

MINUTES OF MEETING OF BOARD OF DIRECTORS
JANUARY 19, 2017

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 January 19, 2017 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. Tony Garza of Monarch Development Services; Mr. Dilip Patel; Mr. Salman Mirajwala, PE of Momentum, Inc., the engineer for Mr. Patel's project; 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 and Susana Blauser 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 meetings of December 8 and December 15, 2016, 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 meetings of December 8 and December 15, 2016, as presented.

2. **Receive comments from the public.** The President recognized Mr. Garza, who introduced himself as representing Mr. Patel to request capacity for utilities to serve a 40-room hotel under construction in the District. Mr. Garza said that the hotel would not be a Day's Inn because it is too small and instead the hotel would be a Palace Inn. Director Stine stated that this matter will be more fully discussed under item 9 of the agenda.

3. **Review and consider Cyber Security supplement to insurance policy.** The President requested the Board's consideration to defer this matter pending Mr. McDonald's availability to attend the meeting. It was the consensus of the Board to defer this item to the next meeting.

4. **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 43.12% of the District's 2016 taxes had been collected as of December 31, 2016.

Ms. Loaiza reviewed the Delinquent Tax Report from the District's delinquent tax attorneys. She recommended that personal property accounts be transferred to the uncollectible roll as the accounts no longer exist or all efforts to collect them have been exhausted.

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, to authorize payment of check numbers 1204 through 1209 from the Tax Account to the persons, in the amounts, and for the purposes stated in the Tax Assessor and Collector's Report, and authorize the transfer of uncollectible delinquent tax accounts to the uncollectible roll.

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 January 19, 2017, the Investment Report, and the Deposit Collateral Report, copies of which are attached hereto as *Exhibit C*.

Ms. Kay reported that as Certificates of Deposit mature, she is increasing the renewal amount to \$240,000 as previously directed by the Board.

The President requested corrections to the breakout of expenditures in the operating budget.

The President requested an explanation of the TexSTAR LOGIC Rate Sheet. The Board directed the bookkeeper to deposit money to LOGIC rather than in certificates of deposit if the difference in rates is 0.30% or more.

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 accept the Bookkeeper's Report, to approve the Investment Report, and to authorize payment of check numbers 9559 through 9586 from the Operating Account.

6. Report from Champions Hydro-Lawn. No report was received by the Board. Mr. Jones commended Champions on its maintenance work.

7. Operations Report. Mr. Jones presented to and reviewed with the Board the Operations Reports for the month of November and December 2016, copies of which are attached hereto as *Exhibit D*. Mr. Jones reported that 92.7% of the water pumped was billed for the period of November 24, 2016 through December 23, 2016.

Mr. Jones noted the repair described under item no. 2 of Water Line Maintenance will be refunded to the District.

Mr. Jones discussed the water main break at West Lake Houston Parkway and FM 1960. He stated that he is collecting data to back-charge the costs for repairs and water usage.

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 November and December Operations Reports and to terminate the delinquent accounts in accordance to the District's Rate Order.

8. **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*.

Lift Station No. 1 Conversion:

Mr. Froehlich reported that the Lift Station No. 1 conversion project is complete. He presented and recommended payment of Pay Estimate No. 8 and Final in the amount of \$106,057.63 to R+B Group.

Mr. Froehlich reported that Camino Services has installed the crushed concrete ground cover at the lift station. He presented and recommended payment of an invoice from Camino Services in the amount of \$3,675.

Lift Station No. 2 Discharge Manhole:

Mr. Froehlich reported that a final inspection of this project was held and the contractor, South Texas Underground Utilities, has addressed the punchlist items. He recommended payment in the amount of \$63,689.88 to South Texas Underground Utilities, subject to BGE's final processing of the pay application.

Mr. Froehlich updated the Board on Capital Improvement Plan projects. He discussed installation of "insta-valves" along the District's 16" waterline along FM 1960, west of West Lake Houston Parkway. He stated that BGE received a quote from Mickie Service Company to install five "insta-valves" for a cost of \$151,000. Ms. Ellison noted that, pursuant to TCEQ rules, projects exceeding \$75,000 must be advertised for bids. Mr. Froehlich reported the valves are a customized product and stated that he will obtain a letter of approval from the TCEQ, if needed. The Board discussed installation of two "insta-valves" and three gate valves in between. Mr. Froehlich said BGE would further study this issue.

Mr. Froehlich reported that Drylet continues with product addition and testing at the Wastewater Treatment Plan.

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: 1) the Engineer's Report; 2) Pay Estimate No. 8 and Final in the amount of \$106,057.63 to R+B Group for Lift Station No. 1 conversion; 3) payment in the amount of \$3,675 to Camino Services for installation of the crushed concrete ground cover at Lift Station No. 1; and 4) payment in the amount of \$63,689.88 to South Texas Underground Utilities for construction of Lift Station No. 2 Discharge Manhole, subject to BGE's final processing of the pay application.

9. **Review and authorize capacity commitment letters.** Mr. Froehlich reviewed and presented to the Board a request for utility capacity commitment from Mr. Tony Garza with Monarch Development Services on behalf of Omkareshwar Mahadev, LLC for a proposed 40-room hotel currently being construction at 8530 FM 1960, a copy of which is attached to the engineer's report.

Director Stine said he had concerns about the effect on a Palace Inn on the values in the community. He noted there was a public outcry when a Palace Inn was proposed at another location in the District. He said he would not approve such a facility. Discussion ensued regarding branding of the hotel and alternative franchises. Mr. Garza requested a letter from the Board confirming denial of request for capacity because of hotel branding. Ms. Ellison suggested the

Board table the matter pending accumulation of additional information. 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 table this matter pending accumulation of additional information for consideration.

10. **Consider participation in Library expansion.** Director Stine reported that Ms. Becky Berry is an active volunteer with the Atascocita Branch of the Harris County Library (the "Library") and has approached him regarding a contribution to the Library's proposed expansion project from the District. Discussion ensued regarding additional financing sources such as Harris County and private donations. Ms. Ellison reported the District may only contribute money to another governmental unit in furtherance of one of the District's specified purposes, so it could pay the Library a reasonable amount for guaranteed use of a meeting facility or a location for its elections. Discussion ensued. No action was taken by the Board.

11. **Discuss and take any action in connection with District communications.** The President distributed and reviewed a Chart of Annual Utility Costs, a copy is attached as *Exhibit F*. He stated that posting the District's utility costs on its web page is in compliance with the TCEQ requirements for District's that have a web page. He reported the District's bookkeeper can update the form as utility bills are received and paid, and an updated report will be published annually on the District's web site. The consensus of the Board was to post the report.

12. **Report on Eminent Domain filing.** Ms. Ellison reported that the District is required to file an annual report by February 1, 2017 with the Texas Comptroller of Public Accounts to retain its eminent domain rights. She stated there are no changes from last year's report and that NRF filed the report on behalf of the District.

13. **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.

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The above and foregoing minutes were passed and approved by the Board of Directors on February 16, 2017.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

