

MINUTES OF MEETING OF BOARD OF DIRECTORS  
October 16, 2014

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 Overlook, 20114 Pinehurst Drive, Atascocita, Texas, 77346, on October 16, 2014 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 Directors Holder and Lentz. Also attending all or parts of the meeting were Ms. Lina Loiaza 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 and Mr. Jorge Bustamante of Brown & Gay Engineers, Inc. ("Brown & Gay"), engineers for the District; and Ms. Jana Cogburn and Ms. Carrie Spann 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 regular meeting of September 18, 2014, 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 September 18, 2014, as presented.

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 October 16, 2014, the Investment Report, and the Deposit Collateral Report, copies of which are attached hereto as Exhibit "B." 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 October 16, 2014, to approve the Investment Report, and to authorize payment of check numbers 8714 through 8751 from the Operating Account, all as listed in the Bookkeeper's Report.

4. **Review Tax Collector's Report and authorize payment of certain bills.** Ms. Loiaza presented to and reviewed with the Board the Tax Assessor and Collector's Report, a

copy of which is attached hereto as Exhibit "C." The Board noted that 99.2% of the District's 2013 taxes had been collected as of September 30, 2014. Ms. Loaiza presented to and reviewed with the Board the Delinquent Tax Report, a copy of which is attached hereto as Exhibit "D." Ms. Loaiza stated that the Delinquent Tax Attorney is requesting that the Board move the account of Hengly Taing to the uncollectible roll.

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 Tax Assessor and Collector's Report and to authorize payment of check numbers 1021 through 1031 from the Tax Account to the persons, in the amounts, and for the purposes stated in the Tax Assessor and Collector's Report and to move the account of Hengly Taing to the uncollectible roll.

5. **Public Hearing on Tax Rate.** The President opened the hearing on the proposed 2014 tax rate. There were no comments on the tax rate from the public. The President closed the hearing.

6. **Adopt Order Setting Tax Rate and Levying Tax For 2014.** The Board reviewed the Order Setting Tax Rate and Levying Tax for 2014, a copy of which is attached hereto as Exhibit "E." 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 Setting Tax Rate and Levying Tax for 2014, thereby levying a tax at a rate of \$0.114 per \$100 assessed valuation (\$0.0275 for debt service and \$0.0865 for operations and maintenance).

7. **Approve Amended District Information Form.** Ms. Cogburn stated that an Amended District Information Form will need to be filed in the Harris County Real Property Records and with the Texas Commission on Environmental Quality. 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 and authorize execution and filing of the Amended District Information Form, a copy of which is attached hereto as Exhibit "F," in the Harris County Real Property Records.

8. **Operations Report.** Mr. Jones presented to and reviewed with the Board the Operations Report for the month of September 2014, a copy of which is attached hereto as Exhibit "G." Mr. Jones reported that 105.61% of the water pumped was billed for the period ending September 23, 2014. Mr. Jones requested permission to turn over two accounts in the aggregate amount of \$197.24 to collections. Mr. Jones requested authorization to terminate service to the delinquent accounts.

Mr. Jones stated that there is a leak near the Shell Gas Station on West Lake Houston. Mr. Jones stated that the leak is on the six-inch fire hydrant valve and ST needs to isolate the pipe for repair. Mr. Jones stated that the repair will cost between \$15,000 and \$18,000. Mr. Jones stated that ST will perform the repair on Tuesday or Thursday and that the water will be shut off at 1:00 A.M. Mr. Jones stated that once the day is selected, he will put the information on the website.

Mr. Jones stated that the Taco Truck appears to be cleaning out the grease trap every third day. Director Stine asked if it were possible to collect the sales tax from the Taco Truck. Ms. Loaiza stated that she would look into it.

Mr. Jones stated that Stuckey's completed the mowing around the drainage ditch and they will begin de-silting the ditch as soon as possible.

Mr. Jones stated that the billing system is current and the delinquent list will be adjusted due to the bills being mailed out late. Mr. Jones stated that there were no issues with people that are already in the Direct Debit Payment (ACH) program.

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, to authorize termination of service to the delinquent accounts, and to authorize turning over two accounts in the aggregate amount of \$197.24 to collections.

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

Commercial Plan Reviews

Mr. Bustamante stated that Palace Inn engineer is looking into a septic system as opposed to tying into the District's sanitary sewer, but would still request District water service. Mr. Bustamante stated that Brown & Gay reviewed the Rate Order and could not find anything regarding septic systems or water only accounts. The District does not currently have any water only customers, but had one previously and only charged for water service. Discussion ensued. Upon motion by Director House, seconded by Director Whitaker, after a full discussion and the question being put to the Board, the Board voted unanimously to authorize Brown & Gay to send a letter to the Palace Inn engineer stating that use of the septic system is not acceptable.

Mr. Bustamante stated that Brown & Gay was contacted by Anne Vickery regarding the remainder tract on Atascocita Road in front of the La Quinta Inn. Mr. Bustamante stated that Advanced Auto Parts is interested in this tract as well considering its proximity to the Christian Brothers Automotive.

Storm Sewer Video Inspection and Maintenance:

Mr. Bustamante reported that a representative of Brown & Gay spoke with Jack Day with the golf course. Mr. Day stated that there does not appear to be any drainage issues in the area, so he does not believe an inlet is necessary. Brown & Gay suggests the Board authorize the Operator to repair the pipe and back fill the area to grade.

Mr. Bustamante reported that Brown & Gay reviewed the video inspections of the last few segments of storm sewer that the Operator recently televised. Mr. Bustamante reported that no significant defects were noted.

Mr. Bustamante reported that the field work for the storm sewer manhole survey is 95% complete. Mr. Bustamante stated that the Operator located four of the six remaining manholes. Mr. Bustamante stated that the Operator plans to televise one segment to locate one of the remaining manholes and is coordinating with Suddenlink to relocate an underground line that is over the top of the other. Mr. Bustamante stated that Brown & Gay will inspect all six once they are located.

Water Plant No. 2

Mr. Bustamante reported that Brown & Gay has begun work on the Water Plant No. 2 upgrades. Mr. Bustamante reported that the survey is complete and they are beginning plan preparation. Mr. Bustamante stated that he anticipates completing design and being prepared to advertise the project for bids in January 2015.

Mr. Bustamante stated that F&J has prepared documents for acquiring the parcel of land at the southeast corner of the plant for the Board's review and execution.

Annual Tank Inspections:

Brown & Gay will notify the Board of upcoming inspections as they approach.

<b>Tank</b>	<b>Next Inspection</b>	<b>Comments</b>
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	2013: Tank drained; 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	2013: Tank drained; warranty items addressed
WP2 HPT	June 2015	2014: New tank installed

Mr. Bustamante stated that the bolted GSTs and Water Plant No. 1 HPT2 were inspected in late August/early September. Mr. Bustamante stated that there were no significant changes from the previous inspections. Mr. Bustamante stated that Brown & Gay will continue to monitor the internal coating defects on the bolted GST at Water Plant No. 1. Mr. Bustamante stated that hard copies of the inspection reports are available for review.

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

Mr. Bustamante stated that the design for Lift Station No. 1 is underway. Mr. Bustamante stated that the survey is scheduled next week. Mr. Bustamante stated that the lift station plat is not platted, but was deeded to the District using a metes & bounds description. Mr. Bustamante stated that there is a chance Harris County will require a plat for plan approvals.

Power Factor Monitoring

Mr. Bustamante stated that Brown & Gay met the Operator at both water plants on October 9<sup>th</sup> to confirm the existing power meters' capability to display and monitor power

factor. Mr. Bustamante stated that both can provide 3-phase power factor and the meter at Water Plant No. 1 can provide power factor for each individual phase. Mr. Bustamante stated that Brown & Gay drafted and provided instruction to the Operator to log power factors over the next few weeks. Mr. Bustamante stated that they will review the results with the Board and discuss, if necessary, any ways to improve power factor monitoring.

Capital Improvement Plan ("CIP"):

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

Atascocita Joint Operations Board:

The Engineer's Report will be distributed via e-mail prior to AJOB's meeting on October 21<sup>st</sup>.

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 House, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report and to authorize the Operator to repair the storm drain pipe and backfill the area to grade.

**10. Review and authorize capacity commitment letters.** Mr. Bustamante stated that the motel engineer requested an extension of the capacity commitment for this property. The commitment expired in May 2014. Mr. Bustamante stated that the capacity requested remains the same. The Board agreed that they will not issue a capacity commitment letter until the motel corrects their address.

**11. Authorize Amendments to Drought Contingency Plan ("DCP").** Mr. Froehlich presented to and reviewed with the Board the Amendments to the Drought Contingency Plan, a copy of which is attached hereto as Exhibit "I." 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 authorize the amendments to the DCP.

**12. Discuss and take any action in connection with District communications.** Director Stine stated that he spoke with Ms. Barbara Payne about any person that might be interested in serving as the District's communications consultant. Director Stine stated that Ms. Payne does not believe the District will find someone that would be willing to come to the meetings. Director Stine said that Ms. Payne agreed to prepare a newsletter for the District. The Board agreed that a communications consultant is still needed.

**13. Discuss and clarify swimming pool requirements.** Director Stine stated that some residents have asked if the Board would consider waiving the sewage fees when the resident drains their pool. Discussion ensued. 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 establish a the policy of not waiving sewage fees in regards to water used when filling swimming pools.

**14. Approve Easement and Deed for Conveyance of Land.** Ms. Cogburn presented to and reviewed with the Board the Easement and Deed for Conveyance of Land at Water Plant No. 2, a copy of which is attached hereto as Exhibit "J." 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 Easement and Deed for Conveyance of Land at Water Plant No. 2.

**15. Third Amendment to Emergency Water Supply Contract by and among Harris County Municipal Utility District No. 132 and Harris County Municipal Utility District No. 153.** Ms. Cogburn presented to and reviewed with the Board the Third Amendment to Emergency Water Supply Contract between the District and MUD 132 ("Third Amendment to Water Supply Contract"), a copy of which is attached hereto as Exhibit "K." Ms. Cogburn reported that the Emergency Water Supply Contract with MUD 153 expired and that the Third Amendment to Water Supply Contract extends the Emergency Supply Contract for a ten year period.

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 Third Amendment to Water Supply Contract.

**16. Authorize Execution of Recreational Facility Agreement.** Director Stine stated that the District still needs the necessary purchasing information from ACIA.

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

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 November 20, 2014.



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

ATTEST:



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

(DISTRICT SEAL)

