

MINUTES OF MEETING OF BOARD OF DIRECTORS
MARCH 16, 2017

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 March 16, 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. Also attending all or parts of the meeting were Ms. Lina Loaiza of Bob Leared Interests, tax assessor and collector for the District; Mr. Terry Holland 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 Ms. 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 meeting of February 16, 2017, 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 meeting of February 16, 2017, as presented.
2. **Receive comments from the public.** There were no comments from the public.
3. **Review and consider Cyber Security supplement to insurance policy.** The President reported that a representative of McDonald and Wessendorf indicated their availability to attend the meeting next month to review supplemental cyber security. 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 97.4% of the District's 2016 taxes had been collected as of February 28, 2017.

Upon motion by Director Holder, seconded by Director Whitaker, 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 1223 through 1239 from the Tax Account to the persons, in the amounts, and for the purposes stated in the report.

5. **Review Bookkeeper's Report, authorize payment of bills and approve Investment Report.** The President recognized Mr. Holland, who presented to and reviewed with

the Board the Bookkeeper's Report as of March 16, 2017, the Investment Report, and the Deposit Collateral Report, copies of which are attached hereto as *Exhibit C*.

Discussion ensued regarding the Certificate of Deposit at Compass Bank and the District's policy of putting money in LOGIC rather than certificates of deposit if the difference in interest rates is 0.30% or more. Mr. Holland stated that he will follow up with Ms. Kay on the status of this Certificate of Deposit.

Director Stine asked Mr. Holland to also follow up on deposits to the Logic account to determine if there are interest deposits missing from the chart.

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, to approve the Investment Report, and to authorize payment of check numbers 9600 through 9626 from the Operating Account.

6. **Operations Report.** Mr. Jones presented to and reviewed with the Board the Operations Report for the month of February, a copy of which is attached hereto as *Exhibit D*. Mr. Jones reported that 96.24% of the water pumped was billed for the period of January 26, 2017 through February 23, 2017.

Mr. Jones discussed changes being made to ST's call system to deal with messages left with absent customer service representatives.

Director Holder expressed gratitude to ST for an expedient response and resolution to a tap line leak that he had.

Mr. Jones stated that the City of Houston has been in contact with ST and BGE regarding the sinkhole for which it is responsible. He stated that the City anticipates that repairs will occur in its next fiscal year commencing this summer.

Mr. Jones also reported that Lifetime, the golf course and The Overlook are coordinating on the costs to repair the sinkhole affecting their properties. He said that ST will inspect the finished work.

Mr. Jones presented and reviewed a copy of the District's Annual Report on Identity Theft Prevention and Protection, a copy of which is attached as *Exhibit D-1*. He stated there were no incidents and the report is submitted in compliance with the District's Red Flag Rules Program and the Federal Trade Commission regulations.

Director Stine reported on issues with access to his current bill on ST's website.

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

7. **Consider amendments to Rate Order.** The President recognized Ms. Ellison, who reviewed and discussed amendments to the Rate Order, which were previously distributed to the Board, Engineer and Operator. A copy of the proposed amended Rate Order is attached as *Exhibit E*.

Ms. Ellison stated that most of the changes involve replacing exhibits with citations to regulations or codes.

The Board discussed a certification concerning a minimum floor elevation above the nearest manhole required by the Rate Order for new construction. The Board then discussed properties in the District where the lowest floor elevation of the home is less than one foot above the nearest sanitary sewer manhole.

The President said the amendments to the Rate Order should state ST does not take cash but does take credit cards in payment of utility bills and clarifying the language on District lines.

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 approve the amendments to the Rate Order, as discussed.

8. **Engineer's Report.** Ms. Blausen presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as *Exhibit F*.

Ms. Blausen reported on the Capital Improvement Plan projects. She updated the Board on the prior discussion regarding installing "insta-valves" and standard valves to the District's 16" waterline along FM 1960, west of West Lake Houston Parkway. She reported that ST quoted \$13,200 per valve for installation of a standard valve after business hours. Ms. Blausen stated that BGE recommends installation of one "insta-valve" and four standard valves, which is estimated to cost \$85,000 - \$95,000. Ms. Blausen and Mr. Froehlich reviewed an illustration of the placement of the valves along the District's 16" waterline along FM 1960, west of West Lake Houston Parkway. Discussion ensued regarding the need for valves, where they should be located and the impact to businesses, assuming there is a second discharge line. Mr. Froehlich reported that ST will coordinate with the vendor, Mickie Service Company, for ordering and installing the "insta-valve," and ST will install the standard valves. Upon motion by Director Holder, seconded by Director Whitaker, after full discussion and the question being put to the Board, the Board voted unanimously to install one "insta-valve" as shown on the BGE diagram and two standard valves spaced relatively equally along the line.

Mr. Froehlich and Ms. Blausen reviewed construction cost estimates and illustrations for three options for a redundant water supply loop. Mr. Froehlich said the option of tying into the existing water lines within the Atascocita Commons shopping center for an estimated cost of \$540,000 (Option 3) provided better results than the other options. Upon motion by Director Holder, seconded by Director Mielke, after full discussion and the question being put to the Board, the Board voted unanimously to authorize BGE to begin design of Option 3 for tying into existing waterlines. Mr. Froehlich said BGE would attempt to contact the landowners where the District will need easements.

The Board requested a copy of revised maps reflecting placement of valves and Option 3 waterlines.

The Board discussed the Water Plant 1 hydrotanks 1 and 3 rehabilitation project. 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 Engineer's Report and to authorize BGE to prepare contract documents for the rehabilitation of Water Plant 1 hydrotanks 1 and 3.

Director Stine reviewed and discussed a summary of costs incurred by the District resulting from BGE's design error in its pump calculations for the Lift Station No. 1 Conversion Project. Ms. Ellison presented to the Board a proposed letter to BGE demanding payment of the costs and a supplemental letter to BGE with a breakdown of the costs. Copies of the letters are attached hereto as *Exhibit G*. The Board discussed the cost of the 100 horsepower (hp) pumps and the 60 hp pumps and decided the District should get a credit for the 100 hp pumps and pay for the 60 hp pumps after deduction of the handling fee. Upon motion by Director Whitaker, seconded by Director Holder, after full discussion and the question being put to the Board, the Board voted unanimously to approve the letters with insertion of the amounts owed to the District and to authorize their execution by the President and delivery to BGE.

9. **Review and authorize capacity commitment letters.** No new requests were presented to the Board.

10. **Consider participation in Library expansion.** Director Stine reported there are no updates.

11. **Discuss and take any action in connection with District communications.** Director Stine stated there is no discussion or action required on this matter.

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 April 20, 2017.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

