

MINUTES OF MEETING OF BOARD OF DIRECTORS
August 21, 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 August 21, 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 Director House. Also attending all or parts of the meeting were Ms. Lina Loaiza of Boab 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; and Mr. Matt Froehlich and Mr. Jorge Bustamante of Brown & Gay Engineers, Inc. (“*Brown & Gay*”), engineer 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 July 17, 2014, previously distributed to the Board, were presented for approval. Upon motion by Director Lentz, seconded by Director Stine, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting of July 17, 2014, as presented.
2. **Receive comments from the public.** There was no one present from the public.
3. **Review Bookkeeper’s Report, authorize payment of bills and Investment Report.** Ms. Kay presented to and reviewed with the Board the Bookkeeper’s Report for the period ending August 21, 2014, the Investment Report, and the Deposit Collateral Report, copies of which are attached hereto as Exhibit “B.” 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 accept the Bookkeeper’s Report for the period ending August 21, 2014, to approve the Investment Report, and to authorize payment of check numbers 8651 through 8672 from the Operating Account, all as listed in the Bookkeeper’s Report. The Board asked Ms. Kay to coordinate with ST to determine if any additional payments are due to ADT Security Services.
4. **Review Investment Policy and Accept Related Party Disclosures from Bookkeeper and Investment Officer.** Ms. Cogburn presented to the Board the Resolution

Reviewing Investment Policy and Making any Desirable Changes Thereto, a copy of which is attached hereto as Exhibit "C." The Board agreed that no changes to the Investment Policy are needed at this time. Upon motion by Director Whitaker, seconded by Director Lentz, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Resolution Reviewing Investment Policy and the revised List of Authorized Brokers.

5. **Review Tax Collector's Report and authorize payment of certain bills.** Ms. Loaiza presented to and reviewed with the Board the Tax Assessor and Collector's Report and a list of the top Delinquent Taxpayers, a copy of which is attached hereto as Exhibit "D." Ms. Loaiza noted that 98.9% of the District's 2013 taxes had been collected as of July 31, 2014.

Director Stine directed Ms. Loaiza to make sure that The Overlook and Lifetime Fitness are on the certified 2014 tax roll.

Upon motion by Director Whitaker, seconded by Director Lentz, 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 1013 through 1017 from the Tax Account to the persons, in the amounts, and for the purposes stated in the Tax Assessor and Collector's Report.

6. **Operations Report.** Mr. Mensik presented to and reviewed with the Board the Operations Report for the month of July 2014, a copy of which is attached hereto as Exhibit "E." Mr. Jones reported that 118% of the water pumped was billed for the period ending July 22, 2014. Mr. Mensik requested permission to turn over two accounts in the aggregate amount of \$140.20 to collections. Mr. Mensik requested authorization to terminate service to the delinquent accounts.

Mr. Mensik stated that a representative of ST spoke to the manager of the service station where the Taco Truck is located regarding the continuing concerns the unauthorized connection for the taco truck. Mr. Mensik stated that the owner of the service station is currently out of the country and the manager will notify the owner as soon as he returns.

Mr. Mensik reported that Wal-mart asked the District to waive three late fees. The Board agreed not to waive the late fees.

Mr. Mensik stated that it would cost approximately \$1,975 to add an auto-dialer security system to all of the treatment plants and lift stations. The Board asked that ST continue to look at all the options available for security.

Director Stine asked Mr. Mensik to let the Board know when the District is going to convert to the AVR billing system.

Upon motion by Director Whitaker, 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, and to authorize turning over two accounts in the aggregate amount of \$140.20 to collections.

7. **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 "F" and which follows in substantially the form it was presented:

Commercial Plan Reviews

Mr. Froehlich stated that there is no change in the Palace Inn status and that he is waiting for the final plans from the engineer.

Mr. Froehlich stated that Brown & Gay is waiting for plans from the engineer for the proposed Advance Auto Parts.

Storm Sewer Video Inspection and Maintenance:

Mr. Froehlich reported that Brown & Gay met the Operator in the field regarding the few point repairs and last pumping/cleaning/televising of the storm sewer system that the Operator will be doing. Mr. Froehlich stated that the Operator plans to complete this work shortly.

Mr. Froehlich reported that he Brown & Gay sent the letter to Jack Day at the golf course on August 13th with a quote from the Operator on the cost to install an inlet at the Hole No. 6 point repair at the golf course's expense. Mr. Froehlich stated that he has not received a response from Mr. Day.

Mr. Froehlich reported that the field work for the storm sewer manhole survey is about 90% complete. In total, there are 121 manholes and inlets along the District's sewers. Brown & Gay located and inspected 109 manholes. There are approximately ten manholes and two inlets that Brown & Gay either could not locate or access. Brown & Gay will coordinate with the Operator to locate/uncover those manholes and inlets. Mr. Froehlich attached with his report manholes Brown & Gay located, but were inaccessible and/or require removal of landscaping. Mr. Froehlich stated that as of now there are no repairs recommended and only a few instances of minor maintenance that Brown & Gay will coordinate with the Operator to complete.

Water Plant No. 2

Mr. Froehlich reported that Brown & Gay will begin design of the Water Plant No. 2 upgrades including:

- Office/bathroom building
- Controls upgrade
- Modifications to operate plant while HPT is down
- A/C for existing blower/control room

Brown & Gay contacted Mike Rowland, the co-owner of the gymnasium behind Water Plant No. 2, to convey the Board's acceptance of his proposal to deed the portion of land at the southeast corner of the plant over to the District in exchange for an access arrangement that would "officially" allow his customers to utilize the plant's driveway up to a point where he would construct a paved extension around the plant to the gym's existing parking lot. Brown & Gay will prepare the appropriate survey documents for the acquisition and assist the Attorney as necessary in preparing the special warranty deed and access easement agreement.

Annual Tank Inspections:

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

Tank	Next Inspection	Comments
WP1 bolted GST	August 2014	2013: 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 2014	2013: 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 2014	2013: Tank remained full; good condition
WP2 welded GST	November 2014	2013: Tank drained; warranty items addressed
WP2 HPT	June 2015	2014: New tank installed

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

Brown & Gay updated the connection counts for each district served by Lift Station No. 1 based on the July 2014 ESFC:

HCMUD 132	1,789	ESFCs	55.18%	\$637,351.94
HCMUD 151	330	ESFCs	10.18%	\$117,566.32
HCMUD 153	1,123	ESFCs	34.64%	\$400,081.74
Total	3,242	ESFCs	100.00%	\$1,115,000.00

Both HCMUD 153's Board and HCMUD 151's engineer are aware of the planned lift station conversion project and are awaiting notification from HCMUD 132 on cost sharing and schedule.

Capital Improvement Plan ("CIP"):

Brown & Gay presented an updated CIP for the Board's review.

Atascocita Joint Operations Board:

The Engineer's Report for August was presented to the Board.

KRE Ditch Maintenance Contract (Champions Hydro-Lawn):

Brown & Gay is not aware of any issues at this time.

Director Whitaker presented to the Board a summary of the well performance within the District, a copy of which is attached hereto as Exhibit "G." Director Whitaker asked that Mr. Froehlich include the well performance curve in future summaries.

Discussion ensued regarding locating the manholes that are inaccessible and/or required removal of landscaping. It was the consensus of the Board that all manholes should be uncovered, even if it requires removal of landscaping.

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 Engineer's Report and to authorize Brown & Gay to begin design work for the upgrades to Water Plant No. 2.

8. **Review and authorize capacity commitment letters.** There were no new requests for capacity commitments this month.

9. **Authorize Amendments to Drought Contingency Plan ("DCP").** Mr. Froehlich reported that Brown & Gay revised the draft DCP to address comments from Director Stien and incorporate data provided by the Operator. Brown & Gay is working with Director Stine to finalize the DCP and will distribute it to the Board for review.

10. **Discuss and take any action in connection with District communications.** No report was provided. Director Stine stated that the Board is still looking for a replacement for Ms. Nikki Wynn. Director Stine stated that her 30-day notice expired and the District Newsletter publication will most likely be delayed until a replacement is found.

11. **Authorize Execution of First Amendment to Agreement for Construction, Maintenance, Sale and Lease of Wastewater Pump Station, Force Main and Site.** Ms. Cogburn presented to and reviewed with the Board the First Amendment to Agreement for Construction Maintenance, Sale and Lease of Wastewater Pump Station, Force Main and Site, a copy of which is attached hereto as Exhibit "H."

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 authorize execution of the First Amendment to Agreement for Construction, Maintenance, Sale and Lease of Wastewater Pump Station, Force Main and Site.

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

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

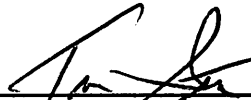
14. **Other matters.** Director Stine stated that the Board meetings will be held at The Overlook for the remainder of the year.

Director Stine asked the Board if they wanted to consider looking at electricity rates to extend the contract. The Board agreed it is a good idea to look at extending the contract.

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 September 18, 2014.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

