

MINUTES OF MEETING OF BOARD OF DIRECTORS
MARCH 17, 2016

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 March 17, 2016 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 Directors 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; Mr. Larry Jones of Severn Trent Environmental Services, Inc. ("ST"), operator of the District's facilities; Mr. Matthew Froehlich of Brown & Gay Engineers, Inc. ("BGE"), engineers for the District; and Ms. Kathleen Ellison and Ms. Emerald Lagow 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 meeting of February 18, 2016, previously distributed to the Board, were presented for approval. 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 minutes of the meeting of February 18, 2016.
2. **Receive comments from the public.** There were no comments.
3. **Adopt Order Declaring Unopposed Candidates Elected to Office.** Ms. Ellison presented to and reviewed with the Board an Order Declaring Unopposed Candidates Elected to Office (the "Order"), a copy of which is attached hereto as Exhibit "B."

She noted that candidates will take their new terms on May 10, 2016. Discussion ensued regarding posting the Order at the District's polling place on election day. Director Holder confirmed he is available to post the Order at the Harris County Library (Atascocita Branch, 19520 Pinehurst Trails Drive, Humble, Texas 77346) on May 7, 2016.

Director Whitaker entered the meeting at this time.

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 adopt the Order, as presented.

4. **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 for

the month of February, 2016, a copy of which is attached hereto as Exhibit "C." Ms. Loaiza noted that 96.2% of the District's 2015 taxes had been collected as of today.

Ms. Loaiza noted that her report includes wire transfers to the District's debt service and general funds.

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 Tax Assessor and Collector's Report and to authorize payment of check numbers 1140 through 1147 from the Tax Account to the persons, in the amounts, and for the purposes stated in the Tax Assessor and Collector's Report.

5. Review Bookkeeper's Report, authorize payment of bills and approve Investment Report. The President noted that Ms. Kay is on vacation, and he provided copies of her report dated March 17, 2016, the Investment Report, and the Deposit Collateral Report, copies of which are attached hereto as Exhibit "D." He noted that the report had not been sent out prior to the meeting.

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 defer acceptance of the Bookkeeper's Report and the Investment Report until the next meeting and to authorize payment of check numbers 9262 through 9284 from the Operating Account, to the persons, in the amounts, and for the purposes stated in the Bookkeeper's Report.

6. Operations Report. Mr. Jones presented to and reviewed with the Board the Operations Report for the month of February, 2016, a copy of which is attached hereto as Exhibit "E." Mr. Jones reported that 92.72% of the water pumped was billed for the period ending February 26, 2016.

Mr. Jones reported that a resident on 18th Fairway is requesting reimbursement for repairs to the District's sewer line made by his plumber in 2010. Mr. Jones reviewed events relating to the repair, noting that the plumber contacted ST to report a stoppage in the District's portion of the line; however, ST's investigation did not show any problems with the line. He reported that the plumber proceeded to make repairs to the District line without notifying ST. He said that ST had to repair the line recently due to the improper installation of a six inch "Y" by the plumber. He noted that ST contacted the plumber, Alpha Omega, who confirmed that the repairs were made to the District's line at the homeowner's request. The President asked the operator to inform the resident of the cost of repairs made by ST to correct the line.

In response to a question from the President, Mr. Jones stated that the City storm sewer department came out three days in a row to investigate the separation in the pipe going into Lake Houston but could not see it because of the lake level. He noted that he is in regular contact with the City of Houston representatives who are investigating the pipe. The President directed Mr. Jones to ask the County to check on the storm sewer at Atascocita Shores discussed by the Board previously.

Director House noted that recently his backyard flooded. After discussion, it was determined that the problem arose from the golf course. Mr. Jones stated that he would contact the golf course.

Mr. Jones reviewed a summary of major maintenance performed at the District's Lift Station and Water Plant facilities, and on its sewer lines and water lines.

Mr. Jones reviewed a list of delinquent accounts, and noted that there were 13 accounts unpaid as of this month's report.

Upon motion by Director Whitaker, seconded by Director House, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operations Report and to terminate service to delinquent accounts in accordance with the District's rate order.

7. **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 "F."

Development Plan Reviews

Mr. Froehlich reported that BGE received final plans and issued a revised no-objection letter to Advance Auto Parts (6931 Atascocita Road), a copy of which is attached to the Engineer's Report. The configuration of the utility connections changed slightly.

He noted that BGE sent a comment letter in response to the plans for the Executive Inn (8530 FM 1960; formerly proposed Days Inn), a copy of which is attached to the Engineer's Report.

Lift Station No. 1 Conversion

Mr. Froehlich reported that the contractor is 95% complete with the Lift Station No. 1 Conversion, noting that construction of the brick wall is underway, and that electrical work should be completed this week. Mr. Froehlich reviewed with the Board Pay Estimate No. 3 from R+B Group in the amount of \$220,729.95, a copy of which is attached to the Engineer's Report.

Mr. Froehlich reported that BGE met with R+B Group's owner, Brian Morrison, on February 22, 2016 to review concerns regarding construction progress and supervision following the change in project managers. Mr. Morrison stated that he had not been informed of the issues, and has been making good progress in completing the work since the discussion. Mr. Froehlich estimated that the project will be completed in approximately 3 weeks.

In response to a question from the Board, Mr. Jones stated that ST back-charged the contractor for costs incurred by the District due to the project exceeding its contracted construction time and has received partial payment from the contractor. He noted that \$10,330.94 of the invoice is unpaid as of the Operations Report. In response to a question from Ms. Ellison, Mr. Froehlich confirmed that 10% of the contract amount (\$60,000) is currently being held for retainage. The Board directed BGE to inform the contractor that the District will not make any more payments to the contractor until the contractor completes payment of all costs back-charged by the operator.

Water Plant No. 2 Building Addition

Mr. Froehlich reported that the contractor is 99% complete with Water Plant No. 2 Building Addition, and reviewed with the Board Pay Estimate No. 7 in the amount of \$27,306 from Schier Construction, a copy of which is attached to the Engineer's Report.

Mr. Froehlich noted that the Board approved Change Order Nos. 1 and 2 from Schier Construction Company at the last meeting, allowing for the contractor to make the sanitary sewer connection (\$11,700) and install a new chart recorder (\$6,900). He reported that BGE determined that a new chart recorder is necessary to work with the new controls installed at the Plant and is now presenting the formal change orders for execution by the Board.

Annual Tank Evaluations

There was no update.

King's River Drive Roadside Ditch

Mr. Froehlich reported that BGE drafted a letter documenting the District's inquiry regarding the guardrail and the Precinct's response, a copy of which is attached to the Engineer's Report. He noted that, in the meantime, BGE will obtain a quote from Southern Texas Utilities for installing a storm sewer and backfilling the area to grade. He noted that BGE is considering adding inlets to improve drainage in the area.

G103-29-00 (ditch through Woods Apartments and golf course)

Mr. Froehlich reported that BGE completed the topographic survey of the ditch and determined it would require significant re-grading to eliminate the ponded water. He noted that other options include removing the trees, and filling/removing the culverts altogether. He noted that he talked with Shane Stuckey of Stuckey's Contract Services about options to address the area behind 20115 and 20119 Atascocita Shores Dr. where the ditch through the Woods Apartments and a smaller dietch from the golf course converge and then flow through culverts under Atascocita Shores Drive to outfall into Lake Houston. He stated that options for cleaning up this area and installing erosion protection would not be aesthetically pleasing. Discussion ensued. The Board asked the engineer to look into potential improvements to the ditch to lessen the volume of flow in the area subject to erosion.

Well Repair Protocol

Mr. Froehlich reported that BGE met with Director Whitaker and the operator to finalize the well repair protocol for future repairs. He noted that no additional comments were received.

The President noted that the protocol only provides replacement options and asked whether repair had been considered. Director Whitaker stated that the protocol is intended to provide consultants with the necessary authorization to act at the time of well failure in order to minimize if not prevent the need for taking the well offline. He noted that the Board can later choose to repair the failed equipment and store it as a backup. Director Whitaker noted that the operator and engineer would contact the designated Board member for approval to act, and estimated that the protocol would save 50-60% of the current well repair time.

Atascocita Joint Operations Board ("AJOB")

Mr. Froehlich reported that BGE prepared a bid package for pavement repairs at the plant and is waiting on responses from three contractors.

He reported that Drylet, LLC is drafting a revised agreement that will be between Drylet, AJOB and the operator (ST) and engineer (BGE) for the wastewater treatment plant.

In response to a question from the Board, Mr. Froehlich reported that a representative of AECOM contacted him to ask about the District's area maps of drainage facilities along FM 1960. He confirmed that the District's force main and water line are in easements on the north side of FM 1960. He added that, based on what he has seen and heard from TxDOT, the widening of FM 1960 should not impact the District's utilities between Pinehurst Trails Dr. and Atascocita Shores Dr., but will likely impact its utilities along FM 1960 west of Pinehurst Trails Dr.

Upon motion by Director Whitaker, 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, to approve payment of Pay Estimate No. 3 in the amount of \$220,729.95 to R+B Group, in connection with Lift Station No. 1 Conversion; to approve payment of Pay Estimate No. 7 in the amount of \$27,306 to Schier Construction, in connection with construction of Water Plant No. 2 Building Addition; and to withhold future payments to R+B Group pending receipt of payment for outstanding invoices by the District's operator.

8. **Review and authorize capacity commitments.** This item was addressed under the Engineer's Report.

9. **Discuss and take action on proposed ACIA Amenities.** Director Lentz noted that he will attend the ACIA meeting on Monday.

10. **Discuss and take any action in connection with District communications.** The President reported that a notice was included with the monthly water bills to inform residents of the location of ST's new office, noting that he is coordinating posting the notice on the District's website.

11. **Other matters.** There were no other matters.

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 April 21, 2016.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)