

MINUTES OF MEETING OF BOARD OF DIRECTORS
February 21, 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, 20114 Pinehurst Trail Drive, Humble, Texas, 77346, on February 21, 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. Also attending all or parts of the meeting were Mr. Michael Keefe of Bob Leared Interests, tax assessor and collector for the District; Mr. Terry Holland 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. Rico Rodriguez of Brown & Gay Engineers, Inc. ("*Brown & Gay*"), engineer for the District; and Ms. Carla Christensen, paralegal, of Fulbright & Jaworski L.L.P. ("*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 January 17, 2013, previously distributed to the Board, were presented for approval. 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 minutes of the meeting of January 17, 2013, as presented.

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

3. **Review Bookkeeper's Report and Investment Report.** Mr. Holland presented to and reviewed with the Board the Bookkeeper's Report for the period ending February 21, 2013 and the Investment Report, copies of which are attached hereto as Exhibit "B."

Director Stine reported that he has communicated with Mary Jarmon regarding the District's options for the investment of funds. Director Stine stated that, if authorized, Myrtle Cruz, Inc. can invest District operating funds in certificates of deposit ("CDs") at banks outside of the greater-Houston area. Director Stine noted that Mary Jarmon advised him that the CD

rates would be similar to Houston banks. Director Stine stated that if there are insufficient banks in the Houston area in which to invest the District's \$4,000,000 in current operating reserves, Myrtle Cruz, Inc. should include banks outside the Houston area to fully invest District operating reserves and available bond funds. 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 authorize the District's bookkeeper to begin investing operating funds in CDs at Texas banks outside of the greater-Houston area.

Director Stine also reported that he communicated with Mary Jarmon regarding the investment of District debt service funds. Director Stine stated that it is his understanding that the District can invest up to an additional \$240,000 of debt service funds in a CD at a bank in which the District also has up to \$240,000 in operating funds invested in a CD and both CDs would be covered under FDIC insurance. Mr. Holland stated that he will confirm with Mary Jarmon whether this type of investment can be performed at one bank or multiple banks. It was the consensus of the Board to have the District's bookkeeper invest District debt service funds in CDs at banks at which the District has already invested in CDs with operating funds.

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 February 21, 2013, to approve the Investment Report, and to authorize payment of check numbers 8059 through 8096 from the Operating Account, 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 the Tax Assessor and Collector's Report for the month of January 2013, a copy of which is attached hereto as Exhibit "C." Mr. Keefe noted that 96.2% of the District's 2012 taxes had been collected as of January 31, 2013. Upon motion by Director Lentz, 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 1027 through 1035 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

Mr. Keefe stated that the District's value split history summary, as updated, is attached to his report.

5. Operations Report and Billing and Collections Report. Mr. Jones presented to and reviewed with the Board the Operations Report for the month of January 2013, a copy of which is attached hereto as Exhibit "D." Mr. Jones reported that 93.7% of the water pumped was billed for the month ending January 21, 2013. Mr. Jones noted that the water accountability is lower than normal because there were substantial water line leaks in the past month.

Mr. Jones requested permission to turn over four accounts in the aggregate amount of \$672.77 to collections and to write off two accounts, each of which are less \$25.00.

Discussion ensued regarding the incident that occurred on January 23, 2013 when the USGS was obtaining water well measurements at the District's Rebawood water plant and

inadvertently dropped 198 feet of the measuring tape down the well. Mr. Jones reported that ST took the well off-line for two days, but the well is back on-line and is operating normally.

In response to a question, Mr. Rodriguez reported that he contacted Amy Zapletal, the previous engineering representative from Brown & Gay for the District, regarding her intentions for budgeting \$120,000 for inspection and rehabilitation of water well no. two. Mr. Rodriguez stated that Ms. Zapletal's intention for budgeting the \$120,000 was of a pro-active nature due to the age of the well. Mr. Rodriguez noted that the well was installed in 1995. Mr. Rodriguez recommended leaving the item in the budget.

Discussion ensued regarding the necessity to replace the AC water lines within the District. It was the consensus of the Board that Mr. Rodriguez coordinate with the Directors and F&J to schedule an "in-District" meeting to discuss the District's options for replacement of the AC water lines.

Mr. Jones reported that it will cost \$3,395 to install a Miltronics system in the electrical control panel at lift station no. three.

Mr. Jones reported that the District received a letter from the billing company for both Walmart and Target requesting waiver of late fees. It was the consensus of the Board to deny such request.

Mr. Jones reported that the District received a letter from a resident requesting an adjustment to her water bill due to a water leak, which has been repaired. It was the consensus of the Board to credit the resident for the sewer portion of her water bill during the time period in question.

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 Operations Report, to authorize termination of service to the delinquent accounts, to authorize turning over four accounts in the aggregate amount of \$672.77 to collections and writing off two accounts each of which is less than \$25, and to authorize the installment of a Miltronics system in the electrical control panel at lift station no. three.

6. **Engineer's Report.** Mr. Rodriguez presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "E" and which follows in substantially the form it was presented:

Storm sewer maintenance review summary:

At the previous meeting, the Board requested that Brown & Gay solicit a proposal to televise all the storm sewer lines that the District is responsible for maintaining. Cleanserve submitted a proposal in the amount of \$14,990 to televise 11,000 linear feet of the storm sewer line. Cleanserve has completed numerous projects for Brown & Gay and Brown & Gay recommends authorizing Cleanserve to televise the storm sewer lines. Additionally, Brown & Gay requests authorization to review the video and prepare a summary of findings report and create a storm sewer maintenance plan.

Water Plant No. Two – Ground Storage Tank No. 1:

The contractor has completed the ground storage tank no. one recoating and the testing is complete. The tank is now in service.

Atascocita Joint Operations Board (“AJOB”):

A copy of the draft AJOB report is not yet available.

Diversion Swale and Berm for Kings River Estates, Section Four - Construction contract (C.E. Barker, Ltd.):

Brown & Gay is coordinating with F&J to secure three drainage easements not previously returned for recordation. The easements are on Lot 2, Lot 4, and within the POA’s Reserve A. A follow-up letter describing this issue has been sent to the owners of record for the subject tracts requesting execution of the easement documents. One of the packages was returned unclaimed from 20803 Kings Crown Court. The realtor for 20803 Kings Crown Court, Ana P. Braun, agreed to forward an email with the documents to the manager of the property and request the manager communicate with the owner regarding this issue. No response to date from the other residents.

Mr. Rodriguez stated that he will contact Locke Braly regarding the execution of the POA easement.

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

There was no maintenance report 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 approve the Engineer’s Report, to authorize Cleanserve to televise the District’s storm sewer lines, and to authorize Brown & Gay to review the storm sewer television tapes and prepare a summary of findings and recommendation plan.

Mr. Jones reported that the taps for the Lifetime Fitness property have been installed.

7. **Review and authorize capacity commitment letters.** Mr. Rodriguez reviewed with the Board a request for a capacity commitment for Driver’s Automotive Repair, a copy of which is attached to the Engineer’s Report. Mr. Rodriguez stated that the request is for 398 gpd of water supply and 306 gpd dry weather flow wastewater treatment capacity. Mr. Rodriguez stated that the District has sufficient capacity to serve Driver’s Automotive Repair. 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 authorize a capacity commitment letter to Driver’s Automotive Repair.

8. **Discuss and take necessary action in connection with providing water service to former Atascocita Country Club and QLS/Lifetime Fitness and take necessary action in connection with annexation of such property.** Ms. Christensen noted that F&J previously received the signed Petition for Addition of Land from Lifetime Fitness and is now awaiting receipt of the signed Petition for Addition of Land from K-SAN, the new owner of the Pinehurst

Trail Holdings tract. Ms. Christensen stated that once the K-SAN Petition is received, F&J *will* prepare and submit a package to the City of Houston for approval of the annexations.

Upon motion by Director Holder, seconded by Director House, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution of the Petition for Consent to Addition of Land in connection with the K-SAN tract of land.

9. **Discuss and take any action in connection with District communications.** Director Stine reported that Ms. Wynn emailed the communications report earlier today. Director Stine stated that: 1) the tax rate reduction information was added to the District's website and there will be notification of same in the next newsletter, 2) an article regarding the direct billing promotion will be included in the next water bill and in the next newsletter, 3) the emergency telephone line information has been posted on the home page of the website, and 4) that there are a couple of articles in the review process for the next newsletter and the remaining articles should be in review/approval stage by early next week.

10. **Other Matters.** It was noted that the next Board meeting will be held on March 21, 2013 at the Atascocita Library.

Director Holder presented to and reviewed with the Board a presentation regarding the possibility of the District partnering with Harris County Pct. 4 to pay for street sign improvements, a copy of which is attached hereto as Exhibit "F." Discussion ensued. Mr. Rodriguez stated that he will obtain cost estimates for street sign and contact representatives with Harris County Pct. 4 and TxDot regarding potential street improvement projects in which the District could participate.

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.

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



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

