

MINUTES OF MEETING OF BOARD OF DIRECTORS
DECEMBER 15, 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 regular session, open to the public, at The Overlook, 20114 Pinehurst Drive, Atascocita, Texas, 77346, on December 15, 2016 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 Director Whitaker, thus constituting a quorum. Also attending all or parts of the meeting were Mr. Dan McDonald of McDonald & Wessendorff Insurance ("McDonald & Wessendorff"); Ms. Lina Loaiza of Bob Leared Interests, tax assessor and collector for the District; Ms. Karrie Kay of Myrtle Cruz, Inc., bookkeeper for the District; Mr. Larry Jones of Severn Trent ("*ST*"), operator of the District's facilities; Mr. Matt Froehlich of BGE, Inc. ("*BGE*"), engineer for the District; 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. **Minutes.** Proposed minutes of the meeting of November 17, 2016, previously distributed to the Board, were presented for approval. 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 minutes of the meeting of November 17, 2016, as presented.

It was the consensus of the Board to defer action on the minutes of the meeting of December 8, 2016 until distributed to all directors for review.

2. **Receive comments from the public.** There were no comments from the public.

3. **Review Tax Collector's Report and authorize payment of certain bills.** The President recognized Ms. Loaiza, who presented to and reviewed with the Board the Tax Assessor and Collector's Report, a copy of which is attached hereto as *Exhibit B*. She noted that 5.6% of the District's 2016 taxes and 99.5% of the District's 2015 taxes had been collected as of November 30, 2016. 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 1200 through 1203 from the Tax Account to the persons, in the amounts, and for the purposes stated in the Tax Assessor and Collector's Report.

4. **Operations Report.** Mr. Jones stated there is no written report to present due to an emergency endured by a staff member. He said that a written report will be presented next month.

Mr. Jones updated the Board on his continued calls to the City of Houston (the "City") regarding the sinkhole on Atascocita Shores Drive. He stated the City's Road and Bridge Department will be addressing the area, but no repairs are planned for the near future. He stated that he will continue to follow up with the City's Road and Bridge Department until repairs are addressed.

Mr. Jones reported that part of the private sewer line had been cleaned. He stated that he will be meeting with personnel from the golf course and fitness center to resolve maintenance of the line. He noted that \$970 will be credited back to the District.

After full discussion no action was taken by the Board.

5. Review Bookkeeper's Report, authorize payment of bills and approve Investment Report. The President recognized Ms. Kay, who presented to and reviewed with the Board the Bookkeeper's Report as of December 15, 2016, the Investment Report, and the Deposit Collateral Report, copies of which are attached hereto as *Exhibit C*.

Discussion ensued regarding billing from Harris County Municipal District No. 153 and Cavallo.

Ms. Kay highlighted check no. 9554 in the amount of \$9,301.93 to the Texas Commission on Environmental Quality for the annual revenue and regulatory assessment fee due for 2017 for the District's water system.

Director Stine inquired about the status of the report on the construction costs and shared billing for the shared lift station. Mr. Froehlich reported that the consultants are still working on the report. Director Stine explained the information which should go into the report.

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, to approve the Investment Report, and to authorize payment of check numbers 9539 through 9558 from the Operating Account.

6. Amendment to Rate Order. Ms. Ellison reviewed proposed changes to the District's Rate Order. She discussed the TCEQ's updated requirements regarding lead content specifications for plumbing installed after January 4, 2018 and solder or flux for installation or repair of plumbing at any connection that provides water for human consumption. Discussion ensued regarding the Rate Order. After a full discussion, the Board requested that NRF, BGE and ST coordinate and review the current Rate Order and present recommendations for an updated Rate Order at a later meeting.

7. Renew District Insurance Policy (McDonald & Wessendorff, expires January 24). The President recognized Mr. McDonald who reviewed the insurance renewal proposal from McDonald & Wessendorff, a copy of which is attached hereto as *Exhibit D*. Discussion ensued regarding the Directors and Officers Liability coverage. Mr. McDonald also discussed a policy for cyber liability protection.

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 authorize execution of the renewal insurance proposal with McDonald & Wessendorff with \$2,000,000 of directors and officers liability coverage and requested that Mr. McDonald prepare a quote and policy for cyber liability.

8. **Indemnification of Directors.** Ms. Ellison stated that to the extent that the directors and officer's insurance policy does not cover losses of directors carrying out their lawful duties in good faith, then the District can indemnify the directors for losses. 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 District's indemnification of directors for losses arising from the Directors carrying out their lawful duties in good faith, to the extent that such losses are not otherwise covered by insurance.

9. **Engineer's Report.** Mr. Froehlich presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as *Exhibit E*.

Mr. Froehlich reported on the Capital Improvements Project workshop that was held December 8, 2016. He stated that, pursuant to the Board's request, BGE is investigating cost estimates for alternatives of the 12" waterline from Water Plant No. 2 to Parkside at Kingwood Glen subdivision and from Kingwood Glen Dr. to FM 1960.

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.

10. **Review and authorize capacity commitment letters.** Mr. Froehlich stated that BGE did not receive any new capacity commitment requests this month.

11. **Discuss and take any action in connection with District communications.** Director Stine reported that the District received an inquiry from an LSU Master's degree student regarding water and sewer facilities in the area. Director Stine stated that he provided a thorough response.

Director Stine discussed a solicitation received regarding a community water test, which he reviewed with the Board. Director Stine suggested that a notice be added to the web site disclaiming association of the vendor with the District. After a full discussion, the Board concurred with Director Stine's suggestion.

12. **Other Director and Consultant reports.** No other reports were presented to the Board.

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 January 19, 2017.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

