

MINUTES OF MEETING OF BOARD OF DIRECTORS  
MAY 17, 2018

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 May 17, 2018 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. Anthea Moran of Masterson Advisors LLC; 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 Inframark (“Inframark”), 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. **Public Comments.** There were no comments from the public.
2. **Qualify Directors and election of officers.** Certificates of Election were presented for Directors Stine and House, and it was noted that each candidate had executed his Oath of Office and Statement of Elected Officer and is qualified to serve on the Board. Discussion ensued regarding election of officers and no nominations were presented. 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 Certificates of Election for Directors Stine and House, and to retain the current slate of officers. Copies of the certification documents are attached as *Exhibit B*.
3. **Authorize execution of letter regarding disclosure of Director Information.** Ms. Ellison reviewed with the Board a letter regarding disclosure of Director information. She stated that individual Directors may execute the letter in order to keep certain details of their personal information from being disclosed to the general public. No action was required of the Board.
4. **Minutes.** Proposed minutes of the meeting on April 19, 2018, 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 April 19, 2018, as presented.

5. **Consider Financial Advisor's contract.** President Stine recognized Ms. Moran, who reported on her recent move from Hilltop Securities ("Hilltop") to Masterson Advisors, LLC ("Masterson). Ms. Moran presented a Financial Advisory Contract for the Board's consideration to engage Masterson as its financial advisor, noting that the terms are the same as the terms in the District's contract with Hilltop.

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 send notice of termination of the existing contract with Hilltop and to approve and authorize execution of the Financial Advisory Contract with Masterson, effective upon termination of the contract with Hilltop.

6. **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 D*. She reported that 98.8% of the 2017 taxes had been collected as of April 30, 2018 and that delinquent tax bills were mailed this week.

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 approve the Tax Assessor and Collector's Report and to authorize payment of check numbers 1336 through 1340 from the Tax Account to the persons, in the amounts, for the purposes stated in the report.

7. **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 May 17, 2018, the Investment Report, and the Deposit Collateral Report, copies of which are attached hereto as *Exhibit E*. Discussion ensued regarding the status of payments and outstanding balance on sinkhole repairs on the golf course.

Ms. Kay reported that funds from a maturing Certificate of Deposit at Plains State Bank were used to purchase a Certificate of Deposit at Cadence Bank at an interest rate of 2%. Director House asked about investment alternatives with longer terms and higher interest rates, specifically 2-year Treasury bills. Ms. Kay stated that she will follow up with the District's Investment Officer to explore available options.

Director Stine requested that the \$20,708 listed under Miscellaneous – Operating Revenues, on page 6 of the Bookkeeper's report, be moved to Miscellaneous – Non-Operating Revenues.

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 subject to the requested revision, to approve the Investment Report, and to authorize payment of check numbers 10029 through 10060 from the Operating Account.

8. **Approve budget for fiscal year ending May 31, 2019.** President Stine reviewed with the Board the proposed budget for fiscal year ending May 31, 2019, a copy of which is attached hereto as *Exhibit E*. 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 budget, as presented

9. **Operations Report.** President Stine recognized Mr. Jones, who presented and reviewed the Operations Report for the month of April, a copy of which is attached hereto as *Exhibit G*.

Mr. Jones reported that the starter is worn out at Water Plant No. 2 Booster Pump 3 allowing the contact slide to move up and down and preventing the contacts from making good connections. He stated that lack of replacement will cause the motor to single phase and burn up. Mr. Jones noted the pump is currently in the off position and Inframark recommends not running the pump until the starter is replaced. He presented and reviewed a proposal attached to the Operations Report for replacement of the starter for a cost estimate of \$2,580.00.

Mr. Jones presented the District's Consumer Confidence Report, which is required to be distributed to customers by July 1, 2017. Discussion ensued regarding the means of providing the report to customers. The Board agreed to distribution of Consumer Confidence Report via a link on customers' bills and a hyperlink on the District website.

Mr. Jones reported that Inframark has met with FEMA and submitted all documentation for damages associated with Hurricane Harvey.

Mr. Jones reported that Lift Pump No. 3 at Lift Station No. 2 on Atascocita Shores needs repairs. He reported that the cost of repairs is approximately \$10,242.00 and the cost to replace the pump is about \$12,798.00. He stated that Inframark recommends replacing the pump. Director Stine noted that when repairs exceed 55-60% of the cost of replacement, it is the District's policy to replace an item.

Mr. Jones presented and reviewed two estimates for the driveway replacement at 21219 Kings River, copies of which are attached to the Operations Report. He noted the driveway repairs are in conjunction with previous storm sewer repairs between two homes. Mr. Froehlich stated that he hasn't received any further correspondence from the homeowners. He confirmed that the estimates presented by the Operator are comparable to contractors that BGE has contacted. It was the consensus of the Board to make such repairs after other contractors have completed renovation work and the homeowners have agreed to the proposed repairs.

Mr. Jones suggested that BGE perform the annual coating and cathodic inspections in the future. The Board asked BGE include the inspections in its services to the District.

Mr. Jones presented a 2018 storm plan prepared by Inframark.

Mr. Jones requested the Board's preference on distribution of hard copy versus electronic copies of the monthly Operations Report. The Board concurred that electronic distribution of the Operations Report is sufficient.

Upon motion by Director House, seconded by Director Mielke, after full discussion and the question being put to the Board, the Board voted unanimously: (1) to approve the Operations Report; (2) to approve a proposal for replacement of the starter at Water Plant No. 2 Booster Pump 3 for a cost estimate of \$2,580.00; (3) to approve the distribution of the Consumer Confidence Report in the form presented and authorize a hyperlink to be posted on the District's web site; and (4) to approve the replacement of Lift Pump No. 3 at Lift Station No. 2 on Atascocita Shores for an estimated cost of \$12,798.00.

10. **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 H*.

Mr. Froehlich reported that work is near completion on the rehabilitation of Water Plant No. 1 GST Nos. 1 and 2. He requested approval of Pay Estimate No. 4 from D&M Tanks for \$57,105.00.

Mr. Froehlich reviewed the status of the Water Plant No. 2 West Discharge Line. He stated that the City of Houston is requiring that an aerial and utility easement be abandoned if the District's waterline easement overlaps. Mr. Froehlich reported that BGE has requested a proposal to re-plate the tract and remove the easement from the engineer who initially platted the tract. He said BGE could also re-plate the tract if necessary. He requested Board authorization to proceed with the re-plate at a cost not to exceed \$10,000.

Mr. Froehlich reported that the contractor has completed the recoating of the Lift Station No. 3 discharge manhole and the air release valve along the Lift Station No. 1 force main. He presented and recommended payment of Invoice 1500 from A&H Services for \$4,000.00, a copy of which is attached to the Engineer's Report.

Mr. Froehlich updated the Board on the status of the backcharge to Traf-Tex in the amount of \$27,334 for damages sustained by the District due to Traf-Tex's boring into the District's waterline. Discussion ensued and the Board requested that NRF prepare a letter to Traf-Tex, along with all back-up, to demand payment of the outstanding invoice.

Mr. Froehlich told the Board that BGE had completed the field work for the golf course drainage "inventory" and BGE is entering the information into the District's GIS. He stated that BGE plans to survey the area in between Pinehurst Hole Nos. 7, 8 and 9 to better understand the drainage patterns.

Director Holder reported on a Fairway Island resident with a sinkhole in his backyard. He stated that the sinkhole may be caused by a storm sewer. The Board recommended that Inframark or SourcePoint perform a dye test to determine the scope of the issues and present a proposal for repairs to the Board.

Mr. Froehlich reported on a conversation with Mr. Shane Stuckey regarding a possible sinkhole that Mr. Stuckey discovered while mowing. Mr. Froehlich stated that he will coordinate with Mr. Stuckey to investigate the situation.

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: 1) approve the Engineer's Report; 2) approve Pay Estimate No. 4 for \$57,105.00 to D&M Tanks, LLC for Water Plant No. 1 tank rehabilitation; 3) authorize BGE to move forward with a re-plate of the Rowland-Ballard tract for a cost not to exceed \$10,000.00; and 4) approve Invoice 1500 from A&H Services for \$4,000.00 for recoating of the Lift Station No. 3 discharge manhole and the air release valve along the Lift Station No. 1 force main.

11. **Review and authorize capacity commitments.** There were no capacity commitments presented for consideration.

12. **Report on Bond Management Compliance for Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2010.** Ms. Ellison

reviewed the Report on the District's Series 2010 Bonds. She stated that NRF will notify Arbitrage Compliance Specialists of the District's' intent to pay off the Series 2010 Bonds on June 1, 2018 and they will prepare a final report.

13. **Discuss and take action in connection with District communications and website.** The Board decided to put information on the water line replacement project on the District's website.

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 May 17, 2018.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors

