

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 132
MINUTES OF MEETING

September 16, 2019

STATE OF TEXAS §
COUNTY OF HARRIS §

The Board of Directors (the "Board") of Harris County Water Control and Improvement District No. 132 (the "District") met in regular session at the designated meeting place of the Board inside the boundaries of the District, 4107 Evening Trail, Spring, Texas 77388, on September 16, 2019, at 5:30 p.m. The roll was called of the duly constituted officers and members of the Board, to-wit:

| | |
|-----------------|---------------------|
| Mary Bonetati | President |
| Peggy Batson | Vice President |
| Terry Williams | Secretary |
| Pre Moss | Assistant Secretary |
| William R. Papp | Assistant Secretary |

All members of the Board were present, thus constituting a quorum.

Also present were Spencer Day with Masterson Advisors, LLC ("Masterson"), Financial Advisor to the District; Michael Murr with Murr Incorporated, Landscape Architect for the District; Rene Anadel of Wheeler & Associates, Inc., the District's Tax Assessor/Collector ("Tax Assessor-Collector"); Ryan LaRue and Maria Salinas Parker of Sanford Kuhl Hagan Kugle Parker Kahn, LLP, ("SKLaw") the District's Attorney; Tony Sarman of AEI Engineering, LLC, ("AEI") the District's Engineer; Andrew Phelps and Johnson Ashcroft with Environmental Development Partners ("EDP"), the District's Operator; and Cindy Schmidt with L&S District Services, LLC, the District's Bookkeeper ("Bookkeeper").

The meeting was called to order, and the following business was transacted.

HEAR FROM THE PUBLIC

The Board noted that there were no members of the public present at the meeting who wished to address the Board.

2019 TAX LEVY AND CALL PUBLIC HEARING

The President recognized Ms. Anadel, who submitted to the Board the Effective Tax Rate Calculations, a copy of which is attached hereto. The Board then recognized Mr. Day, who submitted to and reviewed with the Board a letter from Masterson with respect to the 2019 tax rate recommendation, a copy of which is attached hereto. The Board noted that the Financial Advisor is recommending the District levy a debt service tax rate of \$0.195 per \$100 assessed value. He also discussed the levy of an operations and maintenance tax rate of \$0.195 per \$100 assessed value for a total tax rate of \$0.390 per \$100 assessed value.

Upon motion duly made and seconded, the Board voted unanimously to (1) establish its intent to levy a debt service tax rate of \$0.195 per \$100 assessed value and an operations and maintenance tax rate of \$0.195 per \$100 assessed value, for a total tax rate of \$0.390 per \$100 assessed value; (2) to call a public hearing for 7:00 p.m., Monday, October 21, 2019, on the proposed tax rate; and (3) to authorize the

Tax Assessor-Collector to publish notice of the proposed tax rate and public hearing as required by law.

PROPOSAL TO RENEW INSURANCE

Consideration was next given to the proposal submitted by Gallagher to renew the District's insurance.

Upon motion duly made and seconded, the Board voted unanimously to accept the proposal from Gallagher subject to Director Papp's review. A copy of said proposal is on file in the official records of the District.

TAX ASSESSOR/COLLECTOR'S REPORT

The Board recognized Ms. Andel, who presented the Tax Assessor/Collector's Report, a copy of which is on file in the official records of the District. She presented checks from the tax account for approval by the Board. It was noted that the District has collected 99.2% of its 2018 taxes.

Upon motion duly made, and seconded, the Board unanimously approved the Tax Assessor/Collector's Report as presented, and the checks presented for payment.

DELINQUENT TAX REPORT

The Board recognized Ms. Andel, who reviewed with the Board the Delinquent Tax Report as submitted by Perdue Brandon Fielder Collins & Mott LLP ("PB"), a copy of which is on file in the official records of the District.

Upon motion duly made and seconded, the Board voted unanimously to approve the PB Delinquent Tax Report.

LANDSCAPE ARCHITECT REPORT/PARK REPORT

The Board recognized Mr. Murr, who presented the Park Report. Mr. Murr updated the Board on projects in progress in the Park and ongoing maintenance. Mr. Murr presented the following items:

1. Vegetation and plants are stressed due to heat, the vegetation is being hand watered.
2. The bricks around the trees will be filled with sand and mortar.
3. The hole adjacent to the bench will be filled.
4. The strip along the drive has been repaired.

Upon motion duly made and seconded, the Board voted unanimously to approve the Landscape Architect's Report.

BOOKKEEPER'S REPORT

The Board recognized Ms. Schmidt, who submitted to and reviewed with the Board the Bookkeeper's Report. The Board noted the balances in each of the District's accounts and noted investments in each account. The Board then reviewed the activity in each account. The Board also reviewed the checks prepared in payment thereof.

The Directors then reviewed: (1) the Cash Flow Report for the District's Operating Fund; (2) Investment Report, and (3) the Budget Comparison, copies of which are included with and/or attached to the Bookkeeper's Report.

After consideration and upon motion made and seconded, the Board unanimously approved the (1) Bookkeeper's Report, (2) Investment Report, and (3) the checks presented for payment.

APPROVAL OF MINUTES

Proposed minutes of the meeting of August 19, 2019, previously distributed to the Board were presented for consideration and approval. Director Papp noted changes to the minutes.

Upon motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of August 19, 2019, as changed.

OPERATIONS REPORT

The Board recognized Mr. Phelps, who submitted to and reviewed with the Board the Operations Report, a copy of which is attached hereto. Mr. Phelps reported as hereinafter noted.

- The District has a total connection count of 668.
- The water accountability for the prior month was 96%.
- There are 40 accounts on the delinquent list.
- There were no delinquent uncollectable accounts presented for "write off" and release to a collection agency.
- Total awards from FEMA for damage caused by Hurricane Harvey total \$316,815.58, Federal share. EDP continues to work with FEMA to recover additional funding on the generator rental costs.
- Replacement of the radio transmitter and receiver that record flows at the lift station project is complete.
- Lift pump 5 was pulled for evaluation due to impeller issues. The decision to consider is whether Lift Pump 5 is repaired or replaced. NTS submitted a proposal to repair the pump at \$11,4488, and to replace the pump at \$25,642 with an ABS pump or \$50,672 with Flygt pump.
- There was a main water line break at Tall Cypress and Evening Trail. The break is located under a Harris County road which will require boring a new line under the road. The estimated cost is \$20,000. Harris County requires the District to repair the road. Temporary road repairs were made pending Harris County approval of proposed permanent repairs.
- Director Papp presented a letter from the customer at 4315 Shady Pine requesting an adjustment to her high water bill.

Upon motion duly made and seconded, the Board voted unanimously to (1) approve the Operation's Report; (2) approve turning over the accounts finalized with a balance in excess of twenty-five dollars, for collection, if any, (3) approve the write off of the delinquent uncollectable service accounts finalized with a balance of less than twenty-five dollars, if any, (4) replace Lift pump 5 with a Flygt Pump at a cost of \$50,672, and (5) authorize EDP to adjust the water bill of the Customer at 4315

Shady Pine, pursuant to District policy which requires the Customer to pay the entire RWA charge, and to charge for all water used in excess of normal usage at the lowest residential rate.

TERMINATION OF WATER SERVICE

Consideration was then given to the termination of water service to certain delinquent accounts. At this time, the Operator presented to the Board a list of terminations. The Board noted that there were no persons present at the meeting to protest their utility bills and/or the termination of water service to their property.

Upon motion duly made and seconded, the Board voted unanimously to authorize termination of water service with the assistance of a peace officer, if necessary, to the accounts listed in the termination report, a copy of which is attached hereto.

ENGINEER'S REPORT

The Board recognized Mr. Sarman, who presented the Engineer's Report, a copy of which is on file in the official records of the District.

Escrow Release

Mr. Sarman stated that AEI is reviewing the information submitted by the Operator for preparation of an escrow release application.

Building Fire Line 4290 Cypress Hill Drive

Harris County has provided the recorded easements for the meter vault. EDP will coordinate with Harris County for the meter vault installation.

Booster Pump

AEI is finalizing the letter to the TCEQ regarding the change in pump size.

District Utility Map

AEI finalized the utility map to correct location of valves and fire hydrants.

AEI Fees

AEI's engineering and cost summary is attached to the Engineer's Report.

Upon motion duly made and seconded, the Board voted unanimously to approve the Engineer's Report.

ATTORNEY'S REPORT

The Board recognized Ms. Parker, who presented the Attorney's Report.

Legislative Update

Ms. Parker then updated the Board on legislative matters.

The Board discussed:

House Bill 2706 – made revisions to the Public Funds Investment Act, updating the authorized investments for district funds. SKLaw will prepare for the Board’s review and approval an amended Investment Policy, updated to reflect these changes.

Senate Bill 239 – Districts that provide water and/or sewer service must now provide on the billing to customers the following statement: "For more information about the district, including information about the district's board and board meetings, please go to the Comptroller's Special Purpose District Public Information Database or (district's website if the district maintains a website)." SKLaw will work with the district’s operator to include the proper form of this statement on the water bills that will be sent to customers on or after September 1, the effective date of the law.

Senate Bill 944 – defined directors as “temporary custodians” of public information relating to district business, subjecting directors’ personal accounts and devices to compliance with Texas Open Government laws. If a past or present director uses a personal device and/or email for district business, the director must now store all of such information or turn the information over to the district. In order to avoid potential complications regarding a personal device or account in connection with Texas Open Government laws, emails can be set up for each director to use for communicating all information relating to district business. SK Law is in the process of obtaining email accounts for the use by each director. SKLaw will begin directing all correspondence related to district business to these email accounts in advance of the September 1, 2019, effective date.

HB305 - To the extent a district maintains a website, House Bill 305 requires that certain information relating to the district be reflected on such website, including district contact information, directors’ names, board meeting dates and locations, candidacy deadlines for election to the board, and notices and minutes of meetings. The law does not require a district to maintain a website if it does not already have one.

Upon motion duly made and seconded, the Board voted unanimously to take any and all action necessary to comply with the legislative changes noted above, and the agreement with Off Cinco to set up District email addresses for the directors.

Joint Facilities Contract

Director Papp stated that he is reviewing the Joint Facilities Contract, and the ratios for cost sharing.

STRATEGIC PARTNERSHIP AGREEMENT (“SPA”)

The Board recognized Director Papp, who asked the Attorneys to contact the local ESD to discuss a policy on sharing sales tax revenues.

APPROVE AND TAKE ACTION ON NEWSLETTER

There was no action on the newsletter.

UPDATE ON WEBSITE

The Board discussed receiving proposals for a website.

Upon motion duly made and seconded, the Board voted unanimously to call a special meeting for Wednesday, September 25, 2019, to receive proposals for a website.

NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY REPORT (“RWA”)

A report on the RWA was then given.

PONDEROSA JOINT POWERS AUTHORITY (“PJPA”) REPORT

The PJPA report was then presented, a copy of which is on file in the official records of the District.

ASSOCIATION OF WATER BOARD DIRECTORS (“AWBD”)

Director Papp reported there was no AWBD report this month.

SECURITY SYSTEM

Consideration was given to proposals from Texas Surveillance & Security and Mega Systems to replace and install certain surveillance cameras. Directors Williams and Batson reviewed the proposals with the Board.

Upon motion duly made and seconded, after full discussion and the question being put to the Board, the Board voted unanimously to accept the proposal from Mega Systems with a five year warranty at a cost of \$10,245.

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There being no further business to come before the Board, upon motion duly made and seconded, the Board voted unanimously to adjourn.

PASSED AND APPROVED

October 21, 2019

Date



Secretary of the Board of Directors