

MINUTES OF MEETING OF BOARD OF DIRECTORS
AUGUST 17, 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 August 17, 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 House and Whitaker, thus constituting a quorum. Also attending all or parts of the meeting were 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. Alan Jenkins and Ms. Trina Kilgore of Severn Trent – North America ("ST"), operator of the District's facilities; Mr. Matt Froehlich and Ms. Julia Small 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 July 20, 2017, previously distributed to the Board, were presented for approval. 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 approve the minutes of the meeting of July 20, 2017, as presented.
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 98.9% of the District's 2016 taxes had been collected as of July 31, 2017.

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 approve the Tax Assessor and Collector's Report and to authorize payment of check numbers 1275 through 1279 from the Tax Account to the persons, in the amounts, and for the purposes stated in the report.

4. **Adopt Resolution Reviewing Investment Policy and accept related party disclosures.** The President recognized Ms. Ellison, who presented to the Board a Resolution Reviewing Investment Policy and Making Any Desirable Changes Thereto (the "Resolution"), a copy of which is attached hereto as *Exhibit C*. Ms. Ellison stated that the District reviews its investment policy and updates the attached List of Authorized Brokers on an annual basis. She reported on proposed revisions that reflect action by the Legislature in its regular session for 2017.

Upon motion by Director Mielke, seconded by Director Holder, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Resolution as presented, thereby approving the revised investment policy.

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 August 17, 2017, the Investment Report, and the Deposit Collateral Report, copies of which are attached hereto as *Exhibit D*.

Director Stine reviewed with the Bookkeeper the District's guideline for investing its funds in LOGIC. Ms. Kay reviewed and discussed the District's cash balance and requested the Board's consideration to transfer funds for investment. It was the consensus of the Board to transfer \$400,000 to LOGIC.

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 accept the Bookkeeper's Report, to approve the Investment Report, and to authorize payment of check numbers 9751 through 9777 from the Operating Account.

6. Operations Report. Mr. Jenkins presented to and reviewed with the Board the Operations Report for the month of July, a copy of which is attached hereto as *Exhibit E*.

Mr. Jenkins reported that 93.4% of the water pumped was billed for the period of June 27, 2017 through July 26, 2017.

Mr. Jenkins reported that six delinquent accounts are proposed for disconnect due to non-payment and requested authorization to send four uncollectible accounts to collections.

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 approve the Operations Report, to authorize termination of delinquent accounts in accordance to the District's Rate Order, and to submit the uncollectible accounts to collections.

7. 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 F*.

Mr. Froehlich updated the Board on the golf course drainage channel and culverts, noting that survey work and an overall drainage analysis are underway for the golf course drainage channel and culverts. He stated that he met with Pat Myers with South Texas Underground Utilities, in the field, to discuss options for culverts/cart path crossings. Mr. Froehlich reported that he is investigating pricing and will present it to the Board when available.

Mr. Froehlich reported that, while removing the old interconnect valve on Pinehurst Trails Drive, the District's Operator discovered that the waterline beyond the valve had been cut and capped. He stated that Harris County Municipal Utility District No. 153 ("No. 153") is interested in completing the interconnect. Discussion ensued regarding the necessity, benefits and costs for installation of an interconnect valve. Mr. Froehlich presented and recommended approval of a quote from South Texas Utilities & Underground for installing a new line from the old interconnect valve to the new interconnect valve for a cost of \$20,335.76. A copy of the quote is attached to the Engineer's Report. He indicated that No. 153 would be willing to pay half.

Mr. Froehlich said BGE had not been able to obtain a desirable alignment for the proposed second discharge line from Harris County Flood Control District. He discussed and recommended pursuing an easement across the Rowland-Ballard property and CenterPoint easement for a more predictable and timely project. Mr. Froehlich noted that Ms. Ellison was able to connect with the property manager for KimCo Realty regarding the requested easement within the shopping center and the property manager has forwarded the request to legal counsel for review. Mr. Froehlich said that BGE made contact with the local real estate manager for Target and provided him with easement information.

Mr. Froehlich discussed timeline for rehabilitation of Ground Storage Tank No. 1 and Hydro-pneumatic tank Nos. 1 and 3 at Water Plant No. 1, with construction beginning in December or January. He reviewed the cost estimate for the base bid items, which is \$260,000, and the cost estimate for supplemental bid items, which is \$21,000. He noted that cost estimates include contingencies, surveying and engineering. Mr. Froehlich requested the Board's authorization to advertise for bids for this project. Discussion ensued.

Mr. Froehlich updated the Board on the drainage issues along a storm sewer outfall pipe between lots in Kings River Estates, Section 5. He reported that the majority of the line from the street to the lake is normally dry and will be easy to televise. He said the remainder of the line, approximately 50 feet, is submerged and suggested installing a coffer dam around the outfall in the lake to pump out the water in the sewer, and then televise. The Operator provided a quote of \$6,100 to complete the work and estimated two days to complete the project.

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: 1) approve the Engineer's Report; 2) approve the proposal from South Texas Underground Utilities; 3) authorize advertisement of Water Plant No. 1 tank rehabilitation project; and 4) authorize the Operator to complete the storm sewer outfall inspection in Kings River Estates, Section 5.

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

9. **Consider participation in Library expansion.** Director Stine said he had no updates to report to the Board.

10. **Discuss and take any action in connection with District communications.** Director Stine distributed a copy of the District's Annual Utility Costs, a copy of which is attached as *Exhibit G*. He reported this information has been posted on the District's web site, as required.

11. **Report from Champions Hydro-Lawn.** There was no report.

12. **Review legislation affecting Districts.** Ms. Ellison reviewed legislation affecting the District that was passed in the 2017 Regular Session.

13. **Other Director and Consultant reports.** No other reports were presented.

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 September 21, 2017.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

