

MINUTES OF MEETING OF BOARD OF DIRECTORS
November 20, 2014

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 November 20, 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. 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. Rodney Heisch 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 October 16, 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 October 16, 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 November 20, 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 November 20, 2014, to approve the Investment Report, and to authorize payment of check numbers 8752 through 8785 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 99.34% of the District's 2013 taxes and 0.106% of the District's 2014 taxes have been collected as of October 31, 2014.

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 1032 through 1037 from the Tax Account to the persons, in the amounts, and for the purposes stated in the Tax Assessor and Collector's Report.

5. Adopt Order Amending Order Adding Land and Redefining Boundaries. Ms. Cogburn reviewed with the Board the Order Amending Order Adding Land and Redefining Boundaries. Mr. Heisch stated that the landowner provided an incorrect survey. Mr. Hesich reported that Brown & Gay received the corrected survey.

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 adopt the Order Amending Order Adding Land and Redefining Boundaries.

6. Operations Report. Mr. Jones presented to and reviewed with the Board the Operations Report for the month of October 2014, a copy of which is attached hereto as Exhibit "D." Mr. Jones reported that 101.24% of the water pumped was billed for the period ending October 22, 2014. Mr. Jones requested permission to turn over nine accounts in the aggregate amount of \$1,107.79 to collections. Mr. Jones requested permission to write-off seven accounts in the aggregate amount of \$67.75.

Mr. Jones presented to and reviewed with the Board a copy of the Security Service Quotes for Water Plants and Lift Stations, a copy of which is attached hereto as Exhibit "E." Mr. Jones stated that Today's Integration would charge \$40,081.64 to install their system and \$240.00 per month for monitoring. Mr. Jones stated that Waste Management Security Services would charge \$51,795.00 to install their system and \$375.00 per month for monitoring. Mr. Jones stated that ST could install an auto-dialer system at a cost of \$11,175.00 with no monthly cost. Director Holder recommended using ST to supply the security needs for 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 authorize ST to install the auto-dialer security option.

President Stine asked Mr. Jones to permanently add the link to the District website to the message section of the water bill.

Director Holder asked Mr. Jones about cleaning the pond at hole 15 of the golf course. The Board directed Mr. Jones to obtain a cost estimate for cleaning the pond.

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 nine accounts in the aggregate amount of \$1,107.79 to collections and to write-off the seven accounts in the aggregate amount of \$67.75.

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

Commercial Plan Reviews

Mr. Heisch stated that Brown & Gay sent a letter to the developer informing him of the Board's decision on his request to use a septic system and that the Board would not consider extending his capacity commitment until the address discrepancy with HCAD is resolved. Mr. Heisch stated that the developer has obtained a new address from CenterPoint Energy and notified HCAD to make the revision. Mr. Heisch stated that the developer is working with the adjacent church to run sanitary service to the District's sanitary sewer along Pinehurst Trail Drive.

Director Lentz asked that Mr. Heisch research the credentials of Paragon Solutions Engineering Firm.

Storm Sewer Video Inspection and Maintenance:

Mr. Heisch reported that the field work for the storm sewer manhole survey is 95% complete. Mr. Heisch stated that the Operator located four of the six remaining manholes. Mr. Heisch 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. Heisch stated that Brown & Gay will inspect all six once they are located.

Water Plant No. 2

Mr. Heisch reported that the design is well underway on the Water Plant No. 2 improvements. Mr. Heisch stated that he anticipates completing design and being prepared to discuss advertising for bids at the Board's January 2015 meeting.

Mr. Heisch presented and recommended payment of Pay Estimate No. 1 and Final from Holloway Company, Inc. in the amount of \$64,077.00 for the purchase and delivery of the replacement hydropneumatic tank. Mr. Heisch stated that the work was completed in June.

Mr. Heisch presented and recommended payment of Pay Estimate No 2 and Final from WW Payton Corporation in the amount of \$5,897.50 for recoating the interior of the bolted GST. Mr. Heisch reported that the work was completed in 2013. Mr. Heisch stated that this is for retainage that remained on the project.

Drought Contingency Plan:

Mr. Heisch stated that the Board adopted a revised Drought Contingency Plan at last month's meeting. Mr. Heisch stated that he incorporated Director Stine's revisions into the summary and it is attached for the Board's review.

Water Well Performance Testing:

Mr. Heisch stated that G-M Services completed performance testing and evaluation of both water wells late last month. Mr. Heisch stated that Brown & Gay reviewed the reports and updated the summary table and graphs. Mr. Heisch stated that both wells appear to be working properly and there are no issues to report at this time.

Annual Tank Inspections:

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

Tank	Next Inspection	Comments
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. Heisch stated that Brown & Gay completed the field portion of the annual inspections on the welded GSTs at each plant earlier this week. Mr. Heisch stated that Brown & Gay is preparing the reports and will review them with the Board upon completion.

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

Mr. Heisch stated that the design for Lift Station No. 1 is underway. Mr. Heisch stated that he will inform the Board if Harris County requests the site be platted when it reviews these plans.

Power Factor Monitoring

Mr. Heisch stated that the Operator logged the power factor at both water plants over the past month. Mr. Heisch stated in reviewing the log, the power factor ranged from 0.82 to 0.87 at each water plant depending on what equipment was running at that time. Mr. Heisch stated that a power factor of 0.80 or greater is considered "acceptable". Mr. Heisch stated at this time, Brown & Gay does not have any additional recommendations other than performing the same exercise in the spring or summer to determine if there is any seasonal variation and confirm it is still ranging above 0.80 at each plant.

Third Annexation:

Mr. Heisch stated that Brown & Gay has been working with the property owner's surveyor to revise his survey to account for the portion of the property that is already within HCMUD 151's boundaries. Mr. Heisch stated that Brown & Gay received the revised survey earlier this week and is currently reviewing it. Mr. Heisch stated that if everything checks out on the survey, Brown & Gay will revise their documents accordingly and provide all to F&J and BLI to distribute to HCAD and the City of Houston as needed.

Capital Improvement Plan ("CIP"):

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

Atascocita Joint Operations Board:

The Engineer's Report for AJOB's November meeting is included in the Engineer's Report.

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 payment of Pay Estimate #1 and Final in the amount of \$64,077.00 for the purchase and delivery of the replacement hydropneumatic tank to Holloway Company, Inc. and Pay Estimate #2 and Final in the amount of \$5,897.50 for recoating the interior of the bolted GST to WW Payton Corporation.

8. **Review and authorize capacity commitment letters.** Mr. Heisch stated that no action will be taken on the commitment extension request for Palace Inn at 8411 FM 1960 E, until confirmation is received that HCAD has corrected the address for this property.

9. **Discuss and approve amendment to Engineer's contract.** Mr. Heisch stated that Brown & Gay is requesting an amendment to the current contract with the District to increase the construction cost threshold for basic services on a design project from \$200,000 to \$350,000. Mr. Heisch stated that this threshold dictates when the fixed 14% design fee is applied to projects. Mr. Heisch stated that the 14% design fee will remain the same. Mr. Heisch stated that this request is to account for market and industry changes since the current contract was executed in 2002.

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 approve the amendment to the Engineer's contract.

10. **Renew District Insurance.** The Board reviewed the insurance renewal proposal from SIG/McDonald & Wessendorff Insurance, a copy of the insurance proposal is attached hereto as Exhibit "G." 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 authorize execution of the renewal insurance proposal with SIG/McDonald & Wessendorff Insurance.

11. **Indemnification of Directors.** Ms. Cogburn stated that to the extent that the directors and officer's insurance policy does not cover losses of directors carrying out the lawful business and duties of the District in good faith, then the District can indemnify the directors for losses. 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 District's indemnification of directors for losses arising from the Directors carrying out their lawful duty, to the extent that such losses are not otherwise covered by insurance.

12. **Discuss and take any action in connection with District communications.** President Stine stated that he updated the website in regards to the new billing system.

President Stine stated that he contacted the editor of the local newspaper to inquire about possible interest in the position. Director Holder recommended working with the area high school's Journalism Department to set up a program with the students to help maintain the District communications.

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

14. **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.

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The above and foregoing minutes were passed and approved by the Board of Directors on January 15, 2014 .



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

