

MINUTES OF MEETING OF BOARD OF DIRECTORS
AUGUST 16, 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 August 16, 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. Lina Loaiza of Bob Leared Interests, tax assessor/collector for the District; Ms. Karrie Kay of Myrtle Cruz, Inc., bookkeeper for the District; Mr. Allen Jenkins of Inframark ("Inframark"), operator of the District's facilities; Mr. Matt Froehlich and Ms. Shiann Hernandez 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. **Minutes.** Proposed minutes of the special and regular meetings on July 19, 2018, previously distributed to the Board, were presented for approval. 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 approve the minutes of the special and regular meetings of July 19, 2018, as amended.
3. **Review Tax Collector's Report and authorize payment of certain bills.** The President recognized Ms. Loaiza, who reviewed the Tax Assessor and Collector's Report, previously distributed to the Board and attached hereto as *Exhibit B*. She reported that the District's 2017 taxes are 99.1% collected as of July 31, 2018.

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 1367 and 1368 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 List of Authorized Brokers attached to the policy on an annual basis. She reviewed the Public Funds Investment Act criteria for investing the District's funds. She stated that none of the consultants has any recommended changes to the District's current policy. The Board agreed that no changes are needed at this time.

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 adopt the Resolution as presented.

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 16, 2018, the Investment Report, and the Deposit Collateral Report, copies of which are attached hereto as *Exhibit D*.

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 accept the Bookkeeper's Report, to approve the Investment Report, and to authorize payment of check numbers 10116 through 10146 from the Operating Account.

6. Operations Report. President Stine recognized Mr. Jenkins, who presented and reviewed the Operations Report for the month of July, a copy of which is attached hereto as *Exhibit E*.

Mr. Jenkins reported that 94.95% of the water pumped was billed for the period from June 26, 2018 to July 26, 2018.

Mr. Jenkins reported that Inframark mailed 102 delinquent letters and disconnected eight accounts for non-payment. He requested the Board's authorization to write-off one account that is uncollectible.

Mr. Jenkins reviewed the monthly maintenance report.

Mr. Jenkins reported on failure of booster pump 1 motor at Water Plant No. 2. He reviewed costs for replacement versus repair and recommended that the District replace the booster pump.

Mr. Jenkins said the generators had been delivered.

Mr. Jenkins provided the Board with copies of the letter that went to District residents concerning the water outage July 11 through July 12.

Mr. Jenkins discussed the ACIA video review and reported that the top half of the 15" pipe under Atascocita Shores was caked with grease, which halved capacity. He stated that the line has been cleaned and is back to 95% capacity and that Magna Flow noted a slight sag. Mr. Froehlich suggested more frequent, routine inspections and added degreasers for maintenance purposes. Discussion ensued regarding the most cost effective way to handle the ongoing problem of grease build-up in this line. The Board decided to monitor the line to determine how fast the grease builds up. Mr. Froehlich stated that Magna Flow televised the District's sewer up to the pool's service connection and no significant issues were detected.

Upon motion by Director House, seconded by Director Whitaker, after full discussion and the question being put to the Board, the Board voted unanimously: (1) to approve the Operations Report; (2) to terminate delinquent accounts in accordance with the terms of the District's Rate Order; (3) to approve writing off one account as uncollectible; and (4) to approve the replacement of the motor for booster pump 1 at Water Plant No. 2 for an estimated cost of \$6,691.00.

7. **Engineer's Report.** President Stine recognized Mr. Froehlich, who introduced Ms. Hernandez and stated that she will also be working on District projects. 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 Water Plant No. 1 GST No. 1 and HPT Nos. 1 and 3 Rehabilitation. He presented and recommended approval of Pay Estimate No. 6 and Final to D&M Tank, LLC for \$27,598.50.

Mr. Froehlich reported the status of Water Plant No. 2 West Discharge Line, noting that the District has received approval from CenterPoint on the Grant to Others application. He reported that the District also received from CenterPoint an associated Consent to Encroach Agreement, which has been provided to NRF for review. A copy of the Consent to Encroach is attached as *Exhibit G*. Ms. Ellison reported on her review of the Consent to Encroach stating that the agreement requires the District to indemnify CenterPoint and contains insurance requirements. She said that she will contact the District's insurance provider to get a recommendation on appropriate insurance. She recommended that the District set aside and designate \$5,000 in current funds for the indemnity. Mr. Froehlich said that BGE will proceed with advertisement.

Mr. Froehlich stated that he spoke with a representative of Stuckey's about maintenance of the Golf Course drainage and will coordinate with NRF on finalizing an agreement.

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: 1) approve the Engineer's Report; 2) approve payment of Pay Estimate No. 6 and Final to D&M Tank, LLC for \$27,598.50; and 3) approve the Centerpoint Consent to Encroach, subject to obtaining appropriate insurance coverage, and set aside \$5,000.00 from general funds in connection with the Centerpoint indemnity requirement.

8. **Review and authorize capacity commitments.** There were no commitments.

9. **Discuss and take action in connection with District communications and website.** President Stine said that he circulated a write-up regarding the District's waterline replacement program to the directors for review. Discussion ensued on revisions and other updates that might be posted to the web site.

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 19, 2018.



President, Board of Directors

ATTEST:



Secretary, Board of Directors



