

MINUTES OF MEETING OF BOARD OF DIRECTORS
SEPTEMBER 17, 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 September 17, 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 Whitaker. 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. Sammy Bhakta, Mr. Andy Bhakta, Mr. Patrick Mullinix, and Mr. Zia Mohammadi, visitors to the meeting; Ms. Stacey Wagner of Champions Hydro-Lawn, Inc.; Ms. Anthea Moran of First Southwest Company, LLC, financial advisors to the District; 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 special meeting of August 27, 2015, previously distributed to the Board, were presented for approval. 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 approve the minutes of the meeting of August 27, 2015.

2. **Receive comments from the public.** The President recognized Mr. Bahkta, who reviewed plans for development of an Americas Best Value Hotel at 8502 FM 1960, within the District. Mr. Bahkta stated that the rooms would be rented as overnight-stay only. Mr. Mullinax, Brand President of America's Best Value Inn, stated that the hotel chain sources local management for its hotels, and that Mr. Bahkta has had a successful history of operating a number of La Quinta Hotels in the area.

Director House informed the developer that a Day's Inn is scheduled to be developed on a neighboring tract of land. The Board deferred consideration of capacity commitment to the hotel until its agenda item.

3. **Approve and authorize filing of Annual Report of Financial Information and Operating Data.** Mr. Swartz reviewed with the Board an Annual Report of Financial Information and Operating Data for the fiscal year ended May 31, 2015, a copy of which is attached hereto

as Exhibit "B." Mr. Swartz noted that the District files this report at the close of its fiscal year, and that 2015 certified tax values for the top ten taxpayers in the District will be included prior to filing the report, upon receipt of same from the tax assessor and collector.

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 District's Annual Report of Financial Information and Operating Data for fiscal year ended May 31, 2015, revised to include 2015 taxpayer information, and to authorize its filing of with the Municipal Securities Rulemaking Board.

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 99.4% of the District's 2014 taxes had been collected as of August 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 1099 through 1101 from the Tax Account to the persons, in the amounts, and for the purposes stated in the Tax Assessor and Collector's Report.

5. Adopt Order Designating Officer to Calculate and Publish Tax Rates. The President recognized Ms. Moran, who presented to and reviewed with the Board the financial advisor's recommendation for setting the District's 2015 Tax Rate, a copy of which is attached hereto as Exhibit "D." Ms. Moran stated that the District will need a debt service tax rate of \$0.0159 in 2015.

The President reviewed a 15-year cash flow projection in connection with the proposed maintenance and operations tax rate of \$0.0865, a copy of which is attached hereto as Exhibit "E."

Mr. Swartz presented to and reviewed with the Board an Order Designating Officer to Calculate and Publish Tax Rates for 2015 (*the "Order"*), a copy of which is attached hereto as Exhibit "F." He noted that the District will need to confirm the quorum will be met for the next meeting so that the tax assessor can publish notice of the proposed tax rate. All Directors confirmed they are able to attend the meeting on October 15, 2015.

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 adopt the Order, thereby authorizing the tax assessor to publish notice of the proposed rate of \$0.1024 per \$100 assessed valuation (\$0.0159 for debt service and \$0.0865 for maintenance and operation).

6. 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 September 17, 2015, the Investment Report, and the Deposit Collateral Report, copies of which are attached hereto as Exhibit "G."

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 9073 through 9107 from the Operating Account, to the persons, in the amounts, and for the purposes stated in the Bookkeeper's Report.

7. **Operations Report.** Mr. Jones presented to and reviewed with the Board the Operations Report for the month of August 2015, a copy of which is attached hereto as Exhibit "H." Mr. Jones reported that 106.22% of the water pumped was billed for the period ending August 26, 2015.

The President noted that the billed versus pumped percentages listed in the Operations Report are still incorrect, and Mr. Jones stated that he will review the calculations for errors.

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 estimates to replace signs in the District, copies of which are attached to the Operations Report. The Board asked the operator to request a quote from Humble Sign Company.

In response to a question from the President, Mr. Jones stated that ST is in the process of coordinating the sinkholes repairs.

Mr. Jones stated that the painting contractor expects to finish repainting fire hydrants in the District by the end of the week.

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, to terminate service to delinquent accounts in accordance with the District's rate order, and to authorize the operator to coordinate sign repairs and replacement with the contractor offering the lowest bid.

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 "I" and which follows in substantially the form it was presented:

Commercial Plan Reviews

There were no new commercial reviews this month.

Lift Station No. 1 Conversion

The contractor mobilized and is beginning to set up the bypass pumping. Demolition will follow.

Water Plant No. 2 Building Addition

Construction is underway. BGE is coordinating with the gymnastics facility to minimize disturbances to their overflow parking space. He noted he received an encroachment agreement today and forwarded to attorney for review. He noted that encroachment request includes the east west private line which may not have been permitted properly with CenterPoint. The estimated cost totals \$2,800 to be divided between gymnastics facility and District.

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

Mr. Froehlich stated that BGE will coordinate with Director House to set up a meeting with Stuckey's to review the ditch next week.

Washout at Lake Houston/Atascocita Shores Drive

Mr. Froehlich reported he submitted a service request online to the City of Houston (*the "City"*), and received an e-mail confirmation stating that the City will respond within 7 days. He noted he will keep the Board informed.

Annual Tank Evaluations: No update.

Mr. Froehlich reported that one of the tanks being inspected was put back online and is running. He noted he will coordinate with the operator to finish 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 ("AJOB"):

Mr. Froehlich reported that a final engineering report on the Drylet Study is currently being reviewed at BGE and will be presented at the next AJOB meeting. He noted that BGE, the Operator, and DryLet representatives met with the Mr. Lewis Harron of the TCEQ to review the results of the study. The TCEQ was impressed, and will sign off on the final engineering report, acknowledging that they are aware of the likelihood it will increase the amount of solids at the plant and will permit the increase in solids, provided the increase does not exceed the permitted capacity for the plant. He stated that AJOB approved DryLet's request for a second round of testing at the plant, lasting through the next year.

9. **Review and authorize capacity commitments.** Extensive discussion ensued regarding the plans for the proposed hotels at 8502 FM 1960 and 8530 FM 1960.

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 capacity commitments to the proposed America's Best Value Inn (14 ESFC – 26 Guest Rooms) and Day's Inn and Suites (28 ESFC – 48 Guest Rooms) in the amounts requested.

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 increase the capacity

commitment for 7110-7157 FM 1960 Atascocita Del Norte Shopping Center as needed, at the request of owner.

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

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

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

13. **Other matters.** The President recognized Ms. Wagner, who presented to and reviewed with the Board a report on the District's drainage facilities near Kings Crown Estates from Champions Hydro-Lawn, Inc., a copy of which is attached hereto as Exhibit "J."

Mr. Swartz noted that the Greens Bayou Corridor Coalition requested permission to speak at the next Board meeting. The Board approved this request.

The President asked the attorney to review the updates to disclosure requirements for certain relationships with local government officers and vendors applicable to Water Districts from the 84th Legislative Session at the next meeting.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned at 7:56 p.m.

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The above and foregoing minutes were passed and approved by the Board of Directors on October 15, 2015.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

