

MINUTES OF MEETING OF BOARD OF DIRECTORS
NOVEMBER 19, 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 November 19, 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

Directors Stine, House and Whitaker were present, and Director Holder entered the meeting in progress. Director Lentz was absent. Also attending all or parts of the meeting were Ms. Lina Loaiza 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. Matthew Froehlich of Brown & Gay Engineers, Inc. ("BGE"), engineers for the District; Ms. Stacey Wagner of Champions Hydro-Lawn, Inc. ("Champions"); Mr. Shane Stuckey of Stuckey's, Inc.; Mr. Ken Brinkley and Mr. Gary Brinkley and Representative John Davis, visitors to the meeting; and Ms. Kathleen Ellison and Ms. Emerald Lagow of Norton Rose Fulbright US LLP ("NRF"), 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 meeting of October 15, 2015, previously distributed to the Board, were presented for approval. The President stated that ACIA is considering a construction contract, instead of entering into a construction contract, in Section 12. He noted that in Section 16 Mr. Froehlich said he would obtain specifications for installation of a guardrail to provide to a contractor only if the County denied his request to install the guardrail. He clarified the scope of the channel clean-up proposal presented by Mr. Stuckey. The President further noted that the motion under Section 16 should reflect that the Board authorized channel clean up, excluding herbicide, for an amount not to exceed \$5,125. 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 October 15, 2015 as revised.

2. **Receive comments from the public.** The President recognized representatives of KG Residential, who submitted a capacity commitment request for a proposed senior living, age-restricted apartment development on FM 1960 between Pine Echo and Atascocita Shores. Mr. Brinkley noted that the development would cater to persons aged 55 and over, with units priced between \$780 and \$1,300. Representative Davis noted that the property is entitled to tax credits but is fully taxable. Discussion ensued.

The President noted that the Board will consider their request under agenda item 9.

3. **Greens Bayou Corridor Coalition.** There were no comments.

4. **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 the delinquent tax report, copies of which are attached hereto as Exhibit "B." She noted that 5.6% of the District's 2015 taxes had been collected as of November 19, 2015. Ms. Loaiza reported that the District currently has a certified value of \$560,416,387, with approximately \$16,000,000 remaining uncertified. The President requested that she add an item to the monthly tax report to track the District's commercial property values.

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 Tax Assessor and Collector's Report and to authorize payment of check numbers 1109 through 1117 from the Tax Account to the persons, in the amounts, and for the purposes stated in the Tax Assessor and Collector's Report.

5. **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 dated November 19, 2015, the Investment Report, and the Deposit Collateral Report, copies of which are attached hereto as Exhibit "C." Ms. Kay reported that two certificates of deposit were renewed.

Director Holder entered the meeting at this time.

The Board noted that it will not hold a meeting during the month of December.

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, to approve the Investment Report, to approve outstanding checks 9135 and 9136, to authorize payment of check numbers 9137 through 9177 from the Operating Account, to the persons, in the amounts, and for the purposes stated in the Bookkeeper's Report, and to approve and authorize payment and circulation of checks for the month of December, 2015.

6. **Approve Amendment to Agreement for Bookkeeping Services.** Ms. Kay presented to and reviewed with the Board a proposed Amended Agreement for Bookkeeping Services between the District and Myrtle Cruz, Inc. (the "Amendment"), attached hereto as Exhibit "D." Ms. Kay stated that the proposed Amendment provides for an increase in the monthly rate, sets rates for non-recurring services, and increases the hourly rate charged for additional services.

Discussion ensued regarding the record retention policy for District files. Ms. Ellison noted that the state sets certain document requirements and retention schedules for local governments to follow. The President requested a copy of the District's record retention policy and suggested that an item be added to the agenda to review same.

In response to a question from the President, Ms. Kay estimated that the District generates two boxes of financial records per year.

Discussion ensued regarding the feasibility of signing checks on line outside of the meeting.

The President asked that the amendment be changed to require a 90 day notice of termination, instead of a 30 day notice. Director House proposed changing the initial term of the agreement to three years. It was the consensus of the Board to gather comments on the amendment and address them to the bookkeeping firm prior to the next meeting.

7. **Operations Report.** Mr. Jones presented to and reviewed with the Board the Operations Report for the month of October 2015, a copy of which is attached hereto as Exhibit "E." Mr. Jones reported that 99.52% of the water pumped was billed for the period ending October 26, 2015.

Mr. Jones reviewed a summary of major maintenance performed at the District's Lift Station, Sewer Line, Water Line, and Water Plant facilities during the month.

Mr. Jones reviewed with the Board repair and replacement options for Lift Pump #1. Discussion ensued. It was the consensus of the Board to authorize replacement of the lift pump for \$5,347.

Mr. Jones recognized Mr. Stuckey, who presented to and reviewed with the Board an update on Atascocita Shores Channel Maintenance, a copy of which is attached hereto as Exhibit "F." He reviewed photos of the completed bridge cleanout and tree removal, noting that the final cost is \$350 more than the initial estimate for the work. He reviewed with the Board a complaint received from a resident at 20115 Atascocita Shores Drive regarding erosion at her property. The engineer noted that the area is within Harris County Flood Control District's easement.

Mr. Jones reviewed a list of delinquent accounts, and noted that there were 64 accounts unpaid as of this month's report.

Upon motion by Director Whitaker, seconded by Director House, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operations Report, to terminate service to delinquent accounts in accordance with the District's rate order, and to authorize the operator to replace Lift Pump #1 for an amount not to exceed \$5,347.

8. **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

There were no commercial reviews this month.

Lift Station No. 1 Conversion

Mr. Froehlich reported that the contractor for Lift Station No. 1 Conversion brought in an additional pump for bypass pumping during heavy rain events. He presented to and reviewed with the Board Pay Estimate No. 1 in the amount of \$209,700 from R+B Construction for approval.

Discussion ensued regarding whether system-wide rehabilitation work is needed to prevent potential infiltration. Mr. Froehlich noted that he is looking into installing manhole monitors at the District's lift station that would notify the operator if sanitary sewer levels rise above a certain level, and enable quicker response. He noted that the immediate response in such instances would be to pump the sewer lines to prevent overflow and the resultant

excursion. Mr. Jones noted that a contributing issue is illegal connections by residents or contractors into the District's storm and sanitary sewer lines, often unknowingly, and stated that several options exist to test for this. Mr. Froehlich stated that he will coordinate with the operator to look into the options discussed.

Water Plant No. 2 Building Addition

Mr. Froehlich reviewed with the Board Pay Estimate No. 3 in the amount of \$30,510 from Schier Construction for approval. He stated that BGE is working with CenterPoint Energy to separate the encroachment agreement for the sanitary sewer line running from the building addition at Water Plant No. 2 to the existing private line at the gymnastics facility, noting that CenterPoint Energy agreed to waive the encroachment fee in exchange for the District's release of two utility easements, approved by the Board at the previous meeting.

G103-29-00 (ditch through Woods Apartments and golf course)

The engineer is coordinating with BGE's survey department to survey the area and provide clean-up options to the Board for consideration.

Annual Tank Evaluations

Mr. Froehlich reported that annual inspection of the welded GSTs at the District's water plants were conducted this morning. He presented to and reviewed with the Board two proposals for rehabilitation of the hypopneumatic tank at WP1 and cleanup and recoating work at WP2. He recommended that the Board accept the proposal submitted by F&L Coatings and Concrete in the amount of \$3,750.

Tank	Next Inspection	Comments
WP1 bolted GST	2016 August	2015: Tank remained full; many internal coating defects; continue to monitor and evaluate rehab vs. replacement
WP1 welded GST	2015 October	2014: Tank remained full; good condition
WP1 HPT1	2016 February	2015: Exterior only. Noted interior coating defects in 2014; recommending internal recoat in next 1-2 years
WP1 HPT2	2016 September	2015: Good condition; exterior inspection only
WP1 HPT3	2016 February	2015: Exterior only. Noted interior coating defects in 2014; recommending internal recoat in next 1-2 years
WP2 bolted GST	2016 August	2015: Tank remained full; good condition
WP2 welded GST	2015 November	2014: Tank remained full; good condition
WP2 HPT	2016 September	2015: Excellent condition

Capital Improvement Plan ("CIP"):

There are no changes to the CIP this month.

Atascocita Joint Operations Board ("AJOB"):

AJOB is awaiting approval from the TCEQ to begin the second round of DryLet testing at the Plant, which was tentatively scheduled to begin on November 1, 2015. He noted that

the engineer and operator will be coordinating to obtain quotes for several of the smaller projects on the CIP list.

Mr. Froehlich reported that the District received a request from R.G. Miller Engineers for 12,700 gpd (30 ESFC based on 420 gpd/ESFC) of water and wastewater capacity to serve a proposed senior living, age-restricted apartment complex, a copy of which is attached hereto as Exhibit "G." He stated that the District has sufficient capacity available to serve this development.

In response to a question from the Board, Mr. Froehlich reported that the drainage problems at the parking lot of the Overlook are largely due to the debris clogging the drainage inlets. He noted that BGE notified the operator who investigated the backup, and reviewed options to clear the inlets with the owner.

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 Engineer's Report, to approve Pay Estimate No. 1 from R+B Construction in the amount of \$209,700, to approve Pay Estimate No. 3 from Schier Construction in the amount of \$30,510, and to grant the capacity request from the Lodge at Westlake for 30 ESFC of water and wastewater capacity to serve the proposed senior living apartment complex.

9. **Review and authorize capacity commitments.** Ms. Ellison noted that Harris County MUD No. 494 issued a revised check for the purchase of trunkline capacity based on the calculated rate for 2015, a copy of which is attached hereto as Exhibit "H." 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 an assignment of trunkline capacity to Harris County MUD 494 and to authorize execution of such assignment.

10. **Accept Special Warranty Deed from Mike Rowland (tract adjacent to Water Plant No. 2).** Mr. Froehlich noted that the Board previously reached an agreement to grant Mr. Mike Rowland, owner of the gymnastics facility neighboring Water Plant No. 2, use of the driveway for the water plant in exchange for a deed of an adjacent tract of land needed for future expansion. Ms. Ellison stated that the proposed driveway access easement and special warranty deed have been prepared, and are being presented today for approval and execution by the Board.

Mr. Froehlich noted that he confirmed with the new banking institution used by the District that there are no issues with the proposed exchange.

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 and authorize execution of the Special Warranty Deed and Driveway Access Easement, copies of which are attached hereto as Exhibit "I" and Exhibit "J", respectively.

11. **Authorize granting of Water Plant No. 2 driveway easement to Mike Rowland.** The Board granted the easement under the previous item.

12. **Authorize Execution of Recreational Facility Agreement.** There was no action on this item.

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

14. **Discuss and take any action in connection with District communications.** The President noted that the website had been updated. There was no action on this item.

15. **Other matters.** The President recognized Ms. Wagner who presented to and reviewed with the Board a report from Champions Hydro-Lawn on drainage facilities in the District, a copy of which is attached hereto as Exhibit "L."

Ms. Wagner reviewed with the Board photos of a ditch running behind the Fairway Apartments and a proposal for 220 linear feet of desilting.

Director House noted that a ditch is needed in this area due to its proximity to a downhill slope. Mr. Froehlich noted that an alternative drainage solution would be to install a storm sewer. In response to a question from Director House, Mr. Froehlich stated he will request proposals for review by the Board.

The President noted that there will be no meeting in December, and requested that the District consultants circulate their reports via e-mail for review.

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 January 21, 2016.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

