

MINUTES OF MEETING OF BOARD OF DIRECTORS
October 17, 2013

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 Atascocita Library, 19520 Pinehurst Trail Drive, Humble, Texas, 77346, on October 17, 2013 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
Lloyd Lentz, Assistant Secretary
Michael Whitaker, Assistant Secretary

All members of the Board were present except Director Whitaker. Also attending all or parts of the meeting were Mr. Michael Keefe 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 Severn Trent Environmental Services, Inc. ("*ST*"), operator of the District's facilities; Mr. Matt Froehlich of Brown & Gay Engineers, Inc. ("*Brown & Gay*"), engineer for the District; Ms. Nikki Wynn, Communications Program Consultant; and Ms. Jana Cogburn and Ms. Carla Christensen of Fulbright & Jaworski LLP ("*F&J*"), 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 September 19, 2013, previously distributed to the Board, were presented for approval. Upon motion by Director Lentz, seconded by Director House, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting of September 19, 2013, as presented.

2. **Receive comments from the public.** There were no comments from the public at this time.

3. **Public Hearing on Tax Rate.** The President opened the hearing on the proposed 2013 tax rate. There were no comments on the tax rate from the public. The President closed the hearing.

4. **Adopt Order Setting Tax Rate and Levying Tax For 2013.** The Board reviewed the Order Setting Tax Rate and Levying Tax for 2013, a copy of which is attached hereto as Exhibit "B." Upon motion by Director House, seconded by Director Lentz, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order Setting Tax Rate and Levying Tax for 2013, thereby levying a tax at a rate of \$0.125 per \$100 assessed valuation (\$0.03 for debt service and \$0.095 for operations and maintenance).

Ms. Cogburn stated that an Amended District Information Form will need to be filed in the Harris County Real Property Records since the tax rate has changed. Upon motion by Director House, seconded by Director Lentz, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution and filing of the Amended District Information Form, a copy of which is attached hereto as Exhibit "C," in the Harris County Real Property Records.

5. Review Bookkeeper's Report and Investment Report. Ms. Kay presented to and reviewed with the Board the Bookkeeper's Report for the period ending October 17, 2013 and the Investment Report, copies of which are attached hereto as Exhibit "D."

In response to a previous question from Director Stine, Ms. Kay stated that the ACH return that totaled \$11,906.65 was for insufficient funds notices for two accounts.

Director Stine requested that Ms. Kay provide the Board with the current electricity invoices from Green Mountain Energy.

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 accept the Bookkeeper's Report for the period ending October 17, 2013, to approve the Investment Report, and to authorize payment of check numbers 8320 through 8360 from the Operating Account, all as listed in the Bookkeeper's Report.

6. Review Tax Collector's Report and authorize payment of certain bills. Mr. Keefe presented to and reviewed with the Board the Tax Assessor and Collector's Report and the Delinquent Tax Attorney's Report for the month of September 2013, copies of which are attached hereto as Exhibit "E." Mr. Keefe noted that 99.37% of the District's 2012 taxes had been collected as of September 30, 2013. Upon motion by Director House, seconded by Director Lentz, 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 1088 through 1090 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

Mr. Keefe stated that the delinquent tax attorney reported that the Golf Villas/ACIA account is uncollectible.

7. Operations Report and Billing and Collections Report. Mr. Jones presented to and reviewed with the Board the Operations Report for the month of September 2013, a copy of which is attached hereto as Exhibit "F." Mr. Jones reported that 93.96% of the water pumped was billed for the month ending September 24, 2013.

Mr. Jones requested permission to turn over one account in the amount of \$142.70 to collections.

Mr. Jones stated that the District received a request from a resident requesting an adjustment to her water bill due to a substantial water line leak over a three-month period of time. It was the consensus of the Board that ST credit a portion of the sewer charges over the last three months.

Mr. Jones noted that ST takes action in connection with NSF checks once a month.

Mr. Jones reported that ST is on pace to complete the meter change-out program a month earlier than planned.

Mr. Jones reported that he is meeting with the new lawn mowing and maintenance company owner on Monday to discuss the mowing schedule requirements for the various locations within the district.

Upon motion by Director House, seconded by Director Lentz, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operations Report, to authorize termination of service to the delinquent accounts and to authorize turning over one account in the amount of \$142.70 to collections.

8. **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 "G" and which follows in substantially the form it was presented:

Commercial Plan Reviews:

There were no new commercial plan review submittals this month.

Storm sewer maintenance review summary:

CleanServe submitted and Brown & Gay reviewed video for approximately 9,260 LF of storm sewer. CleanServe recently resubmitted video for approximately 260 LF which Brown & Gay will review. Approximately 2,100 LF is submerged and/or had debris and could not be televised.

As discussed at last month's meeting, the sewer's primary need at this time appears to be maintenance (cleaning and removal of debris) as opposed to rehabilitation/repairs. CleanServe provided mark-ups of the sewer layout reflecting differences they discovered in the field. With that information, Brown & Gay will update the GIS and prepare an exhibit for the Operator. Brown & Gay will work with the Operator to develop a plan for cleaning and televising the lines that are submerged/blocked.

Discussion ensued regarding Harris County's current maintenance responsibilities in connection with storm sewer lines. Mr. Froehlich stated that he will draft a letter to Harris County regarding the storm sewer lines for which the District is accepting responsibility and the storm sewer lines that the District believes are the responsibility of Harris County. The Board requested that ST proceed with cleaning the lines as soon as possible.

Diversion Swale and Berm for Kings River Estates, Section Four -Maintenance Contract (Champions Hydro-Lawn):

There was no report from Champions Hydro-Lawn at this time.

Lift Station No. 1 Repairs (shared with Harris County MUD Nos. 151 and 153):

Brown & Gay provided updated connection counts for each district at the July 2013 meeting and will revisit the counts on an annual basis.

Annual Tank Inspections

Brown & Gay continues to coordinate with the Operator for annual Ground Storage Tank (GST) and Hydro-Pneumatic Tank (HPT) inspections. Inspections were completed for the bolted steel GSTs at each plant and HPT No. 2 at Water Plant No. 1. Brown & Gay will provide copies of the reports to the Operator. The bolted GST at Water Plant No. 2

and HPT No. 2 at Water Plant No. 1 appear to be in good condition. The bolted GST at Water Plant No. 1 is in fair condition and there are areas of coating failure on the interior above the water line. With the Operator, Brown & Gay will continue to monitor the tank's condition, but recommends the Board consider rehabilitation or replacement of the tank in the next few years.

The welded steel GSTs will be inspected at their upcoming warranty reviews. The five-year internal/external inspections on the three other HPTs will be coordinated with the Operator and performed when demand decreases, likely later this month or in November, 2013.

Capital Improvement Plan ("CIP"):

Brown & Gay investigated converting a portion of the chlorine control room at Water Plant No. 2 into a restroom facility. Brown & Gay estimates that it will cost \$30,000 to construct bathroom facilities.

Brown & Gay updated cost information for a few of the projects on the CIP as well as the timing for some of the projects.

Atascocita Joint Operations Board:

The Engineer's report for September is attached.

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 Engineer's Report.

9. **Review and authorize capacity commitment letters.** Mr. Froehlich stated that there have been no capacity commitment requests since the last meeting.

10. **Discuss and take any action in connection with District communications.** Ms. Wynn reviewed with the Board her report on communications activities over the last month and proposed articles for the next newsletter.

Ms. Wynn presented to the Board the recent website statistics, a copy of which is attached hereto as Exhibit "H."

11. **Other Matters.** It was noted that the next Board meeting will be held on November 21, 2013 at 6:00 p.m. at the Atascocita Library.

There were no other matters to come before the Board at this time.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

* * *

The above and foregoing minutes were passed and approved by the Board of Directors on November 21, 2013.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

