

MINUTES OF MEETING OF BOARD OF DIRECTORS
January 15, 2015

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 January 15, 2015 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. Matt Froehlich of Brown & Gay Engineers, Inc. ("Brown & Gay"), engineers for the District; and Ms. Carrie Spann of Fulbright & Jaworski LLP ("F&J"), attorneys for the District. Ms. Jana Cogburn participated in the meeting via a conference call.

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 November 20, 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 November 20, 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 January 15, 2015, the Investment Report, and the Deposit Collateral Report, copies of which are attached hereto as Exhibit "B."

President Stine asked Ms. Kay to determine why there is a late fee on the Green Mountain Energy electric bill.

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 January 15, 2015, to approve the Investment Report, and to

authorize payment of check numbers 8801 through 8825 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 43.38% of the District's 2014 taxes had been collected as of December 31, 2014.

President Stine asked Ms. Loiaza the status of adding the annexed golf course property to the 2014 tax roll. Ms. Loiaza stated that the property will be added to the 2014 tax roll once the Harris County Appraisal District runs the correction roll. Ms. Loiaza stated that it should be completed by the end of the month.

Ms. Loiaza presented to the Board the Delinquent Tax Attorney Report, a copy of which is attached hereto as Exhibit "D". Ms. Loiaza stated that there is no action needed 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 Tax Assessor and Collector's Report and to authorize payment of check numbers 1042 through 1048 from the Tax Account to the persons, in the amounts, and for the purposes stated in the Tax Assessor and Collector's Report.

5. **Operations Report.** Mr. Jones presented to and reviewed with the Board the Operations Report for the month of December 2014, a copy of which is attached hereto as Exhibit "E." Mr. Jones reported that 103.87% of the water pumped was billed for the period ending December 29, 2014. Mr. Jones requested permission to turn over fourteen accounts in the aggregate amount of \$2,566.36 to collections. Mr. Jones requested permission to write-off six accounts in the aggregate amount of \$74.59.

Director Holder asked Mr. Jones why the Culvert Channel drainage invoice was \$3,864. Mr. Jones stated that ST had to have two loads of waste removed.

Mr. Jones stated that ST repaired the storm sewer at hole #6. Mr. Jones stated that the line is a 54-inch line. Mr. Jones stated that the bottom of the rusted galvanized pipe has rotted out. Mr. Jones stated that he and Mr. Froehlich will assess the damage.

Mr. Jones stated that a sanitary sewer line at 20019 Sweet Gum was damaged. Mr. Jones requested authorization to televise the line, at a cost of approximately \$2,400. Mr. Jones estimated that it could cost up to \$1,400 for Urotech to seal the manhole.

President Stine asked Mr. Jones to bring pricing for painting the fire hydrants within the District. President Stine also requested information about who painted the fire hydrants for Harris County MUD 109.

Director Lentz asked ST to review the pros and cons for the new billing system costs and prepare information explaining the benefits and additional costs for each payment option be included with each bill. President Stine asked ST to remove the Instapay button from the first page of the payment website. President Stine stated that he does not want to promote one payment option over another.

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 Operations Report, to authorize termination of service to the delinquent accounts, to authorize turning over nine accounts in the aggregate amount of \$2,566.36 to collections, to write-off the seven accounts in the aggregate amount of \$74.59 and to authorize ST to televise the sanitary sewer line at 20019 Sweet Gum.

6. **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 with respect to the Palace Inn (7861 FM 1960 E), Brown & Gay is awaiting confirmation of the corrected address with HCAD and revised plans once the engineer finalizes the proposed sanitary sewer connection.

Mr. Froehlich stated that Brown & Gay researched Paragan Solutions, the engineering firm designing this project. Mr. Froehlich reported that they are registered with the Texas Board of Professional Engineers and, per TBPE's website employ one registered professional engineer. Mr. Froehlich stated that according to their website, they predominantly design mid-size hotels and motels around the state.

Mr. Froehlich reported that Brown & Gay received, reviewed and provided comments on plans for the build-out of a space in the HEB shopping center for Amazing Lash Studio.

Storm Sewer Video Inspection and Maintenance:

Mr. Froehlich reported that the manhole survey is complete for the manholes that are accessible. Mr. Froehlich stated that the Operator is working to locate and access two manholes and Brown & Gay will inspect these manholes once they are accessible.

Annual Tank Inspections:

Mr. Froehlich reported that Brown & Gay completed their inspection reports for both welded GSTs and will provide copies to the Operator. Both GSTs are in good conditions with no major defects. Mr. Froehlich stated that Brown & Gay will coordinate with the Operator to address a few minor maintenance items.

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. Froehlich stated that the tank inspection group for Brown & Gay now has the capability to perform maintenance inspections on tank cathodic protection systems. Mr. Froehlich stated that the inspections are done on an annual basis, similar to the overall tank inspections. Mr. Froehlich stated that there are cathodic protection systems on the welded GSTs at each plant. Mr. Froehlich stated that currently the operator outsources these inspections to an out-of-state company. Mr. Froehlich requested the Board's authorization to provide this service moving forward in conjunction with Brown & Gay's annual tank inspections. Mr. Froehlich stated that the estimated cost of the inspection is \$450/tank/year.

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

Mr. Froehlich stated that the design continues on the Lift Station No. 1 conversion. Mr. Froehlich stated that he anticipates submitting plans for agency review in the next few weeks.

Utility Locate

Mr. Froehlich reported that an engineer working with Harris County has requested a utility locate on a waterline near the 132/152 interconnect at Atascocita Road and Atascocita Trace Drive. Mr. Froehlich stated that Harris County is planning traffic signal upgrades at the intersection. Mr. Froehlich stated that the waterline in question is within Harris County ROW and is therefore subject to relocation, if necessary. Mr. Froehlich stated that the Operator can locate the line and then offset or relocate a portion of the line if necessary.

Power Factor Monitoring

Mr. Froehlich stated that Brown & Gay will continue to coordinate with the Operator to monitor the power factors at both water plants later in April/May 2015.

Third Annexation:

Mr. Froehlich stated that Brown & Gay revised their survey documents and provided all necessary survey documents for the annexation to the Attorney and Tax Assessor to distribute to HCAD and the City of Houston as needed. Mr. Froehlich stated that he understands that HCAD has received the information and the Attorney is coordinating with the City.

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 AJOB's December 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.

Director Stine asked Brown & Gay and ST to cut down the pipe and round out the edges on the golf course point no. 2 at Rebawood and Fawnhollow.

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 Engineer's Report and to authorize Brown & Gay to perform annual tank cathodic protection system inspections moving forward.

7. Discuss and authorize Brown & Gay to advertise bids for Water Plant No. 2. Mr. Froehlich stated that Brown & Gay is continuing to work on the Water Plant No. 2 improvements. Mr. Froehlich stated that after analyzing the existing electrical system and loads, it was determined that the addition of a full A/C unit to the existing booster pump/control building would overload the system and require significant additional electrical upgrades. Mr. Froehlich stated that based on input from the Operator and the current condition of the equipment in the building, humidity does not appear to be an issue and he recommends removing the A/C addition from the project scope.

Mr. Froehlich stated that he anticipates completing design and being prepared to advertise for bids soon. Mr. Froehlich requested authorization for Brown & Gay to advertise for bids and remove the addition of an air conditioner from the project scope.

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 Brown & Gay to advertise for bids for the Water Plant No. 2 improvements.

8. Review and authorize capacity commitment letters. Mr. Froehlich stated that Brown & Gay will not issue a capacity commitment letter for the Palace Inn until they receive confirmation that HCAD has corrected the address for this property. Mr. Froehlich stated that a residential development at 8530 FM 1960 E has contacted Brown & Gay requesting capacity for a 10-unit residential development on the south side of FM 1960 between Pine Echo Drive and Atascocita Shores Drive. Mr. Froehlich stated that the District has sufficient capacity to serve the tract. Mr. Froehlich reported that the project is currently on hold.

9. Adopt Order Authorizing Exemptions from Taxation (Disabled and 65 Years of Age or Older and Residential Homestead). Ms. Spann presented to the Board drafts of the Order Adopting Exemption from Taxation for Individuals who are Disabled or are 65 Years of Age or Older and the Order Adopting a Residential Homestead Tax Exemption. It was the consensus of the Board to maintain the exemption amounts at \$40,000 for those persons who are Disabled or 65 Years of Age or Older and at 20% for residential homesteads. 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 Adopt the Orders Authorizing Exemption from Taxation, copies of which are attached hereto as Exhibit "G."

10. Adopt Resolution Authorizing 20% Additional Penalty on Delinquent Taxes. Ms. Spann presented to the Board the Resolution Authorizing 20% Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11, and 33.08, Texas Tax Code, a copy of which is attached hereto as Exhibit "H ." 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 adopt the Resolution Authorizing 20% Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11, and 33.08, Texas Tax Code.

11. **Discuss and take any action in connection with District communications.** President Stine stated that he spoke with Ms. Patsy Neville from the Tribune about assisting with the District communications. President Stine stated that Ms. Neville will look at the website newsletter and let him know if she can help.

President Stine stated that the Drought Contingency Plan is posted on the website.

12. **Authorize Execution of Recreational Facility Agreement.** President Stine stated that the District still needs the necessary purchasing information from ACIA. President Stine stated that ACIA has opened the project for bids and that they should have bids soon.

13. **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 February 19, 2015.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

