

MINUTES OF MEETING OF BOARD OF DIRECTORS  
September 19, 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 September 19, 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. 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. Leroy Mensik 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; Ms. Anthea Moran of First Southwest Company, financial advisor for the District; Ms. Nikki Wynn, Communications Program Consultant; and Ms. Jana Cogburn and Ms. Carla Christensen 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 meeting of August 15, 2013, previously distributed to the Board, were presented for approval. 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 minutes of the meeting of August 15, 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.** Ms. Kay presented to and reviewed with the Board the Bookkeeper's Report for the period ending September 19, 2013 and the Investment Report, copies of which are attached hereto as Exhibit "B."

In response to a question from Director Stine, Ms. Kay stated that she will provide details to the Board in connection with the ACH return that totaled \$11,906.65.

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 September 19, 2013, to approve the Investment Report, and to authorize payment of check numbers 8292 through 8319 from the Operating Account, all as listed in the Bookkeeper's Report.

4. **Approve Annual Report of Financial Information and Operating Data.** The Board reviewed the draft of the Annual Report on Financial Information and Operating Data, a copy of which is attached hereto as Exhibit "C." Ms. Cogburn stated that the District is required to file such report pursuant to the bond orders for the District's 2006 and 2010 bond issues. 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 Annual Report on Financial Information and Operating Data and to authorize the filing of same.

5. **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 August 2013, copies of which are attached hereto as Exhibit "D." Mr. Keefe noted that 99.3% of the District's 2012 taxes had been collected as of August 31, 2013. 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 1085 through 1087 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

In response to a question from Director Stine, Mr. Keefe stated that he will ask the delinquent tax attorney about the status of collection of the ACIA delinquent accounts.

6. **Adopt Order Designating Officer to Calculate and Publish Tax Rate.** Ms. Moran presented to and reviewed with the Board a cash flow analysis and recommendation for levying the 2013 tax rate, a copy of which is attached hereto as Exhibit "E." The Board reviewed the general operating fund cash flow analysis prepared by Director Stine, a copy of which is attached hereto as Exhibit "F." Discussion ensued regarding lowering the debt service tax rate. The Board reviewed the draft Order Designating Officer to Calculate and Publish Tax Rate for 2013, a copy of which is attached hereto as Exhibit "G." 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 adopt the Order Designating Officer to Calculate and Publish Tax Rate for 2013, thereby authorizing the District's tax assessor and collector to publish the proposed tax rate of \$0.125 for \$100 assessed valuation (\$0.03 for debt service and \$0.095 for operations and maintenance).

Ms. Moran noted that with the reduction in the tax rate, the average tax bill will decrease by 17.8%.

Discussion ensued regarding a possible cash defeasance after April 1, 2014. It was the consensus of the Board to discuss a cash defeasance at the March 2014 Board meeting.

7. **Operations Report and Billing and Collections Report.** Mr. Mensik presented to and reviewed with the Board the Operations Report for the month of August 2013, a copy of which is attached hereto as Exhibit "G." Mr. Mensik reported that 98.04% of the water pumped was billed for the month ending August 22, 2013.

Mr. Mensik requested permission to turn over seven accounts in the aggregate amount of \$690.74 to collections.



Mr. Mensik reported that the well motor at Water Plant No. One (Rebawood Plant) shorted earlier this month. Mr. Mensik stated that it would cost \$19,020 to repair the motor or \$19,805 to replace the motor. Mr. Mensik stated that ST is in the process of replacing the well motor. Mr. Mensik noted that ST filed an insurance claim with the District's insurance company.

Mr. Mensik reported that the sanitary sewer line at 20228 Atascocita Shores had been televised and no problems with the line were discovered. Mr. Mensik noted that there was slight infiltration so the manhole was re-sealed. Mr. Mensik stated that the driveway is scheduled to be replaced on Monday, September 23, 2013.

Mr. Mensik reported that there are 1,816 meters in the District and 962 of the meters are registering over one million gallons. Discussion ensued regarding the District's meter change-out program. Mr. Mensik stated that ST is in the process of replacing all the residential meters (approximately 800) registering in excess of one million gallons. Mr. Mensik stated that ST will also test the accuracy of the large, commercial meters. In response to a question, Mr. Mensik stated that it costs ST approximately \$65 to replace one residential meter (including materials and labor).

Mr. Mensik noted that the scheduled online billing conversion will not take place in October 2013 as originally planned. Mr. Mensik stated that the online billing conversion is now scheduled to take place sometime after February 2014. Mr. Mensik reported that the new billing system will not require ACH customers to complete new paperwork.

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, to authorize termination of service to the delinquent accounts and to authorize turning over seven accounts in the aggregate amount of \$690.74 to collections.

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 "I" and which follows in substantially the form it was presented:

Commercial Plan Reviews:

There were no new commercial plan review submittals this month.

Storm sewer maintenance review summary:

Cleanserve submitted video for televising of approximately 8,600 LF of storm sewer lines. Brown & Gay has reviewed the video. Cleanserve is resubmitting video for approximately 700 LF of storm sewer lines for Brown & Gay to review. Based on the video reviewed to date, the primary need at this time appears to be maintenance (cleaning and removal of debris) as opposed to rehabilitation/repairs.

Pay Estimate No. 2 in the amount of \$6,154.65 has been reviewed and is recommended for approval and payment. This estimate includes payment for the initial 4,958 linear feet of storm sewer televised.

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

A copy of the monthly report is attached hereto as Exhibit "J."



Lift Station No. 1 Repairs (shared with Harris County MUD Nos. 151 and 153):

Brown & Gay provided updated connection counts for each district at the July 2013 meeting and will revisit the counts on an annual basis.

Capital Improvement Plan ("CIP"):

Brown & Gay identified potential locations for a restroom facility at Water Plant No. One. The site has limited space. Brown & Gay will review the potential locations with ST for any additional input. Brown & Gay is contacting contractors and investigating the potential construction cost.

Brown & Gay met a representative of ST at Lift Station No. One to investigate the feasibility of converting from a dry wet well to submersible pumps and bringing the controls to the surface level, and is working with contractors and suppliers on a conceptual construction costs for same.

Mr. Froehlich stated that a new restroom facility would cost approximately \$65,000 and a conversion to submersible pumps would cost approximately \$1,100,000.

Water System Modeling:

Brown & Gay completed the water system model and analysis. A technical memo summarizing the model, analysis, and scenario results is attached to the Engineer's Report.

An invoice from Cathco Fire Hydrant Service & Repairs in the amount of \$300.00 has been reviewed by Brown & Gay and is recommended for approval and payment. This invoice covers static and fire flow pressure readings provided for the water system model calibration.

Annual Tank Inspections:

Brown & Gay is coordinating with ST regarding the annual ground storage tank ("GST") and hydro-pneumatic tank ("HPT") inspections. Field inspections are complete and reports are being prepared for the bolted steel GSTs at both water plants. The welded steel GSTs will be inspected at their upcoming warranty reviews. HPT No. Two at Water Plant No. One was also inspected and the report is being prepared. The 5-year internal/external inspections on the three other HPTs will be coordinated with ST and performed when demand decreases, likely November 2013 at the earliest.

TCEQ Water Conservation and Water Supply Reporting:

The TCEQ notified the District of a new website for reporting implementation of stages of the District's Drought Contingency Plan. The website also allows districts/water suppliers to notify the TCEQ when their water supply is less than 180 days. Brown & Gay contacted the TCEQ to inquire how TCEQ recommends that the District determine remaining groundwater supply. The TCEQ responded that the requirement is geared towards surface water supply and those on groundwater should monitor well production and static water levels.

Atascocita Joint Operations Board:

The Engineer's report for September is attached.

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, to approve and authorize payment of Pay Estimate No. Two in the amount of \$6,154.65 to Cleanserve for televising the District's storm sewer lines, and to approve and authorize payment of \$300 to Cathco Fire Hydrant Service & Repairs for the static and fire flow pressure readings provided.

9. **Review and authorize capacity commitment letters.** Mr. Froehlich stated that there have been no capacity commitment requests since the last meeting.

Mr. Froehlich stated that Brown & Gay did receive a request for a capacity availability letter from MA Family Investment for the commercial reserves at the northeast corner of FM 1960 and Atascocita Shores Drive. The developer is planning a three-story multi-use development.

10. **Discuss and take any action in connection with District communications.** Ms. Wynn reviewed with the Board her report on communications activities over the last month and proposed articles for the next newsletter.

Ms. Wynn inquired if the Board would like to pay \$630 (printing cost) to have water conservation inserts included in the water bills for the next 12 months. It was the consensus of the Board to pay the water conservation insert printing cost and include the inserts in the water bills for the next 12 months.

11. **Other Matters.** It was noted that the next Board meeting will be held on October 17, 2013 at 6:00 p.m. 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.

\* \* \*

The above and foregoing minutes were passed and approved by the Board of Directors on October 17, 2013.

  
\_\_\_\_\_  
President, Board of Directors

ATTEST:

  
\_\_\_\_\_  
Secretary, Board of Directors

(DISTRICT SEAL)

