

MINUTES OF MEETING OF BOARD OF DIRECTORS
JUNE 25, 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 special session, open to the public, at The Overlook, 20114 Pinehurst Drive, Atascocita, Texas, 77346, on June 25, 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. Jorge Bustamante of Brown & Gay Engineers, Inc. ("*BGE*"), engineers for the District; Mr. Michael Swartz and Ms. Carrie Spann 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 regular meeting of May 21, 2015, previously distributed to the Board, were presented for approval. Director Holder asked the attorney to review and correct the last sentence on page three, and the first paragraph on page four. 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 May 21, 2015.

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 dated June 25, 2015, the Investment Report, and the Deposit Collateral Report, copies of which are attached hereto as Exhibit "B."

Ms. Kay reported that Third Coast Bank has agreed to adjust the date of maturity for the District's certificate of deposit from one year to six months.

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, and to authorize payment of check numbers 8970 through 9005 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. Loaiza presented to and reviewed with the Board the Tax Assessor and Collector's Report, a copy of which is attached hereto as Exhibit "C." She noted that 98.37% of the District's 2014 taxes had been collected as of May 31, 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 1081 through 1085 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 May 2015, a copy of which is attached hereto as Exhibit "D." Mr. Jones reported that 99.96% of the water pumped was billed for the period ending May 31, 2015.

Mr. Jones noted that he received the District's well production report at the last meeting, and stated that ST will perform a bench test on the well meters at Water Plant Nos. 1 and 2 to confirm the accuracy of each meter's readings.

Mr. Jones reported that ditch maintenance was delayed due to inclement weather, and has been re-scheduled for the beginning of next week.

Mr. Jones reported that lightning struck Water Well No. 3 and that its motor needs to be replaced. He noted he will file an insurance claim for the damage.

Mr. Jones presented to and reviewed with the Board a proposal in the amount of \$2,750 for tree-trimming and removal of a dead tree at Water Plant No. 1.

Mr. Jones reviewed the delinquent list with the Board, and reported that Chevron Lake Houston will remain on the delinquent list while the owner continues to make payments as agreed until his outstanding balance has been paid. He noted that ST will check the property for leaks based upon the monthly usage report.

Director Stine presented to and reviewed with the Board an e-mail regarding the flood control ditches in the Pinehurst section of the ACIA and golf course, a copy of which is attached hereto as Exhibit "E." Discussion ensued. The Board acknowledged that it is responsible for monitoring the flood control ditch, and that maintenance has been delayed due to inclement weather and is scheduled for the beginning of next week. It was the consensus of the Board to have the operator request proposals from Stuckey's and Champions Hydro-Lawn Inc. to modify the flood control ditch to drain and remove standing water, using intermittent ponds as needed.

Mr. Jones reported that he received a resident complaint stating that their water smelled like chlorine. He noted that he responded to the complaint via e-mail, and has not received any further correspondence.

Upon motion by Director Whitaker, seconded by Director Lentz, 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.

6. **Engineer's Report.** Mr. Bustamante presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "E" 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. Bustamante reported that Notice to Proceed was issued to R+B Group and is effective June 22, 2015, a copy of which is attached to the Engineer's Report. He noted that BGE will begin updating Lift Station No. 1's connection counts for each of the participating districts. The last update was in July, 2014.

Water Plant No. 2 Building Addition

Mr. Bustamante reported that Notice to Proceed was issued to Schier Construction Company and is effective June 15, 2015, a copy of which is attached to the Engineer's Report. He reported that the contract term is 200 calendar days.

Storm Sewer Repair at Shores Course No. 6 Fairway:

Mr. Bustamante reported that weather has continued to prevent South Texas from completing the repair.

Power Factor Monitoring

Mr. Bustamante reported that the Operator provided data from the power factor readings at both water plants from the beginning of May through early June, 2015. He stated that the readings were comparable to those taken in Fall 2014, and do not show seasonal variation.

Annual Tank Inspections:

There are no updates this month.

Tank	Next Inspection	Comments
WP1 bolted GST	2015 August	2014: Tank remained full; many internal coating defects; continue to monitor and evaluate rehab vs. replacement
WP1 welded GST	2016 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	2015 September	2014: 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	2015 August	2014: Tank remained full; good condition
WP2 welded GST	2016 November	2015: Tank remained full; good condition
WP2 HPT	2015 June	2014: New tank installed

Capital Improvement Plan ("CIP"):

There are no changes to the CIP this month.

Atascocita Joint Operations Board:

Mr. Bustamante noted that a copy of AJOB's Engineer's Report is attached to his 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 Engineer's Report.

7. **Review and authorize capacity commitment letters.** There were no capacity commitment requests.

8. **Discuss and take any action in connection with District communications.** There was no action on this item.

9. **Authorize Execution of Recreational Facility Agreement.** Director Lentz reviewed in detail a tabulation of the bids received from Kraftsmen and S&S for the Shores Parks Improvements project, a copy of which is attached hereto as Exhibit "G." For the District's share of the project, Kraftsmen bid \$65,000, and S&S bid \$53,346.

Director Lentz stated that the bid received from S&S appears too low to cover the cost of certain portions of the project, contains numerous irregularities, and incorrectly includes taxes for the items that will be funded by the District. He stated that Kraftsmen bid \$84,213, and S&S, after subtracting taxes for District funded items, bid \$65,646.

Director Lentz recommended that the Board accept the bid from Kraftsmen if one of the bids is accepted.

Discussion ensued regarding control of the project, scope of the project, whether additional bids should be requested, and aspects of the agreement that will be important to the Board when entered into.

Director Lentz noted he will review the results and his recommendation with the Atascocita Community Improvement Association, and report back to the Board.

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

11. **Other matters.** There were no other matters.

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 July 16, 2015.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

