

MINUTES OF MEETING OF BOARD OF DIRECTORS
September 18, 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 September 18, 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 Lentz and Whitaker. Also attending all or parts of the meeting were 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; and Mr. Matt Froehlich and Mr. Jorge Bustamante of Brown & Gay Engineers, Inc. ("*Brown & Gay*"), engineer 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 August 21, 2014, previously distributed to the Board, were presented for approval. Upon motion by Director Holder, 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 August 21, 2014, as presented.

2. **Receive comments from the public.** There was no action taken on this item.

3. **Approve audit for fiscal year ended May 31, 2014.** The Board reviewed a draft of the audit, a copy of which is attached hereto as Exhibit "B". 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 audit for fiscal year ending May 31, 2014.

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." 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 Annual Report on Financial Information and Operating Data and to authorize the filing of same.

5. **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 September 18, 2014, the Investment Report, and the Deposit Collateral Report, copies of which are attached hereto as Exhibit "D." 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 18, 2014, to approve the Investment Report, and to authorize payment of check numbers 8674 through 8713 from the Operating Account, all as listed in the Bookkeeper's Report.

6. Review Tax Collector's Report and authorize payment of certain bills. The Board reviewed the Tax Assessor and Collector's Report and a copy of which is attached hereto as Exhibit "E." The Board noted that 99% of the District's 2013 taxes had been collected as of August 31, 2014.

Director Stine directed Director Holder to coordinate with Ms. Loaiza to arrange for signatures on checks.

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 Tax Assessor and Collector's Report and to authorize payment of check numbers 1018 through 1020 from the Tax Account to the persons, in the amounts, and for the purposes stated in the Tax Assessor and Collector's Report.

7. Adopt Order Designating Officer to Calculate and Publish Tax Rate for 2014. Director Stine presented to the Board, prepared by Ms. Anthea Moran of First Southwest Company, a cash flow analysis and recommendation for levying the 2014 tax rate, 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 2014, a copy of which is attached hereto as Exhibit "G." 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 Order Designating Officer to Calculate and Publish Tax Rate for 2014, thereby authorizing the District's tax assessor and collector to publish the proposed tax rate of \$0.114 for \$100 assessed valuation (\$0.0275 for debt service and \$0.0865 for operations and maintenance).

8. Operations Report. Mr. Jones presented to and reviewed with the Board the Operations Report for the month of August 2014, a copy of which is attached hereto as Exhibit "H." Mr. Jones reported that 111.85% of the water pumped was billed for the period ending August 21, 2014. Mr. Jones requested permission to turn over five accounts in the aggregate amount of \$266.65 to collections. Mr. Jones requested authorization to terminate service to the delinquent accounts.

Mr. Jones stated that Stuckey's mowed the drainage ditch and that he will contact Stuckey's about mowing an additional area to allow for a better inspection.

Mr. Jones stated that ST is currently looking into options for grease trap inspections and backflow preventers for the property owner where the Taco Truck is located. The Board asked Mr. Jones to investigate the continuous flow of water along the adjoining curb line.

Mr. Jones reported that the ditch and water area collection on Pinehurst #9 is to be cleared of brush and inspected.

Mr. Jones stated that ST is mailing a second notice to customers describing the new billing process at no cost to the District prior to the conversion on the next billing cycle. Mr. Jones stated that the current notice is being revised to state "no action is required by customers who participate in the Direct Debit Payment (ACH) program".

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, and to authorize turning over five accounts in the aggregate amount of \$266.65 to collections.

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

Commercial Plan Reviews

Mr. Froehlich stated that Palace Inn engineer notified Brown & Gay that their client has negotiated with the adjacent property owner (formerly the proposed Chateaux Apartments) to construct a private sanitary sewer line across the Chateaux property to connect to an existing, unused private sewer. Mr. Froehlich stated that the motel engineer will submit revised plans for Brown & Gay to review. The Board requested that the existing line be televised and cleaned prior to connecting to the District's sewer line.

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 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 recommends that the Board authorize the Operator to repair the pipe and backfill the area to grade.

Mr. Froehlich reported that the Operator provided Brown & Gay the video inspections and the reports for the last few segments recently televised. Brown & Gay is currently reviewing the material provided.

Mr. Froehlich reported that the field work for the storm sewer manhole survey is about 95% complete. Mr. Froehlich stated that of the 121 manholes and inlets, Brown & Gay is turning six over to the Operator to locate and/or uncover. There are four manholes that were confirmed in the video inspection but could not be located in the field and two manholes that were found in the field, but Brown & Gay could not access and will require some landscaping repair. Mr. Froehlich stated that Brown & Gay prepared draft notification letters to send to the residents to notify them that the Operator is working to locate/access the manholes.

Water Plant No. 2

Mr. Froehlich reported that Brown & Gay has begun work on the Water Plant No. 2 upgrades. Brown & Gay is making adjustments to accommodate the upgraded controls in the office/bathroom building (site and building layout attached). Mr. Froehlich stated that he anticipates completing design and being prepared to advertise the project for bids in January 2015.

Mr. Froehlich stated that Brown & Gay prepared a metes and bounds description with exhibit for the parcel to be acquired from Mike Rowland and forwarded it to the Attorney for inclusion in the acquisition documents.

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

Mr. Froehlich stated that the bolted GSTs have been inspected and the reports are being generated. Mr. Froehlich stated that the HPT2 at Water Plant No. 1 will be inspected this week.

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

Mr. Froehlich stated at the Board's direction Brown & Gay is prepared to begin design of the Lift Station No. 1 conversion project.

Capital Improvement Plan ("CIP"):

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

Atascocita Joint Operations Board:

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

KRE Ditch Maintenance Contract (Champions Hydro-Lawn):

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

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 and to authorize Brown & Gay to begin design work for Lift Station No. 1.

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

11. **Authorize Amendments to Drought Contingency Plan (“DCP”).** This matter was deferred to the October meeting.

12. **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.

13. **Approve Easement and Deed for Conveyance of Land.** This matter was deferred to the October meeting.

14. **Approve Third Amendment to Emergency Water Supply Contract.** This matter was deferred to the October meeting.

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

16. **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 October 16, 2014.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

