

MINUTES OF MEETING OF BOARD OF DIRECTORS
JULY 8, 2016

THE STATE OF TEXAS
COUNTY OF HARRIS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 132

§
§
§

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 132 (the "District") met in special session, open to the public, at the offices of Brown & Gay Engineers, 10777 Westheimer, Suite 400, Houston, Texas 77042, on July 8, 2016 at 10:30 a.m.; whereupon the roll was called of the Board, to-wit:

Tim Stine, President
Don House, Vice President
Jerrel Holder, Secretary
Lloyd Lentz, Assistant Secretary
Michael Whitaker, Assistant Secretary

All Directors were present, except Director Lentz. Also attending all or parts of the meeting were Mr. Larry Jones of Severn Trent ("ST"), operator of the District's facilities; Mr. Matthew Froehlich of Brown & Gay Engineers, Inc. ("BGE"), engineers for the District; Ms. Karrie Kay of Myrtle Cruz, Inc., bookkeeper for the District; and Ms. Kathleen Ellison 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. **Discuss status and take any necessary action on Lift Station No. 1 and approve pay estimates.** Mr. Froehlich reviewed with the Board the design error by BGE which led to the installation of oversized pumps. He then reported to the Board on the current status of the job. He said one of three of the original pumps has been replaced. He said that the other two pumps will be replaced shortly. Mr. Froehlich said the new pump which has been installed will be the lead pump and its impeller has been modified. Director Whitaker said the three pumps should be interchangeable. He suggested that he meet with Doug Baker of BGE next week to review the pump curves on the replacement pumps and BGE's current design for the lift station.

Mr. Froehlich asked the Board to consider payment of Pay Estimate #4 to R&B Contracting in the amount of \$153,355.05 and Pay Estimate #5 to R&B Contracting in the amount of \$28,610.01. He said the lift station contractor had performed the work listed in the estimates. He said the contractor still had some work to do at the lift station and the District was still holding 10% retainage.

The Board then reviewed the costs the District had incurred due to the design error by BGE and the responsibility of BGE to pay for such costs regardless of insurance coverage. Mr. Froehlich said that BGE would be responsible for the cost of the original pumps, the costs associated with installation of pumps a second time, ST's back-charges due to problems at the lift station caused by the error, and the cost of the Variable Frequency Drives and Tideflex valves, unless these would be of benefit to the District. Mr. Jones said the MagnaFlow bill for cleaning the lift station was preventative maintenance and should be paid by the District.

Ms. Ellison asked that Mr. Froehlich put BGE's commitment to pay the District in writing. The President asked Ms. Ellison to notify the auditor of the situation.

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 Pay Estimate #4 and Pay Estimate #5 to R&B Contracting and authorize their payment. Ms. Kay then asked the Board to execute checks to R&B Contracting.

2. **Discuss overall water and sewer system.** Mr. Froehlich showed the Board the District's utilities on the GIS system prepared by BGE for the District. Upon inquiry from Director Whittaker, Mr. Froehlich said that Mr. Jones gives information to BGE to keep the information in the GIS system current.

Mr. Froehlich said that BGE has a hydraulic model of the District. Director Whittaker suggested that the Board review various HAZOP scenarios using this tool to determine any weaknesses in the District's system. Mr. Froehlich suggested another workshop for this exercise.

The Board then discussed possible construction of a second water line to serve the commercial area in the District. The Board asked Mr. Froehlich to get a cost estimate for this project and to check on how Kingwood Glen is served.

3. **Discuss potential waterline rehabilitation project.** Mr. Froehlich reviewed with the Board a document titled "Waterline Rehabilitation Discussion," a copy of which is attached hereto as Exhibit "B."

He said 78% of the District's water line is asbestos cement pipe. He said that slip-lining or pipe bursting are not good solutions for rehabilitation of the District's water lines. He said BGE recommends complete replacement instead. He said the new lines would be constructed parallel to the existing lines, which would be abandoned in place.

Mr. Froehlich said the distribution and concentration of waterline repairs is spread relatively evenly through the older residential sections of the District. He said that, based on the concentration of repairs, BGE recommends Pines of Atascocita Sections 1 and 2 and Atascocita Shores Section 1 as the first area of focus for potential waterline rehabilitation.

The Board then discussed phasing the project and how much it could afford to spend on waterline rehabilitation each year. The President suggested that the District develop a long-term plan for waterline rehabilitation with a priority given to each section of the District and a time framework. Mr. Froehlich said he would develop a list of priorities using reasonably sized segments of the District. The President said the Board would have to mesh the waterline rehabilitation plan with its overall Capital Improvements Plan.

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

* * *

The above and foregoing minutes were passed and approved by the Board of Directors on July 21, 2016.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

