

MINUTES OF MEETING OF BOARD OF DIRECTORS
July 17, 2014

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") met in regular session, open to the public, at The Overlook, 20114 Pinehurst Trail Drive, Atascocita, Texas, 77346, on July 17, 2014 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; Mr. Kevin Kilgore, and Ms. Jana Cogburn and Ms. Carrie Spann 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 regular meeting of June 19, 2014, previously distributed to the Board, were presented for approval. 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 minutes of the meeting of June 19, 2014, as presented.

2. **Receive comments from the public.** The President recognized Mr. Kilgore, who presented to the Board a map of land within the District as well as the adjoining districts, a copy of which is attached hereto as Exhibit "B". Mr. Kilgore asked if the District had capacity for 70-100 small cottages on the "PTH" parcel, as highlighted on the map. Following the discussion, the Board concluded that the parcel is within HC MUD 151 and that Mr. Kilgore needs to make his request to the HC MUD 151 board.

3. **Review Bookkeeper's Report, authorize payment of bills and Investment Report.** Ms. Kay presented to and reviewed with the Board the Bookkeeper's Report for the period ending July 17, 2014, the Investment Report, and the Deposit Collateral Report, copies of which are attached hereto as Exhibit "C." Director Lentz asked Ms. Kay to determine why there is negative interest accrued on the Texas Community Bank Certificate of Deposit ("CD"). Ms. Kay stated that she renewed one CD with Icon Bank. Upon motion by Director Holder, seconded by Director Lentz, 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 July 17, 2014, to approve the Investment Report, and to authorize payment of check numbers 8614 through 8650 from the Operating Account, except for check 8628, all as listed in the Bookkeeper's Report.

4. **Review Tax Collector's Report and authorize payment of certain bills.** Mr. Keefe presented to and reviewed with the Board information relating to a waiver of penalty and interest on a delinquent tax account, a copy of which is attached hereto as Exhibit "D". Mr. Keefe stated that Mr. Randy Goss mailed his property tax payment to ST, instead of Bob Leared. Mr. Keefe stated that Mr. Goss is requesting a waiver of the penalty and interest that accrued after he mailed his March payment. Upon motion by Director Holder, seconded by Director Lentz, after full discussion and the question being put to the Board, the Board voted unanimously to grant the waiver of penalty and interest from March to the present.

Mr. Keefe presented to and reviewed with the Board the Tax Assessor and Collector's Report and a list of the top Delinquent Taxpayers, a copy of which is attached hereto as Exhibit "E." Mr. Keefe noted that 98.6% of the District's 2013 taxes had been collected as of June 30, 2014.

Mr. Keefe stated that the City of Houston made an error in making SPA payments and will subtract from approximately \$32,000 overpayment to the District from a future SPA payment.

Mr. Keefe stated that the Comerica Bank account will be closed in 30 days.

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 Tax Assessor and Collector's Report and to authorize payment of check numbers 1001 through 1011 from the Tax Account to the persons, in the amounts, and for the purposes stated in the Tax Assessor and Collector's Report.

5. **Operations Report.** Mr. Jones presented to and reviewed with the Board the Operations Report for the month of June 2014, a copy of which is attached hereto as Exhibit "F." Mr. Jones reported that 106% of the water pumped was billed for the period ending June 24, 2014. Mr. Jones requested permission to turn over five accounts in the aggregate amount of \$1,186.58 to collections. Mr. Jones requested permission to write-off three accounts in the aggregate amount of \$48.48.

In response to a question, Mr. Jones stated that it is because of the day that water accountability was probably high because of the timing of the billing cycle and that it should even out next month.

Director Holder asked about the replacement valve on the new HPT. Mr. Jones stated that the valve was from the old tank and was not replaced during the installation of the new HPT.

Mr. Jones stated that the final bill from ADT should have been sent to the bookkeeper. Director Stine requested that Check No. 8628 be pulled and held until Mr. Jones finds out the final bill amount.

Mr. Jones presented to and reviewed with the Board a security proposal from Today's Integration, Inc., a copy of which is attached hereto as Exhibit "G". Mr. Jones asked if the Board would like a representative of Today's Integration to attend the next meeting. Director Stine requested that Mr. Jones obtain proposals from other companies, such as Waste Management. The Board agreed not to have a representative of Today's Integration attend the next meeting and to further discuss alternatives in August.

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 five accounts in the aggregate amount of \$1,186.58 to collections and to write-off three accounts in the aggregate amount of \$48.48.

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

Commercial Plan Reviews

Brown & Gay received a phone call from the engineer for the property owner behind the proposed motel regarding sanitary and water connections and existing private sanitary sewer within the tract. He and the property owner are still coordinating with the motel developer and Atascocita Lutheran Church. Mr. Froehlich stated that he has not heard from the engineer since providing review comments in March.

The tracts on either side of the existing Remax office at 8530 FM 1960 E have been cleared. Brown & Gay contacted the number on the "For Lease" sign and was told that the land was being cleared to construct a fence.

Brown & Gay received a utility plan request for a tract between the Community Resource Credit Union and Christian Brothers Auto Shop. Mr. Froehlich stated that the architect making the request said it was for a proposed Advance Auto Parts. Mr. Froehlich stated that Brown & Gay provided utility plans for the area.

Mr. Froehlich stated that he visited with the food truck located at the gas station at the southeast corner of FM 1960 and Pinehurst Trail Drive. Mr. Froehlich stated at that time, the food truck was not hooked up to the gas station's water, but there was evidence that it had been previously. Mr. Froehlich stated that he could not verify how the food truck was disposing of wastewater. Mr. Froehlich stated that is the recommendation of Brown & Gay that the District not provide permanent service or allow the food truck to use the gas station's water or sewer service. The City of Houston requires food trucks to daily obtain water from and dispose of wastewater at approved commissaries. Brown & Gay suggests that the District require food trucks to do the same. The Board concurred.

Storm Sewer Video Inspection and Maintenance:

Mr. Froehlich reported that he provided an exhibit to the Operator identifying the few point repairs and pumping/cleaning/televising segments remaining in the system. Mr. Froehlich stated that he understands the Operator is currently working on them.

Mr. Froehlich reported that he drafted a letter to the golf club for the Board's review. Mr. Froehlich stated that the letter addresses the exposed and cut storm sewer along the Hole #6 fairway. As requested, the letter will provide a quote from the Operator to

install an inlet at this location at the golf course's expense. If the golf course chooses not to have the inlet installed, the Operator will repair and backfill the storm sewer.

Mr. Froehlich reported that the field work for the storm sewer manhole survey is about halfway complete. In total, there are 130 manholes and inlets along the District's sewers. Brown & Gay located and inspected 66 manholes. There are approximately 29 manholes that Brown & Gay either could not locate or access. Brown & Gay will inspect the 35 inlets next. Brown & Gay is compiling and summarizing the field reports into a summary for the Board's review and will discuss with the Board any manholes or inlets needing repair or rehabilitation.

Water Plant No. 2 Hydropneumatic Tank (HPT) Replacement:

Mr. Froehlich reported that construction is complete. Mr. Froehlich presented and recommended payment of Pay Estimate No. 1 and Final from Schier Construction Company, Inc. in the amount of \$25,200 for demolition of the old HPT and installation of the new HPT.

Water Plant No. 2 2nd Hydropneumatic Tank (HPT) Addition:

Brown & Gay visited Water Plant No. 2 to begin developing a design concept for the controls upgrade and installation of a pressure transmitter. Brown & Gay confirmed with their electrical engineer that there is not enough room in the existing building to install the controls upgrade. Brown & Gay recommends installing the upgraded controls in the office/bathroom building. A combined project of the new office/bathroom building, controls upgrade and pressure transmitter installation would be in the range of \$200,000. In addition, Brown & Gay can include the installation of a full A/C unit for the existing control building.

Brown & Gay was contacted by Mike Rowland, the co-owner of the gymnasium behind Water Plant No. 2, regarding his interest in selling his vacant space at the southeast corner of the plant. He proposed deeding the land over to the District in exchange for an access arrangement that would "officially" allow his customers to utilize the plant's driveway up to a point where he would construct a paved extension around the plant to the gym's existing parking lot.

Annual Tank Inspections:

All tanks are up to date on inspections. Brown & Gay will notify the Board of upcoming inspections as they approach.

Tank	Next Inspection	Comments
WP1 bolted GST	August 2014	2013: Tank remained full; many internal coating defects; continue to monitor and evaluate rehab vs. replacement
WP1 welded GST	October 2014	2013: Tank drained; good condition
WP1 HPT1	February 2015	2014: Noted interior coating defect; anticipate needing internal recoat in next 1-2 years; continue annual internal inspections
WP1 HPT2	September 2014	2013: Good condition; exterior inspection only

WP1 HPT3	February 2015	2014: Noted interior coating defect; anticipate needing internal recoat in next 1-2 years; continue annual internal inspections
WP2 bolted GST	August 2014	2013: Tank remained full; good condition
WP2 welded GST	November 2014	2013: Tank drained; warranty items addressed
WP2 HPT	June 2015	2014: New tank installed

Lift Station No. 1 (Shared 132, 151, 153)

Brown & Gay updated the connection counts for each district served by Lift Station No. 1

HCMUD 132	1,789	ESFCs	55.18% (currently 56.26%)
HCMUD 151	330	ESFCs	10.18% (currently 10.48%)
HCMUD 153	1,123	ESFCs	34.64% (currently 33.26%)
Total	3,242	ESFCs	100.00%

Both HCMUD 153's Board and HCMUD 151's engineer are aware of the planned lift station conversion project and are awaiting notification from HCMUD 132 on cost sharing and schedule. Ms. Cogburn stated that she would add approval of an amendment to the existing agreement to the August agenda.

Water Well Performance Testing:

As requested by Director Whitaker, a one-page summary of the well test report from GM services is attached to the Engineer's Report.

Capital Improvement Plan ("CIP"):

Brown & Gay is currently revising the CIP based on comments received from the Board at the special meeting in May. Brown & Gay plans to present the updated CIP at next month's meeting.

Atascocita Joint Operations Board:

The Engineer's Report for July was presented to the Board.

Director Stine directed Mr. Froehlich to address the letter to the golf course to Jack Day and to let the Board know of the cost of the inlet prior to sending the letter.

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 Engineer's Report, authorize payment of Pay Estimate #1 for Water Plant #2 HPT to Schier Construction Company.

7. Review and authorize capacity commitment letters. There were no new requests for capacity commitments this month.

8. Authorize Amendments to Drought Contingency Plan ("DCP"). Mr. Froehlich reported that Brown & Gay revised the draft DCP to address comments from Director Stine and incorporate data provided by the Operator. Brown & Gay is working with Director Stine to finalize and will distribute to the Board for review.

9. **Discuss and take any action in connection with District communications.** Ms. Wynn stated that she has started gathering article information for the next newsletter. Ms. Wynn presented to and reviewed with the Board a report of the District website participation, a copy of which is attached hereto as Exhibit "I".

10. **Authorize Execution of Recreational Facility Agreement.** There was no action taken on this item.

11. **Adopt Order Adopting Rules Establishing Standards of Recreational Facilities.** There was no action taken on this item.

12. **Discuss WaterWise IA for 2014-2015 School Year and 2013-2014 Sponsorship Report.** The Board reviewed a proposed Interlocal Agreement with the Harris Galveston Coastal Subsidence District for participation in the Water Wise program, a copy of which is attached hereto as Exhibit "J." The Board decided not to participate in the program.

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 August 21, 2014.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

