

MINUTES OF MEETING OF BOARD OF DIRECTORS
April 17, 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 Trail Drive, Humble, Texas, 77346, on April 17, 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. Rodney Heisch 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*"); Mr. Greg Campbell, Ms. Janel Dale, and Mr. Anthony Karasiewicz, residents of the District; and Ms. Sandra Segraves and Mr. Jimmy Wells, residents of an adjoining district within ACIA.

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 meeting of March 20, 2014, previously distributed to the Board, were presented for approval. 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 minutes of the meeting of March 20, 2014, as presented.

2. **Receive comments from the public.** The President recognized Ms. Lammers, who presented to and reviewed with the Board a modified comprehensive plan for the ACIA, a copy of which is attached hereto as Exhibit "B". Ms. Lammers stated that the projects in the plan would cost \$206,000 over the course of four years. She noted that the projects have been scaled back from the plan previously submitted and that the projects are all low maintenance. The President recognized Mr. Campbell, who stated that the projects need to be ADA compliant and asked if the District was authorized to give money to a non-profit entity for such projects. Ms. Cogburn stated that the District is authorized to pay for recreational facilities such as the projects so long as they are open to the public. Mr. Campbell also asked if Director Lentz would recuse himself from the ACIA Beautification Committee if the District decides to proceed with

the projects to which Director Lentz agreed. The President recognized Ms. Dale, who asked that the ACIA present the comprehensive plan to the homeowners.

3. **Appoint Auditor for fiscal year ending May 31, 2014.** Ms. Cogburn stated that last year the Board signed a two-year engagement letter with McCall Gibson Swedlund Barfoot, PLLC that covers the fiscal year ending May 31, 2014 and therefore the Board does not need to appoint an auditor at this time.

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 April 17, 2014, the Investment Report, and the Deposit Collateral Report, copies of which are 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 accept the Bookkeeper's Report for the period ending April 17, 2014, to approve the Investment Report, and to authorize payment of check numbers 8503 through 8536 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 "D". The Directors deferred a vote on the budget until the next meeting.

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 "E." Mr. Keefe noted that 97.3% of the District's 2013 taxes had been collected as of March 31, 2014. Mr. Keefe presented to and reviewed with the Board the Delinquent Tax Report, a copy of which is attached hereto as Exhibit "F". Mr. Keefe stated that the delinquent tax attorney recommends the Board approve moving the delinquent personal property accounts for CTTG Enterprise, Inc. and Nutty Monkey Houston, LLC to the uncollectible roll. 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, to authorize payment of check numbers 1140 through 1146 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 authorize the delinquent tax attorney to move the CTTG Enterprise, Inc., and Nutty Monkey Houston, LLC delinquent personal property accounts to the uncollectible roll.

7. **Operations Report.** Mr. Jones presented to and reviewed with the Board the Operations Report for the month of March 2014, a copy of which is attached hereto as Exhibit "G." Mr. Jones reported that 96.85% of the water pumped was billed for the period ending February 21, 2014. Mr. Jones requested permission to turn over five accounts in the aggregate amount of \$2,260.53 to collections.

Director Lentz asked Mr. Jones to have the area around the Rebawood water plant mowed and cleaned up. Director Stine asked Mr. Jones to follow up on the builder damage accounts. Discussion ensued regarding the "Taco Truck" which parks in the District. The Board asked Mr. Jones to confirm that the "Taco Truck" is not hooking up to District facilities.

Mr. Jones presented to and reviewed with the Board an estimate from Uretex USA to fill a void under the road at 8206 Pines Place with flowable grout, a copy of which is attached

hereto as Exhibit "H". Mr. Jones reported that ST had moved a fire hydrant because of a void under the road.

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 approve the Operations Report, to authorize termination of service to the delinquent accounts, to authorize turning over five accounts in the aggregate amount of \$2,260.53 to collections and to authorize Uretex USA to fill the void under the road with flow able grout at 8206 Pines Place at a cost of approximately \$3,000.

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

Commercial Plan Reviews

Brown & Gay reviewed plans for the proposed Palace Inn at 8411 FM 1960 E. and provided comments. Brown & Gay informed the engineer that they could not connect to the District's facilities as proposed in the plans and offered suggestions for alternative points of connection. Since providing review comments, Brown & Gay has not received a response from the engineer.

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 Rehabilitation:

Brown & Gay prepared and is providing an exhibit to the Operator for performing heavy cleaning on approximately 1,459 LF of storm sewer within the District.

Brown & Gay counted 93 manholes and 36 inlets along the District's assumed storm sewers. Brown & Gay will begin a manhole survey to inspect the condition of the manholes.

Brown & Gay is revisiting 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 rehabilitation of the entire segments. Segments were prioritized, not individual defects, so a Priority 1 segment may have multiple defects at different locations (lending itself to CIPP rehab). Brown & Gay will report their findings to the Board next month. For reference, there are eight Priority 1 segments totaling 1,497 LF. CIPP rehab for these segments is estimated at \$286,000.

Water Plant No. 1 Hydropneumatic Tank (HPT) Replacement:

Brown & Gay approved Holloway submittals on the replacement HPT on March 20th. Brown & Gay is staying in touch with Holloway to monitor progress. To date, the HPT should be delivered within Holloway's original estimated schedule of 10-12 weeks (late May-early June). Brown & Gay will continue to coordinate with Holloway and do whatever they can to expedite delivery.

The Schier's contract to install the replacement HPT has been reviewed by Ms. Cogburn and was presented to the Board for execution.. Brown & Gay will coordinate with Schier to demo the existing tank and be ready to install the new tank upon delivery.

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 possible locations for a 2nd HPT at Water Plant No. 2 as well as the potential acquisition of additional property for the site. Additionally, Brown & Gay is investigating 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.

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 and is finalizing its reports on each. 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):

The March update from Champions is attached. Brown & Gay is not aware of any issues at this time.

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

Updated connection counts for each district were provided at the July 2013 meeting. Brown & Gay will review and update the counts on an annual basis.

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 April is attached.

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 Engineer's Report.

9. **Authorize award of contract for construction of restroom at Water Plant No. 2.** Mr. Heisch stated that Brown & Gay will revisit this project whenever the Board wishes to do so.

10. **Review and authorize capacity commitment letters.** Mr. Heisch reported that Brown & Gay issued a capacity commitment to CEI, Inc. for a proposed 24-hour emergency room at the site of the old Johnny Carino's restaurant, as authorized at last month's meeting.

11. **Discuss Sale of Groundwater Credits to Kings River Estates No. 2 Property Owners Association.** Ms. Cogburn reviewed with the Board a request to purchase Groundwater Credits, a copy of which is attached hereto as Exhibit "J" from Locke Braly,

President of the Kings River Estates No. 2 Property Owners Association. She stated that he would like to purchase approximately two million gallons of the credits at the price of \$.50 per 1,000 credits. Upon motion from Director House, seconded by Director Holder, after full discussion and the question being put to the Board, the Board voted unanimously to approve selling the Groundwater Credits to the Kings River Estates No. 2 Property Owners Association.

12. **Authorize Amendments to Drought Contingency Plan.** Director Stine stated that the requested changes to the Drought Contingency Plan for the District were not made in the revised plan. Director Stine stated that he would go over the changes with Mr. Matthew Froehlich before the next meeting.

13. **Discuss and take action on ACIA Comprehensive Plan.** The Board deferred further discussion on the ACIA comprehensive plan.

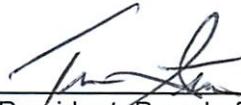
14. **Discuss and take any action in connection with District communications.** The President recognized Ms. Wynn, who reported that the newsletter is going to print. Director Stine asked Ms. Wynn to update the contact information on the website. Upon motion from Director House, seconded by Director Whitaker, after full discussion and the question being put to the Board, the Board voted unanimously to approve sending out the newsletter.

15. **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 May 15, 2014 .



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

