

MINUTES OF MEETING OF BOARD OF DIRECTORS
February 19, 2015

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 Drive, Atascocita, Texas, 77346, on February 19, 2015 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. Also attending all or parts of the meeting were Ms. Lina Loaiza 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*"), engineers for the District; and Mr. Michael Swartz and Ms. Carrie Spann 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. **Minutes.** Proposed minutes of the regular meeting of January 15, 2015, previously distributed to the Board, were presented for approval. Upon motion by Director Whitaker, 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 January 15, 2015, as amended.

2. **Receive comments from the public.** There were no comments from the public.

3. **Review Bookkeeper's Report, authorize payment of bills and approve Investment Report.** Ms. Kay presented to and reviewed with the Board the Bookkeeper's Report for the period ending February 19, 2015, the Investment Report, and the Deposit Collateral Report, copies of which are attached hereto as Exhibit "B."

President Stine requested that Ms. Kay move the \$1,225.00 registration for AWBD from Membership Dues to the Travel Expenses/Registration line item of the budget.

President Stine asked about the late fees charged by Green Mountain Energy. Ms. Kay stated that there was an error in the billing cycle and that Green Mountain Energy will correct it and refund the District by the next meeting.

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 for the period ending January 15, 2015, to approve the Investment Report, and to authorize payment of check numbers 8826 through 8877 from the Operating Account, all as listed in the Bookkeeper's Report.

4. Approve transfer in the amount of \$500,000 from the Operating Fund to the Debt Service Fund as provided in the Annual Budget. 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 direct the Bookkeeper to transfer \$500,000 from the District's Operating Fund to its Debt Service Fund, as provided in the annual budget.

5. Discuss cash defeasance of bonds. President Stine presented to and reviewed with the Board, the 2015 Cash Defeasance Analysis, a copy of which is attached hereto as Exhibit "C". It was the consensus of the Board to defease \$300,000 of the District's Series 2006 Bonds. Upon motion from Director House, seconded by Director Whitaker, after full discussion and the question being put to the Board, the Board voted unanimously to defease and redeem \$300,000 of the District's Series 2006 Bonds and to adopt the Resolution Approving Redemption of Unlimited Tax Bonds, Series 2006, a copy of which is attached hereto as Exhibit "D."

6. Review Tax Collector's Report and authorize payment of certain bills. Ms. Loaiza presented to and reviewed with the Board the Tax Assessor and Collector's Report, a copy of which is attached hereto as Exhibit "E." The Board noted that 93.2% of the District's 2014 taxes had been collected as of January 31, 2015.

President Stine asked Ms. Loaiza the status of adding the annexed golf course property to the 2014 tax roll. Ms. Loaiza stated that the property will be added to the 2014 tax roll once the Harris County Appraisal District ("HCAD") runs the correction roll. Ms. Loaiza stated that she is still waiting for HCAD to process the correction roll.

Upon motion by Director Holder, seconded by Director Whitaker, 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 1049 through 1055 from the Tax Account to the persons, in the amounts, and for the purposes stated in the Tax Assessor and Collector's Report.

7. Operations Report. Mr. Jones presented to and reviewed with the Board the Operations Report for the month of January 2015, a copy of which is attached hereto as Exhibit "F." Mr. Jones reported that 88.46% of the water pumped was billed for the period ending January 27, 2015.

Director Holder asked the status of the installation of the auto-dialer security system at the water plants and lift stations. Mr. Jones stated that the installation is complete.

Director Holder asked if the water meter replacement program would improve the water accountability for the District. Mr. Jones stated that ST has replaced all meters over with one million gallons of water of usage and there should be improvements on the District water accountability next month.

Mr. Jones stated that the lower gate hand needs to be cut and the hinges reinstalled at the Rebawood Water Plant. Mr. Jones stated that the cost to repair the gate hand and reinstall the hinges is \$500.00.

Mr. Jones stated that two discharge pipes on the two submersible pumps at Lift Station No. 3 need to be replaced. Mr. Jones stated that the cost to repair the discharge pipes is \$2,000.00.

Mr. Jones reported that ST televised the sanitary sewer line at 20019 Sweetgum Forest and that the only issue is a sag. Mr. Jones stated that the property owner requested that ST level the land to grade. It was the consensus of the Board for ST to level the land to grade.

Mr. Jones reported that there is a sanitary sewer lead missing at Lot 18 of Fairway Crossing. Mr. Jones stated that the cost to install the sanitary sewer lead is \$2,700.00.

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 approve the Operations Report and authorize repair of the gate hand, repair the discharge pipes and install the missing sanitary lead.

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

Mr. Froehlich stated that with respect to the Palace Inn (7861 FM 1960 E), Brown & Gay is awaiting confirmation of the corrected address with HCAD and revised plans once the engineer finalizes the proposed sanitary sewer connection; however, Brown & Gay understands from another source that the motel project will not move forward. Mr. Froehlich stated that Brown & Gay was contacted by a developer looking into purchasing both the motel tract and larger apartment tract for a senior residential development.

Mr. Froehlich reported that Brown & Gay received revised plans and issued a no objection letter for the build-out of a space in the HEB shopping center.

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

Mr. Froehlich stated that Brown & Gay submitted plans to Harris County for review last week. Mr. Froehlich requested the Board's authorization to advertise for bids pending the comments received from the County.

Water Plant No. 2 Improvements:

Mr. Froehlich stated the Brown & Gay submitted plans to Harris County for review last week. Pending the comments received, Brown & Gay plans to advertise and receive bids prior to next month's meeting.

Storm Sewer Repair at Shores Course No. 6 Fairway:

Mr. Froehlich reported that Brown & Gay and the Operator re-visited the point repair and the Operator obtained a quote from a contractor to cutout and replace a 20-foot section of the sewer pipe and backfill the area to grade for \$6,319.90. Mr. Froehlich stated that alternatively, the existing pipe could be cut flush to grade to remove the bent portions and re-open the pipe to its full diameter.

Director Holder asked about the cost difference to install a raised inlet. Director Holder pointed out that there was a reason that the pipe was cut open and that the Board should consider adding the inlet to prevent the pipe being cut open again. Director Stine indicated that the golf course is not willing to contribute to install a raised inlet. The Board agreed to add the inlet to the repair at a cost not to exceed \$3,000.00.

Director Lentz asked if there would be a benefit to replacing the entire pipe. Mr. Froehlich stated that the damage is only isolated to one portion of the pipe and to replace the entire pipe would be an excessive repair at a significantly increased cost.

Annual Tank Inspections:

Mr. Froehlich stated that Brown & Gay is coordinating with the Operator to drain and inspect HPT 1 and 3 at Water Plant No. 1 in the next week or two.

Tank	Next Inspection	Comments
WP1 bolted GST	August 2015	2014: Tank remained full; many internal coating defects; continue to monitor and evaluate rehab vs. replacement
WP1 welded GST	October 2014	2015: Tank remained full; 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 2015	2014: 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 2015	2014: Tank remained full; good condition
WP2 welded GST	November 2014	2015: Tank remained full; good condition
WP2 HPT	June 2015	2014: New tank installed

Power Factor Monitoring

Mr. Froehlich stated that Brown & Gay will continue to coordinate with the Operator to monitor the power factors at both water plants later in April/May 2015.

Capital Improvement Plan ("CIP"):

Mr. Froehlich stated that there are no changes to the CIP this month.

Atascocita Joint Operations Board:

The Engineer's Report for AJOB's January meeting is included in the Engineer's Report.

KRE Ditch Maintenance Contract (Champions Hydro-Lawn):

Brown & Gay is not aware of any issues at this time.

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 approve the Engineer's Report and to authorize Brown & Gay to advertise Lift Station No. 1 Conversion and Water Plant No. 2 improvements, to authorize the Operator to cut-out and replace the 20-foot section of the sewer pipe and backfill to grade for \$6,319.90, and to add an inlet at a cost not to exceed \$3,000.00 at Shores Course No. 6 Fairway.

9. **Review and authorize capacity commitment letters.** Mr. Froehlich stated that Brown & Gay will not issue a capacity commitment letter for the Palace Inn until they receive confirmation that HCAD has corrected the address for this property. Mr. Froehlich stated that Brown & Gay received several calls from different parties regarding vacant commercial tracts along FM 1960 between Pine Echo Drive and Atascocita Shores Drive. Mr. Froehlich stated that Brown & Gay previously allocated (not committed) 193 ESFCs for these parcels. Mr. Froehlich stated that no formal requests for capacity or plans have been received.

10. **Discuss and take any action in connection with District communications.** President Stine stated that there was no update.

11. **Acknowledge Attorney Name Change.** The Board reviewed and acknowledged a letter from Norton Rose Fulbright USA LLP noting that this is the name as of January 21, 2015, a copy of which is attached hereto as Exhibit "H."

12. **Authorize Execution of Recreational Facility Agreement.** President Stine stated that the ACIA has received three bids for the project. President Stine stated that he sent the bids with the supporting documents to Director Lentz and Mr. Froehlich for bid tabulation.

13. **Adopt Order Adopting Rules Establishing Standards of Recreational Facilities.** No action was taken on this item.

14. **Authorize credits to water and sewer bills following service line repairs.** President Stine reported that a resident requested that the Board consider establishing a policy to give the land owner the option for repairing the land or receiving a credit in the amount equal to the cost of the repair to the District. Discussion ensued. It was the consensus of the Board to not make it a policy to give the land owner the option of repairing the land or receiving a credit, due to the minimal cost to repair the land and issues that administering such a policy would cause.

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 March 19, 2015.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

