

MINUTES OF MEETING OF BOARD OF DIRECTORS
May 15, 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 Atascocita Library, 19520 Pinehurst Trail Drive, Atascocita, Texas, 77346, on May 15, 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 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. 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*"), engineer for the District; Ms. Nikki Wynn, communications coordinator for the District; Ms. Jana Cogburn and Ms. Carrie Spann of Fulbright & Jaworski LLP ("*F&J*"), attorneys for the District; Ms. Laura Lammers, Vice President of Atascocita Community Improvement Association, Inc. ("*ACIA*"); and Mr. Ric Halbrook, Ms. Sue Raymond, Mr. Jimmy Wells and Mr. Anthony Karasiewicz, residents of Atascocita.

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. **Qualify Directors and Elect Officers.** Certificates of Election were presented for those candidates elected to the Board: Director Stine and Director House.

It was noted that each of the two elected individuals executed the necessary Statement of Officer and Oath of Office qualifying them to serve as a Director. It was the consensus of the Board to maintain the current officer positions.

2. **Minutes.** Proposed minutes of the meeting of April 17, 2014, previously distributed to the Board, were presented for approval. 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 minutes of the meeting of April 17, 2014, as presented.

3. **Receive comments from the public.** The President recognized Mr. Halbrook who requested that the Board consider paying for the recreational facility improvements proposed by the ACIA.

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3. **Receive comments from the public.** The President recognized Mr. Halbrook who requested that the Board consider paying for the recreational facility improvements proposed by the ACIA.

4. **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 May 15, 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 May 15, 2014, to approve the Investment Report, and to authorize payment of check numbers 8537 through 8559 from the Operating Account, all as listed in the Bookkeeper's Report.

5. **Adopt Budget for Fiscal Year Ending May 31, 2015.** Director Stine reviewed with the Board the proposed budget for fiscal year ending May 31, 2015, a copy of which is attached hereto as Exhibit "C". 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 adopt the proposed budget for fiscal year ending May 31, 2015, as presented.

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 a list of the top Delinquent Taxpayers, a copy of which is attached hereto as Exhibit "D." Mr. Keefe noted that 97.8% of the District's 2013 taxes had been collected as of March 31, 2014. 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 approve the Tax Assessor and Collector's Report and to authorize payment of check numbers 1147 through 1157 from the Tax Account to the persons, in the amounts, and for the purposes stated in the Tax Assessor and Collector's Report.

7. **Operations Report.** Mr. Jones presented to and reviewed with the Board the Operations Report for the month of April 2014, a copy of which is attached hereto as Exhibit "E." Mr. Jones reported that 97.05% of the water pumped was billed for the period ending April 24, 2014. Mr. Jones requested permission to turn over five accounts in the aggregate amount of \$1,073.83 to collections.

Mr. Jones reported that he is meeting with the contractor in charge of landscaping and mowing to discuss concerns with completing the requested tasks approved at the April meeting.

Mr. Jones reported that ST made contact with the owners of the "taco truck" and found that they were using water hose to connect to the Phillips 66 convenience store's water connection. Mr. Jones stated that he notified the store owner that if the "taco truck" illegally connects to the store's water connection again the District will disconnect the store's water connection. Mr. Jones stated that he gave the "taco truck" owner the contact information for the District engineer so that they could arrange for water service from the District and that ST will routinely check to make sure there is not another illegal "hose" connection.

Mr. Jones stated that he will e-mail the Board the builder damage information.

President Stine requested that ST remove all of the election papers from the bulletin board at the water plant.

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 Operations Report, to authorize termination of service to the delinquent accounts, and to authorize turning over four accounts in the aggregate amount of \$1,073.83 to collections.

8. **Approve Consumer Confidence Report.** The Board deferred this item to the next meeting.

9. **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

Brown & Gay received a phone call from the property owner behind the proposed motel (the old proposed Chateaux apartment tract). The owner expressed concern about the motel development blocking his access. Brown & Gay informed him this was not a MUD issue, but that comment was made in Brown & Gay's review of the motel plans. Brown & Gay has not heard from the motel engineer since providing review comments in March.

The tracts on either side of the existing Remax office at 8530 FM 1960 E have been cleared. Brown & Gay contacted the number on the "For Lease" sign and was told that the land was being cleared to construct a fence.

Storm Sewer Video Inspection and Maintenance:

Brown & Gay revisited the Priority 1 segments and video inspections to determine if individual point repairs can be made and are more cost effective than the proposed cured-in-place pipe (CIPP) rehabilitation of the entire segments. Four of the segments are underwater because the outfall is submerged at a pond in the golf course. Those segments would need to be pumped and televised before knowing the actual condition. The other four segments have multiple defects throughout. If the Board wishes to rehabilitate these segments, Brown & Gay would still recommend CIPP. These four segments total approximately 716 LF and CIPP rehab is estimated at \$183,000.

Water Plant No. 2 Hydropneumatic Tank (HPT) Replacement:

Holloway estimates completing manufacturing and beginning hydro-testing the tank by May 16th. Shipment to the painter is estimated for May 21st with painting estimated to be complete between May 28th and 30th. Shipment to Water Plant No. 2 would then be estimated to be between June 4th and June 6th. Brown & Gay will continue to stay in close contact with Holloway regarding the status of the tank.

Brown & Gay is coordinating with Schier to demo the existing tank and be ready to install the new tank upon delivery based on the anticipated tank delivery schedule. Brown & Gay will continue to stay in contact with Schier and the Operator as tank delivery approaches.

Water Plant No. 2 2nd Hydropneumatic Tank (HPT) Addition:

Brown & Gay would like to schedule a workshop outside of the regular Board meeting to discuss the future improvements at Water Plant No. 2, including but not limited to a potential 2nd HPT or pressure transmitter, the proposed restroom/office building, as well as the potential acquisition of additional property for the site.

Brown & Gay discussed with an electrical engineer consultant the possibility of installing a pressure transmitter which would allow the plant to continue to operate for a short period while the single HPT is down. The District does not currently need additional

HPT capacity, just the ability to continue to operate the plant while the single HPT is down. The electrical engineer saw no major issue with installing the transmitter, but would recommend including an upgrade to the plant controls to a PLC (Programmable Logic Controller) like at Water Plant No. 1.

Additionally, Brown & Gay would like to discuss with the Board a possible way to keep Water Plant No. 2 operating while the HPT is offline, demolished and replaced.

Annual Tank Inspections:

Brown & Gay completed the annual inspections this month on HPT 1 and HPT 3 at Water Plant No. 1. Brown and Gay noted minor defects inside related to the coating. Brown & Gay anticipates these tanks requiring internal recoats in the next 1-2 years and will conduct annual internal inspections on these tanks moving forward until they are recoated.

KRE Ditch Maintenance Contract (Champions Hydro-Lawn):

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

Capital Improvement Plan ("CIP"):

There have been no updates, revisions or additions to the CIP since last month's meeting. Based on the workshop with Directors Holder and Whitaker, Brown & Gay will work with the Board to prioritize future projects and make plans to move forward.

Atascocita Joint Operations Board:

The Engineer's Report for May is not available yet. It will be distributed by email early next week.

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 Engineer's Report and authorize the Operator to configure the water plant controls to read pressure off of the booster pump discharge header during the installation of the new HPT to keep plant operating during this period.

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

11. **Authorize Amendments to Drought Contingency Plan.** Mr. Froehlich reported that Brown & Gay revised the Drought Contingency Plan ("DCP") to include the recommended changes discussed previously:

i. Add a voluntary Stage 1 and move outdoor watering restriction to Stage 2. Currently Stage 1 calls for voluntary reduction of water use, but includes mandatory restrictions on outdoor water use. A fully voluntary Stage 1 matches the West Harris County Regional Water Authority and Harris County MUD No. 151 have in place.

ii. Change outdoor water restriction from odd and even days to two specific days a week. The TCEQ identifies the 2-day restrictions as a Best Management Practice, where as the every-other-day restriction in some cases increases water use from regular, non-restricted use.

In addition, Director Stine provided comments and questions on the draft DCP. Mr. Froehlich stated that he is working with Director Stine and Mr. Jones to address the comments. Mr.

Froehlich plans to issue a revised draft for the Board's review prior to next month's meeting. Once the revised DCP is finalized, Mr. Froehlich will prepare a summary for distribution and/or posting on the District's website.

12. Discuss and take any action in connection with District communications.

The President recognized Ms. Wynn, who reported that she is having some difficulty with the web provider posting District information to the website. Ms. Wynn stated that she will look into other web providers.

13. Discuss and take action on ACIA Comprehensive Plan. Director Lentz opened discussion expressing his support for the plan. He stated that this plan does improve the community and that ACIA has already moved forward with the program and recommends that ACIA provide progress reports every other month to ensure that the funds are spent appropriately. Discussion ensued regarding the process for providing funds for the recreational facilities proposed by the ACIA. The Board noted that the facilities need to be ADA compliant. 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 approve the expenditure of an amount not to exceed \$58,000 for the specific improvements stated in the ACIA plan for the first year only and to direct Ms. Cogburn to prepare the appropriate paperwork.

14. Other Matters. 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 June 19, 2014.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

