

MINUTES OF MEETING OF BOARD OF DIRECTORS
April 18, 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 April 18, 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 Lentz, who entered the meeting in progress. 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; Ms. Virginia Blake of McCall Gibson Swedlund Barfoot PLLC, auditor for the District; Mr. Rico Rodriguez of Brown & Gay Engineers, Inc. ("*Brown & Gay*"), engineer for the District; Ms. Nikki Wynn, Communications Program Consultant; Ms. Jana Cogburn (via face time/internet) and Ms. Carla Christensen 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 March 21, 2013, previously distributed to the Board, were presented for approval. Director Stine noted one typographical error in the Engineer's Report. 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 March 21, 2013, as corrected.

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

3. **Appoint Auditor for fiscal year ending May 31, 2013.** The President recognized Ms. Blake, who presented to and reviewed with the Board a proposed auditor engagement letter for the fiscal years ending May 31, 2013 and 2014, a copy of which is attached hereto as Exhibit "B." Ms. Blake estimated the cost for the audit for 2013 will be between \$14,000 and \$15,000. 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 engage McCall Gibson Swedlund Barfoot PLLC to perform the District's audit for fiscal years ending May 31, 2013 and 2014, and to authorize the President to execute the auditor engagement letter.

4. **Review Bookkeeper's Report and Investment Report.** Mr. Holland presented to and reviewed with the Board the Bookkeeper's Report for the period ending April 18, 2013 and the Investment Report, copies of which are attached hereto as Exhibit "C."

In response to a question from Director Stine, Mr. Holland stated that he will send the Directors copies of the monthly bills and invoices.

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 April 18, 2013, to approve the Investment Report, and to authorize payment of check numbers 8136 through 8158 from the Operating Account, all as listed in the Bookkeeper's Report.

5. **Adopt budget for fiscal year ending May 31, 2014.** Director Stine reviewed with the Board the proposed budget for fiscal year ending May 31, 2014, a copy of which is attached hereto as Exhibit "D." Discussion ensued regarding the proposed budget. Director Stine requested that the Board and consultants review the proposed budget and provide any input to him prior to the next Board meeting.

Director Lentz entered the meeting at this time.

Discussion ensued regarding the funding of future rehabilitation projects.

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 March 2013, copies of which are attached hereto as Exhibit "E." Mr. Keefe noted that 98.2% of the District's 2012 taxes had been collected as of March 31, 2013. 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 1045 through 1051 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

7. **Operations Report and Billing and Collections Report.** Mr. Jones presented to and reviewed with the Board the Operations Report for the month of March 2013, a copy of which is attached hereto as Exhibit "F." Mr. Jones reported that 95.59% of the water pumped was billed for the month ending March 20, 2013.

Mr. Jones requested permission to turn over two accounts in the aggregate amount of \$208.94 to collections.

Mr. Jones reported that the District received a request from a commercial customer requesting an adjustment to the sewer portion and West Harris County Regional Water Authority ("WHCRWA") fees of its water bill due to substantial water line leak. It was the consensus of the Board to only adjust the sewer portion of the water bill in question in accordance with District policy.

Mr. Jones reported that he obtained a proposal to replace the irrigation controller at the Rebawood water plant at a cost of \$414.05. It was the consensus of the Board that Mr. Jones obtain additional proposals for the replacement of the irrigation controller.

The Board directed ST to include a statement on the water bills notifying customers that the WHCRWA had authorized an increase of \$0.15 per 1,000 gallons effective July 1, 2013.

Upon motion by Director Lentz, seconded by Director Whitaker, 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 two accounts in the aggregate amount of \$208.94 to collections.

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

Storm sewer maintenance review summary:

Cleanserve is in the process of televising 11,000 linear feet of storm sewer lines in the District. The anticipated completion date for the videos is April 30, 2013.

Atascocita Joint Operations Board ("AJOB"):

A copy of the AJOB report is attached to the Engineer's Report.

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 two drainage easements not previously returned for recordation.

The drainage easement for King River Estates, Section 4 Drainage Rehab had been executed by Vickie Cain at Property Owner's Association, Inc. The easement has been recorded. A memorandum is attached to the Engineer's Report regarding the status of the remaining outstanding easements. The Board asked Mr. Rodriguez to add additional detail to the memorandum regarding the location of the outstanding easements.

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

The Board reviewed the maintenance report in connection with the Kings River Estates, Section Four diversion swale and berm, a copy of which is attached to the Engineer's Report.

Upgraded Signage Costs

Mr. Rodriguez spoke with Barbara Russell of TxDOT's Houston District. Ms. Russell stated that she will investigate the program/process and respond to Mr. Rodriguez.

Discussion ensued. It was the consensus of the Board to not pursue this matter any further.

Water Line Rehabilitation

The majority of the District's water infrastructure is aging and is composed of asbestos pipe which is brittle and subject to failure. Preliminary analysis of the District's water line network has been tabulated and is depicted on exhibits attached to the Engineer's Report. Preliminary cost estimates have been updated for the replacement of the water distribution network.

Discussion ensued regarding the materials options for future water line rehabilitation projects. Mr. Rodriguez stated that he will investigate the different types of pipe and related life expectancy options in connection with future water line rehabilitation projects. It was the consensus of the Board to schedule a special meeting, when appropriate, to discuss how to proceed with water line rehabilitation projects within the District.

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. Rodriguez reported that no capacity commitment requests have been received since the last Board meeting.

10. **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 reported that she has received all the necessary annexation documentation from K-SAN, LLC with the exception of one document from a lienholder on the K-SAN property.

11. **Discuss and take necessary action in connection with partnering with Harris County Pct. 4 and/or TxDot for street improvements.** There was no further discussion on this matter.

12. **Discuss and take any action in connection with District communications.** Ms. Wynn reported that the quarterly newsletter is currently being printed. Ms. Wynn reviewed with the Board a summary of website statistics, a copy of which is attached hereto as Exhibit "I." The Board requested that Ms. Wynn provide a statement for posting on the website in connection with WHCRWA fee increase that will be effective July 1, 2013.

13. **Other Matters.** It was noted that the next Board meeting will be held on May 16, 2013 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.

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The above and foregoing minutes were passed and approved by the Board of Directors on
May 16, 2013.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

