

MINUTES OF MEETING OF BOARD OF DIRECTORS
JULY 16, 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 July 16, 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, except for Director Lentz. 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; 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 special meeting of June 25, 2015, previously distributed to the Board, were presented for approval. Upon motion by Director Whitaker, 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 June 25, 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 July 16, 2015, the Investment Report, and the Deposit Collateral Report, copies of which are attached hereto as Exhibit "B."

Discussion ensued regarding the schedule of payments to the City of Houston in connection with the District's Strategic Partnership Agreement ("*SPA*"). In response to a request from the President, Ms. Kay stated that she will review her records and verify that the District is current on its *SPA* payments.

In response to a question from the Board, Mr. Jones stated that online banking fee payments are transferred directly to the service provider. The Board asked the operator to ensure that the online credit payment link has been removed from the online billing statement.

In response to a question from the President, Ms. Kay confirmed that \$1,809,492.50 was transferred to the paying agent for the District's Series 2006 Bonds this month to redeem all of the outstanding Series 2006 Bonds. Mr. Swartz confirmed that the District's bond redemption closed yesterday, saving the District a total of \$236,337.50 in interest payments.

Upon motion by Director Holder, seconded by Director House, 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 9006 through 9039 from the Operating Account, to the persons, in the amounts, and for the purposes stated 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 98.9% of the District's 2014 taxes had been collected as of June 30, 2015.

Ms. Loaiza reviewed the delinquent tax report of delinquencies up to tax year 2014, a copy of which is attached to her report. She noted that delinquent 2014 accounts were turned over for collection and are currently under review by the District's delinquent tax attorney.

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 1086 through 1090 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 June 2015, a copy of which is attached hereto as Exhibit "D." Mr. Jones reported that 88.15% of the water pumped was billed for the period ending June 30, 2015.

Mr. Jones reviewed with the Board a summary of the major maintenance items. Discussion ensued regarding references to "District area" in the work orders attached to the Operations Report in instances where the work was performed at a specific address. Mr. Jones stated that the reports should include specific addresses, and noted that the mistake is likely a computer-generated error.

Mr. Jones reviewed the delinquent list. In response to a question from the Board, he confirmed that the owner of Chevron Lake Houston (8750 FM 1960 East and Atascocita Shores) met their monthly payment of \$500 in accordance with their payment plan. He noted that the delinquent list was compiled prior to removal of late penalty fees from the account, and confirmed that the account is no longer delinquent, and will not be listed as delinquent so long as the owner continues to pay in accordance with the monthly payment plan.

In response to a question from the President, Mr. Jones stated he will send a representative of ST to investigate high water-usage at Handi Stop #81 (8010 FM 1960 East).

Mr. Jones reported that fire hydrant repairs are complete except for two fire hydrants at Atascocita Shores which are awaiting delivery of replacement parts. He stated that he informed fire chief Mr. Mike Milligan that the two fire hydrants still need to be addressed. In response to a question from the Board, Mr. Jones stated that ST special orders the fire hydrant parts from a

manufacturer in Michigan, and that the fastest shipping option is 5-6 days. He noted that a local supplier, C&C Contracting, can build the necessary parts in 2-3 days, however the District would not receive a warranty on the parts. Discussion ensued. It was the consensus of the Board to order parts from C&C Contracting for future fire hydrant repairs if the cost is comparable to the manufacturer in Michigan.

In response to a question from the President, Mr. Jones stated that he met with the boy-scout who volunteered to repaint fire hydrants in the District and provided materials. He stated that ST will bring the jet power-washing truck to clean all 50 fire hydrants at no cost to the District.

Discussion ensued regarding the status of well inspections at the District's water plants due to the response timing to the current well outage at Water Plant # 1. Mr. Jones noted that it is standard for well inspection contractors to charge a flat fee of approximately \$15,000 to pull the well, send it off-site for inspection, and provide a final report for review by the District's operator and engineer, all within a 2-3 week period. He reported that in response to comments from Director Whitaker ST requested estimates to complete the inspection within a 2-week period, as well as an hourly rate quote, and will compare these estimates to determine whether the additional cost would justify completing future well inspections in less time.

Discussion ensued regarding repairs at 7803 Lake Mist Court.

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.

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 "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

BGE is currently reviewing submittals from the contractor, who will soon mobilize to the site. BGE is working on updating connection counts for each District with capacity in Lift Station No. 1.

Water Plant No. 2 Building Addition

BGE is currently reviewing submittals from the contractor, who will soon mobilize to the site.

Storm Sewer Repair at Shores Course No. 6 Fairway

Mr. Froehlich reported that South Texas completed repairs to the storm sewer, except for grading, which will be completed shortly.

1903 Nehoc Drive

BGE received an email from Kevin Polasek, owner of 19603 Nehoc Drive, whose tenant is experiencing sewer back-ups at the residence. Mr. Polasek recently had the line televised and was informed by his plumber that the blockage is at the tap connection to

the District's line. BGE is reviewing the video and plans with the Operator, and will work with Mr. Polasek to resolve the issue if in fact it is a District issue.

Mr. Jones confirmed that he reviewed the video of the line at 1903 Nehoc Drive, and stated that he left a voicemail for the homeowner explaining that the District does not own a four-inch pipe in this location, like the one pictured as containing the blockage in the televising video. Mr. Jones informed the resident that they will be reimbursed for the cost to expose the line, should they find that the blockage to be in the District's line.

20615 Atascocita Shores Drive

Director Stine and the Operator informed BGE of a sinkhole on the golf course along a stretch of 48"-wide storm sewer running behind 20615 through 20711 Atascocita Shores Drive. The storm sewer is outside of the District, but is within an easement, and drains portions of the District. The Engineer reviewed the video from the 2013-2014 storm sewer inspection and found no defects in the line at the time.

Annual Tank Inspections:

There are no updates this month. Mr. Froehlich noted that BGE is in the process of hiring a field inspector to perform hydro-tank inspections.

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. Froehlich reported that the next AJOB meeting is scheduled for Tuesday, July 21, 2015. He reported that the DryLet study ended last month, and that BGE is preparing an analysis of study results for presentation at AJOB's August meeting.

Mr. Froehlich reported that BGE received a capacity request from Mr. Zia Mohammadi, PE, engineer for the owner of property at 8502 FM 1960 (between Pine Echo Retail Center and the former Remax office), a copy of which is attached to the Engineer's Report. The request is for an estimated 25 ESFCs of water and sewer capacity that will serve a proposed two-story

motel with 46 guest rooms. Mr. Froehlich stated that BGE will determine whether the requested capacity amount and that currently being used by the Pine Echo Retail Center fit within the 33 ESFCs previously committed to serve this area.

Mr. Froehlich reported that BGE issued a capacity commitment letter to the owner of property at 20150 Atascocita Lake Drive. He noted that it this a standard requirement of the City of Houston in order to obtain the necessary permit to build along Lake Houston.

Mr. Froehlich reported that BGE received a request from Mr. Lester Jones, PE, on behalf of a developer that is planning to renovate a portion of the shopping center located east of Town Center Boulevard on FM 1960, a copy of which is attached to the Engineer's Report. The request is for an estimated 40 ESFCs of water and sewer capacity. He stated that BGE will determine the average historical capacity usage for the shopping center and make a recommendation at the next meeting.

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, and to approve the capacity commitment to the property at 20150 Atascocita Lake Drive.

7. **Review and authorize capacity commitment letters.** This item was addressed under the Engineer's Report.

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.** There was no action on this item.

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

11. **WaterWise Interlocal Agreement with Harris-Galveston Subsidence District.** Mr. Swartz stated that the Harris-Galveston Subsidence District provided a proposed Interlocal Agreement for participation in the Water Wise education program during the 2015-2016 school year, a copy of which is attached hereto as Exhibit "F." The Board took no action.

12. **Other matters.** The President noted that the next meeting will be held a week later than scheduled, on Thursday, August 27, 2015.

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 August 27, 2015.



President, Board of Directors

ATTEST:



Secretary, Board of Directors