

MINUTES OF MEETING OF BOARD OF DIRECTORS
SEPTEMBER 17, 2020

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*”) convened for its regular session on September 17, 2020 at 3:00 p.m. via videoconference and teleconference in compliance with guidelines promulgated by the Texas Attorney General for use during the COVID-19 statewide disaster in connection with the temporary suspension of certain provisions of the Open Meetings Laws approved by the Office of the Governor of Texas. The President conducted a roll call of the directors named below:

Tim Stine, President
Don House, Vice President
Jerrel Holder, Secretary
Michael Whitaker, Assistant Secretary
Gregg Mielke, Assistant Secretary

All directors were present. The President determined the following additional persons were present: Mr. Nick Bailey of BGE, Inc. (“BGE”), engineers for the District; Ms. Lina Loaiza of Bob Leared Interests, Tax Assessor and Collector for the District; Ms. Karrie Kay of Myrtle Cruz, Inc. (“MCI”), bookkeepers for the District; Mr. Allen Jenkins of Inframark (“Inframark”), operator of the District’s facilities; Ms. Julia McCain of McCall Gibson Swedlund Barfoot PLLC, auditors for the District; and Ms. Kathleen Ellison and Ms. Jane Maher of Norton Rose Fulbright US LLP (“NRF”), attorneys for the District.

Pursuant to Section 551.054, Texas Gov’t Code, as modified by the temporary suspension of certain provisions thereof, notice of the meeting was posted on the District’s website within the time limits prescribed by law. A certificate of such posting is attached hereto as *Exhibit A*. The agenda packet was posted on the website as items became available in compliance with the guidelines issued by the Texas Attorney General.

Call to Order. The President called the meeting to order. He noted that the meeting was being held by videoconference and teleconference in accordance with federal, state and county directives to slow the spread of COVID-19 by avoiding meetings that bring people together. He said the notice of the meeting included a toll-free dial-in number for members of the public to call so they can hear the meeting and address the Board. He noted that the meeting was being recorded and a recording would be available upon public request. The President then set out guidelines for the conduct of the meeting. He asked each speaker to identify themselves before speaking. He then proceeded with the meeting business:

1. **Public Comments.** There were no public comments.
2. **Minutes.** Proposed minutes of the meeting of August 20, 2020, 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 meeting of August 20, 2020, as presented.

3. **Approve audit for fiscal year ended May 31, 2020.** The President recognized Ms. McCain, who reviewed with the Board a draft audit, and management letter with response, copies of which are attached hereto as *Exhibit B*. Ms. McCain described a prior period adjustment for charges that were expensed instead of capitalized in connection with the water line replacement project, phase 1. The President stated that he would provide Ms. McCain information regarding the widening of FM 1960 to include as a footnote in the audit. Ms. McCain stated that the audit would be revised and a draft would be sent to the President and NRF for final review.

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 audit for fiscal year ended May 31, 2020, including the revision noted, and to authorize filing of same with the Texas Commission on Environmental Quality and Comptroller's Office.

4. **Review Tax Collector's Report and authorize payment of certain bills.** The President recognized Ms. Loaiza, who presented the Tax Assessor and Collector's Report, previously distributed to the Board, a copy of which is attached hereto as *Exhibit C*. She reported that 98.5% of the District's 2019 taxes had been collected to date.

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 Tax Assessor and Collector's Report and to authorize payment of check numbers 1588 through 1594 from the Tax Account to the persons, in the amounts, and for the purposes stated in the report.

5. **Order Designating Officer to Calculate and Publish Tax Rate.** The President recognized Ms. Ellison, who presented to and reviewed with the Board an Order Designating Officer to Calculate and Publish Tax Rates for 2020 (*the "Order"*), a copy of which is attached hereto as *Exhibit D*. She noted that the District will need to confirm the quorum will be met for the next meeting so that the tax assessor can publish notice of the proposed tax rate. All Directors confirmed they were able to attend the meeting on October 15, 2020.

The President presented to and reviewed with the Board the financial advisor's 2020 M&O Tax Rate Analysis for setting the District's 2020 Tax Rate, a copy of which is attached hereto as *Exhibit E*. The Board discussed a proposed rate of \$0.0880 per \$100 assessed valuation for maintenance and operations.

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 adopt the Order, thereby authorizing the tax assessor to publish notice of the proposed rate of \$0.0880 per \$100 assessed valuation for maintenance and operations.

6. **Review Bookkeeper's Report, authorize payment of bills and approve Investment Report.** The President recognized Ms. Kay, who reviewed the Bookkeeper's Report as of September 17, 2020, the Investment Report, and the Deposit Collateral Report, previously distributed to the Board and attached as *Exhibit F*.

Ms. Kay reported that check no. 10864 to Stuckey's LLC was voided and replaced by check no. 10877, not listed on the report, in the amount of \$2,063.00.

Ms. Kay reported that the Certificates of Deposit ("CDs") at Texan Exchange Bank, Austin Bank and Central Bank matured and that the funds were transferred into LOGIC.

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 and to authorize payment of check numbers 10852 through 10877 from the Operating Account to the persons, in the amounts, and for the purposes stated therein.

7. Review Operations Report and authorize District maintenance and termination of delinquent account. The President recognized Mr. Jenkins, who reviewed the Operations Report for August 2020, a copy of which is attached as *Exhibit G*. He reported an 89.4% accountability for the period July 25, 2020 through August 25, 2020.

Mr. Jenkins reported that the motor for the generator at Lift Station No. 1 blew a head gasket and that there is currently a rental generator in place. He noted that Inframark is coordinating with the contractor regarding the final pricing and ordering the replacement parts. He stated that will coordinate with the President once that information is provided.

Mr. Jenkins reported that Inframark did not locate any valves on the 16-inch line on FM 1960 and Pine Echo. He stated that Inframark spoke with the contractor to install an insta-valve on the line and noted that the price for the installation of the insta-valve is around \$15,000. He stated that Inframark coordinated with the President and that the installation process has begun.

Mr. Jenkins reviewed the Major Maintenance Summary for August 2020.

Mr. Jenkins stated that a shipment of 66 one inch smart meters was shipped on September 1, 2020, and that there are no meters left in stock. He reported that Inframark has installed 1,698 smart meters as of September 15, 2020 and should have completed all installations by the end of the month. The Board discussed ways to educate residents on how to use the smart meters. Director Whitaker stated that information can be provided on the District's website. Mr. Jenkins stated that Inframark can look into providing information on door hangers.

Mr. Jenkins reviewed the delinquent list. He reported that 39 letters were mailed, 18 delinquent tags were hung, and that seven accounts were disconnected for non-payment.

Mr. Jenkins requested authorization to turn one account over to Collections Unlimited of Texas in the total amount of \$156.08.

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 Operations Report and to turn one account over to Collections Unlimited of Texas in the total amount of \$156.08.

8. Review Engineer's Report, authorize necessary capital projects and authorize capacity commitments. The President recognized Mr. Bailey, who presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as *Exhibit H*.

Mr. Bailey stated that the contractor for the Water Plant No. 2 HPT has addressed all the remaining punchlist items, including repairs to the brick fence. He presented Pay Estimate No. 5 & Final in the amount of \$24,260.00 to Gemini Contracting Services.

Mr. Bailey stated that for the Waterline Replacement, Phase I, the contractor, McKinney Construction, Inc. has finished all construction work other than isolating the old water line on Pine Echo at FM1960 in order to abandon it and remove an existing fire hydrant. He noted that Inframark will be placing a new valve on this eight-inch line within the next week. He stated that after installation of the valve the remaining work can be performed, and BGE will then be ready to schedule the final inspection.

Mr. Bailey stated that for the Waterline Replacement, Phase 2, BGE has received all agency review comments and that BGE is addressing the comments. He stated that BGE anticipates being ready to advertise for bids in the next month or two.

Mr. Bailey stated that bids were received and opened on September 10, 2020, for the Rehabilitation of Lift Station Nos. 2 and 3. He stated that the lowest bid was submitted by T. Gray Utility & Rehab in the amount of \$240,895.00. He recommended that the construction contract be awarded to T. Gray Utility & Rehab for the proposed amount, including supplemental items.

Mr. Bailey reviewed a memo detailing the repair and replacement options for the wooden bridge and weir/bulkhead structure adjacent to Point Hole 6, a copy of which is attached hereto as *Exhibit I*. He stated that BGE received a proposal from Stuckey's in the amount of \$28,961.34 for repairs to the failed concrete slope paving and swale just downstream of the bridge. Discussion ensued. 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 proceed with the design to replace the weir, authorize the repairs to the failed concrete slope paving and swale downstream of the bridge, and to coordinate with the golf course regarding the repair to the wooden bridge. Director Whitaker said he would coordinate with the golf course.

Mr. Bailey reviewed options to improve the drainage within Pinehurst of Atascocita Section 1, copies of which are attached hereto as *Exhibit J*. He stated that Options 1 and 2 would each lower the hydraulic grade line of a 2-year storm event by approximately one foot in the back of the storm sewer system, and Option 3 would lower the hydraulic grade line by over two feet. Discussion ensued.

Mr. Bailey stated that he continues to work with the owner of the shopping center at 8100 FM 1960, regarding his interest in obtaining multiple water meters for the businesses in the center. He noted that the owner currently has one master meter.

Upon motion by Director Mielke, seconded by Director Whitaker, 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. 5 & Final in the amount of \$24,260.00 to

Gemini Contracting Services for the Water Plant No. 2 HPT Addition; and (3) and approve the bid results and award the contract for the Rehabilitation of Lift Station Nos. 2 and 3 to T. Gray Utility & Rehab in the amount of \$240,895.00.

9. **Discuss and take action in connection with District communications and website.** The President asked Director Whitaker to prepare recommendations for information on smart meters to post to the website. Director Mielke suggested adding the notice of a fee increase from West Harris County Regional Water Authority.

10. **Consider FM 1960 Widening issues, including payment for easements and agreements with Texas Department of Transportation.** The President recognized Mr. Bailey, who reported that the decision from the condemnation hearing for the OB Texas Properties was not contested and the award is final. He noted that the a hearing might be scheduled within the next month for the three remaining easements with Atascocita 1692 LLC.

Mr. Baily stated that the two additional easements with the Harris County Flood Control District (“HCFCD”) were approved.

Mr. Bailey also noted that BGE received the revised Standard Utility Agreement with the Texas Department of Transportation. He said TxDOT took bids for the project and Webber LLC was the winning bidder. He said the project is expected to be completed by the summer of 2024.

11. **Executive session pursuant to Section 551.071, Texas Gov’t Code, to confer with attorney re matters where the duty of the attorney to the Board requires confidentiality and re potential litigation.** The Board did not convene in Executive Session.

12. **Convene in public session.** No action was taken on this matter.

13. **Any necessary action regarding potential litigation.** No action was taken on this matter.

14. **Other director and consultant reports.** There was no report.

15. **Discuss meeting location and take appropriate action, and such other matters as may properly come before it.** The Board discussed the next meeting. It was the consensus of the Board to hold the October meeting via videoconference.

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 October 15, 2020.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)