and address the Board. He noted that the meeting was being recorded and a recording would be available upon public request. The President then set out guidelines for the conduct of the meeting. He asked each speaker to identify themselves before speaking. He then proceeded with the meeting business:

1. **Public Comments.** There were no public comments.
2. **Minutes.** Proposed minutes of the meeting of December 17, 2020, 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 December 17, 2020, as presented.

3. **Adopt Order authorizing exemptions from taxation.** The President recognized Ms. Ellison, who presented to and reviewed with the Board an Order Authorizing Exemption from Taxation for Individuals who are Disabled or are 65 Years of Age or Older and an Order Adopting Exemption from Taxation of 20% of the assessed value of residential homesteads (the "Orders"), 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 adopt the Orders, thereby granting an exemption for tax year 2021 of \$40,000 to persons who are 65 years of age or older, granting an exemption for tax year 2021 of \$100,000 to persons who are disabled, and granting an exemption of 20% of taxable assessed value for residential homesteads for tax year 2021.

4. **Adopt Resolution Authorizing Additional Penalty on Delinquent Taxes.** The President recognized Ms. Ellison, who presented to and reviewed with the Board the Resolution Authorizing Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11 and 33.08, Tax Code, a copy of which is attached hereto as *Exhibit C*. Ms. Ellison reported that the revenue collected by levying this penalty is used to pay the delinquent tax attorney for the services provided to the District.

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 approve the Resolution Authorizing Additional Penalty on Delinquent Taxes.

5. **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 D*. She reported that 99.24% of the District's 2019 taxes and 66.5% of the District's 2020 taxes had been collected to date.

Ms. Loaiza presented to and reviewed with the Board the Delinquent Tax Report from the District's delinquent tax attorney, a copy of which is attached hereto as *Exhibit E*.

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 1616 through 1623 from the Tax Account to the persons, in the amounts, for the purposes stated in the report.

6. **Review Bookkeeper's Report, authorize payment of bills and approve Investment Report.** The President recognized Ms. Kay, who reviewed the Bookkeeper's Report, the Investment Report, and the Deposit Collateral Report, previously distributed to the Board and attached as *Exhibit F*.

Ms. Kay reviewed the Certificates of Deposit ("CDs") and stated that there are two new CDs, one at Independent Bank for a year with an interest rate of 0.35%, and one at Austin Capital Bank for a year with an interest rate of 0.30%. She noted that the CD at Allegiance Bank was

renewed and will be on the next month's report.

The President suggested that Ms. Kay coordinate with Mr. Jenkins about the customer deposits on file.

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 and to authorize payment of check numbers 10978 through 10999 from the Operating Account to the persons, in the amounts, and for the purposes stated therein.

7. Review Operations Report and authorize District maintenance and termination of delinquent account. The President recognized Mr. Jenkins, who reviewed the Operations Report for December 2020, a copy of which is attached as *Exhibit G*. He reported an 88.5% accountability for the period November 26, 2020 through December 29, 2020.

Mr. Jenkins reviewed the Major Maintenance Summary for December 2020.

Mr. Jenkins stated that 82 customers have signed up for the Daily EyeOnWater application for the smart meters.

Mr. Jenkins reported that he has been coordinating with Director Whitaker to facilitate a sinkhole repair near the private line from the golf course at Country Club Dr. and Sunny Shores Dr. He stated that Inframark received two quotes for the repair that he made available to the golf course, which made the repair. He noted that due to the sinkhole, there was sand that got into the sewer line and that the manhole was holding water. He discussed the option of jetting the lines in that area.

Mr. Jenkins and Director Whitaker updated the Board on Mr. Jeremy Williams' complaint about water quality at his home, located at 20110 Atascocita Lake Drive. They noted that the line on his street is being flushed frequently. Director Whitaker stated that there might be a silt-like material in the water and that Inframark plans to do a particle analysis on the resident's filter to determine the type of particle..

Mr. Jenkins stated that has been coordinating with the President on the notices to residents regarding not putting grease down the kitchen drain or flushing wipe products down the toilet, and that he can send the draft notice to the Board for their review.

Mr. Jenkins reviewed the delinquent list. He reported that 95 letters were mailed, 38 delinquent tags were hung, and that 8 accounts were disconnected for non-payment. He requested authorization to write off three accounts totaling \$157.22 and to send four accounts totaling \$796.23 to Collections Unlimited of Texas.

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 and to disconnect delinquent accounts in accordance with the Rate Order; (2) to write off three accounts totaling \$157.22; and (3) to turn four accounts over to Collections Unlimited of Texas in the total amount of \$796.23.

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

Mr. Bailey stated that BGE has performed all of the annual tank inspections for the year and that BGE plans on rehabbing the Water Plant No. 2 welded Ground Storage Tank and Water Plant No. 1 Hydropneumatic Tank No. 2 next winter.

Mr. Bailey stated that BGE has received final approval from all agencies on the construction plans for the Waterline Replacement, Phase 2. He stated that BGE will open bids on January 27, 2020.

Mr. Bailey presented to and reviewed with the Board exhibits showing two options for the Phase 3 Waterline Replacement, copies of which are attached hereto as *Exhibit I*. He stated that Option A includes Pinehurst of Atascocita Section 7, Pinehurst of Atascocita Section 11, Atascocita Shores Section 3 and Atascocita Shores Section 5. He noted that there are 21,754 linear feet of existing water lines in this area. He stated that Option B includes Pinehurst of Atascocita Section 1, Pinehurst of Atascocita Section 9, and Golf Villas of Atascocita. He noted that there are 22,755 linear feet of existing water lines in this area. He reported that the lines in Option B had more breaks per linear foot than the lines in Option A. Discussion ensued. It was the consensus of the Board to authorize BGE to begin the survey and design work for Option B.

Mr. Bailey reported with respect to the Rehabilitation of Lift Station Nos. 2 and 3, the contractor continues to work on project submittals, and the Notice to Proceed was issued on December 1, 2020.

Mr. Bailey reported on the Bulkhead and Downstream Drainage project at the Wooden Bridge, and stated that the meeting with the contractor, the golf course and BGE representatives on site had been rescheduled to tomorrow. He stated that WadeCon LLC will execute a short form contract for the timber weir/bulkhead replacement and downstream ditch drainage repairs and that BGE will coordinate their mobilization schedule with the golf course.

Mr. Bailey reviewed the list of areas of potential drainage improvements. He stated that for the Pinehurst of Atascocita Section 1 Drainage improvement, BGE's survey crew picked up topographic survey shots on the areas around Point Holes 8 and 9 by utilizing drone photogrammetry and some on the ground surveying work. He noted that BGE will analyze the data and prepare opinions for reducing the golf course drainage into the Sunny Shores drainage system.

Mr. Bailey reported on the Storm Sewer on Kings River Point and stated that the resident at 21219 Kings River Point adjacent to the side lot storm sewer says that there continues to be subsidence above and around the storm sewer line since the District repaired it in 2018. He stated that BGE and Director House met with the resident onsite last week, and that there is a question about who is responsible for maintenance of storm sewer. Discussion ensued. Ms. Ellison stated that NRF can review the District's files to try to determine the ownership of the drainage pipe. Mr. Bailey discussed the option of televising the line. Mr. Jenkins stated that he can get a quote to televise the line. Upon motion by Director Whitaker, seconded by Director House, after full discussion and the question being put to the Board, the Board voted unanimously to authorize

televising the line at a price not to exceed \$5,000.

Mr. Bailey discussed the American Water Infrastructure Act ("AWIA"). He stated that the District will need to complete a risk and resilience assessment ("RRA") and emergency response plan ("ERP") every five years, with the first RRA due July 1, 2021 and the first ERP due December 31, 2021. He noted that the cost for BGE to complete the RRA and ERP would be \$5,000 each.

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) authorize BGE to begin survey and design work on Option B for the Waterline Replacement, Phase 3; (3) authorize televising of the storm sewer pipe on Kings River Point at a cost not to exceed \$5,000; and (4) authorize BGE to begin work on RRA and ERP in accordance with the AWIA 2018 requirements in the total amount of \$10,000.

9. **Consider FM 1960 Widening issues, including payment for easements and agreements with Texas Department of Transportation.** Mr. Bailey stated that there was a preconstruction meeting last Friday. He stated that BGE is still working with Texas Department of Transportation ("TxDOT") on the revised Standard Utility Agreement.

10. **Discuss and take action in connection with District communications and website.** The President discussed the notices to residents regarding not putting grease down the kitchen drain or flushing wipes down the toilet. He stated that postcards can be mailed to every resident, including apartment dwellers, as opposed to putting the notices on the back of the water bill.

11. **Other director and consultant reports.** Director Holder stated that he sent photos of the Shores 2 area recently regraded to the President and stated that the berm swale is backed up and holding water on the resident's side of the berm. Mr. Bailey stated he can look at the swale in the morning.

12. **Discuss meeting location and take appropriate action, and such other matters as may properly come before it.** The Board discussed the next meeting. The President stated that Inframark is installing a new building at the wastewater treatment plant site. Ms. Ellison stated that a resolution designating the building as an additional meeting place can be drafted. It was the consensus of the Board to hold the next regular meeting on February 18, 2021 via videoconference.

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 February 18, 2021.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)