

MINUTES OF MEETING OF BOARD OF DIRECTORS
OCTOBER 15, 2015

THE STATE OF TEXAS
COUNTY OF HARRIS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 132

§
§
§

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 October 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 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.; and Mr. Michael Swartz 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 September 17, 2015, 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 September 17, 2015.
2. **Receive comments from the public.** There were no comments.
3. **Greens Bayou Corridor Coalition.** This item was deferred.
4. **Public Hearing on Tax Rate** The President opened the public hearing for comments on the proposed tax rate. Hearing none, the President closed the hearing.
5. **Order Setting Tax Rate and Levying Tax for 2015.** The Board reviewed an Order Setting Tax Rate and Levying Tax for 2015 (the "Order"), a copy of which is 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 adopt the Order, thereby levying a tax rate of \$0.1024 per \$100 assessed valuation (\$0.0159 for debt service and \$0.0865 for maintenance and operation).
6. **Approve and authorize filing of Amendment to District Information Form.** Mr. Swartz reviewed with the Board the proposed Amendment to the District Information Form reflecting the 2015 tax rate, a copy of which is attached hereto as Exhibit "C." 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 and authorize filing of the Amended District Information Form in Harris County Real Property Records and with the Texas Commission on Environmental Quality ("TCEQ"), as presented.

7. **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 "D." She noted that 99.4% of the District's 2014 taxes had been collected as of September 30, 2015. 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 1102 through 1108 from the Tax Account to the persons, in the amounts, and for the purposes stated in the Tax Assessor and Collector's Report.

8. **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 October 15, 2015, the Investment Report, and the Deposit Collateral Report, copies of which are attached hereto as Exhibit "E." Upon motion by Director Holder, seconded by Director Lentz, 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, and to authorize payment of check numbers 9108 through 9134 from the Operating Account, to the persons, in the amounts, and for the purposes stated in the Bookkeeper's Report.

9. **Operations Report.** Mr. Jones presented to and reviewed with the Board the Operations Report for the month of September 2015, a copy of which is attached hereto as Exhibit "F." Mr. Jones reported that 104.21% of the water pumped was billed for the period ending September 24, 2015.

The President noted that the 1.6 million gallons of water transferred via the interconnect with Harris County Municipal Utility District No. 151 ("No. 151") during the month of August does not appear to be represented in the water production report. Mr. Jones stated that he will review the report for errors.

Extensive discussion ensued regarding an ongoing survey of interconnect valves and transferable capacity between districts in the region. Director Whitaker noted that he has been working with the operator and engineer to prepare a summary of procedures should the District experience a sudden infrastructure failure affecting water supply.

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 a list of delinquent accounts, and noted that there were 82 accounts unpaid as of this month's report.

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, and to terminate service to delinquent accounts in accordance with the District's rate order.

10. **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 "G" 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

Construction is in full swing and progressing smoothly. BGE anticipates presenting the first pay estimate next month.

Water Plant No. 2 Building Addition

Construction continues to progress smoothly. BGE plans to present Pay Estimate No. 2 in the amount of \$13,230.00 from Schier Construction for approval at the next meeting.

Mr. Froehlich presented to and reviewed with the Board an encroachment agreement provided by CenterPoint Energy ("CPE"), a copy of which is attached hereto Exhibit "H", for the sanitary sewer line running from the building addition at Water Plant No. 2 to the existing private line at the gymnastics facility. Mr. Froehlich noted that the encroachment fee of \$2,873.33 includes payment for the existing private sanitary sewer line which was not properly permitted with CPE prior to construction. Discussion ensued regarding the division of payment between the District and the gymnastics facility.

Mr. Froehlich noted that the encroachment is not required to proceed with construction, and that the Board can defer approval of the agreement until it is determined whether CPE will separate the agreements by property. Mr. Froehlich noted he will get in touch with the attorney after speaking with CPE.

+/-9 Acres at FM 1960 and Pinehurst Trail Drive

BGE received a letter from CPE regarding plans to purchase the tracts adjacent to the church and the northwest corner of FM 1960 and Pinehurst Trail Drive for construction of a new substation along their existing transmission corridor, a copy of which is attached to the Engineer's Report. CPE is requesting that the District release any rights to two public utility easements within the tracts, providing for private utility lines that have been abandoned since their recording, and are likely to be removed in construction of the substation.

In response to a question from Director House, Mr. Froehlich stated that the easements were dedicated to the public and provide for a sewer line and a water line, neither of which are currently in use. Mr. Swartz noted that a release of easement agreement yields any claims the District has to the property as a governmental entity. Mr. Jones noted that CenterPoint Energy plans to close on the land sale in mid-December. It was the consensus of the Board to approve and authorize execution and provision of the release agreements to CPE by the Engineer, pending CPE's separation of the encroachment agreement with same for the sanitary sewer line.

0103-29-00 (ditch through Woods Apartments and golf course)

BGE met with Stacey Wagner of Champions Hydro-Lawn at the site to discuss options for cleaning up the portion of the ditch running through the apartments and downstream to the golf course pond (see attached exhibit).

Mr. Froehlich reported that BGE is requesting authorization to perform a topographic survey of the area to develop a scope and estimate for rehabilitation, for an estimated cost between \$8,000 and \$10,000.

Washout at Lake Houston/Atascocita Shores Drive

Mr. Froehlich reported that the operator was able to follow up with the City of Houston (the "City"), who is sending an inspector to review the washout at Lake Houston at Atascocita Shores Drive early next week.

Storm Sewer at The Overlook

BGE investigated the clogged inlets at The Overlook late last month, and believes the slow drainage in the area may be due to sediment and debris clogging the inlet and the subsequent pipe. BGE is coordinating with the engineer for HCMUD 151 to find plans for the area. At the Board's direction, BGE will continue to investigate to determine the layout of the sewer in this area and the cause of the slow drainage.

Annual Tank Evaluations

BGE completed the annual inspection of HPT 2 at Water Plant No. 1 and a 1-year warranty inspection of the HPT at Water Plant No. 2, both of which are in good condition. The welded GSTs at both plants will be inspected in the next few weeks.

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	2015: 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"):

The full engineering report on Drylet testing was issued last month, and AJOB is awaiting approval from the TCEQ to begin the second round of testing at the Plant, tentatively scheduled to begin on November 1, 2015.

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, to authorize the President to execute a capacity commitment letter for the development at 6931 Atascocita Road upon receipt of a formal capacity request from the owner, to authorize

execution of the release of easement agreements for the public utility easements at Chateaux at Pinehurst Apartments and provision of same to CPE upon receipt of a revised sanitary sewer line encroachment agreement, and to authorize the engineer to perform a topographic survey of the ditch running from the Woods apartments through the golf course pond.

11. **Review and authorize capacity commitments.** This item was addressed under the Engineer's Report.

12. **Authorize Execution of Recreational Facility Agreement.** Director Lentz reported that he met with the President of the Atascocita Community Improvement Association ("ACIA") and it was proposed that the ACIA will enter into the construction contract, with reimbursement by the District, up to \$70,000. Director House volunteered to meet with the ACIA to review the plans and specifications provided by the most qualified bidder for the project.

Director Lentz noted that they discussed having a consultant administer the project to review specifications and perform periodic inspections. Mr. Swartz stated that the District is legally obligated to advertise for bids should the contract amount exceed \$75,000, noting that the project could be divided into phases.

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.** Discussion ensued regarding posting notice of the pumpage fee increase, water quality report, and a summary of the refunded bond issues on the website. The operator noted that notice of the fee increase is typically published once they take effect, and that he will send the website coordinator the District's water quality report for posting.

15. **84th Legislative Session Updates.** Mr. Swartz reviewed with the Board a memorandum summarizing updates to disclosure of certain relationships with local government officers and vendors applicable to water districts, a copy of which is attached hereto as Exhibit "I."

16. **Other matters.** In response to a question from the Board, Mr. Froehlich reported that No. 494 issued revised checks for wastewater treatment and trunkline capacity purchases based on the calculated rate for 2015 at their last meeting, which are currently with No. 494's attorney for distribution.

The President recognized Ms. Wagner, who presented to and reviewed with the Board a report from Champions on the District's detention and drainage facilities. Discussion ensued regarding potential installation of a guardrail at a storm drainage ditch in the District. Mr. Froehlich noted that he will contact Harris County to request installation of a guardrail, and obtain specifications to provide to a contractor should the County deny the request.

The President recognized Mr. Stuckey, who presented to and reviewed with the Board a Third Quarter Channel Maintenance Report and a proposal for channel cleanup at Atascocita Shores, copies of which are attached hereto as Exhibit "J." Mr. Stuckey noted that the area was last cleaned in 2013, and recommended that the Board accept the attached maintenance proposal in the amount of \$6,685 to perform debris removal, a bridge cleanout, and herbiciding of the northern side of the channel. 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 proposal from Stuckeys, Inc. for channel maintenance, excluding herbiciding, for an amount not to exceed \$5,125.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

* * *

The above and foregoing minutes were passed and approved by the Board of Directors on November 19, 2015.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

