

MINUTES OF MEETING OF BOARD OF DIRECTORS
FEBRUARY 18, 2016

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 February 18, 2016 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 Directors 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 and Mr. Jorge Bustamante of Brown & Gay Engineers, Inc. ("BGE"), engineers for the District; 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 January 21, 2016, previously distributed to the Board, were presented for approval. In response to a question from Director Whitaker, Mr. Froehlich reviewed the plans to address standing water in the ditch through Woods Apartments and golf course. 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 the minutes of the meeting of January 21, 2016.
2. **Receive comments from the public.** There were no comments.
3. **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 for the month of January, 2016, a copy of which is attached hereto as Exhibit "B." Ms. Loaiza noted that 93.5% of the District's 2015 taxes have been collected as of today.

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 Tax Assessor and Collector's Report and to authorize payment of check numbers 1129 through 1139 from the Tax Account to the persons, in the amounts, and for the purposes stated in the Tax Assessor and Collector's Report.

4. **Consider Orders Adopting Exemption from Taxation.** Ms. Ellison presented to and reviewed with the Board an Order Adopting Exemption from Taxation for Individuals who

are Disabled or are 65 Years of Age or Older and an Order Adopting a Residential Homestead Tax Exemption (the "Orders") , copies of which are attached hereto as Exhibit "C."

It was the consensus of the Board to maintain the exemption amounts at \$40,000 for those persons who are Disabled or 65 Years of Age or Older, and at 20% for residential homesteads.

Upon motion by Director Holder, seconded by Director Whitaker, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Orders as presented.

5. Adopt Resolution Authorizing Additional Penalty on Delinquent Taxes.

Ms. Ellison presented to and reviewed with the Board a Resolution Authorizing 20% Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11, and 33.08, Texas Tax Code, a copy of which is attached hereto as Exhibit "D."

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 Resolution as presented.

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 February 18, 2016, the Investment Report, and the Deposit Collateral Report, copies of which are attached hereto as Exhibit "E."

She noted that her report includes the transfer of \$115,000 from the District's general fund to its debt service account, authorized by the Board at the previous meeting.

Ms. Kay reviewed the District's operating budget comparison .

In response to a question from Director Stine, Ms. Kay stated that HCMUD 153 sends multiple invoices to the District for water usage from different meters and confirmed that she will look into the billing records to ensure that the District has paid the correct amount.

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 accept the Bookkeeper's Report, to approve the Investment Report, and to authorize payment of check numbers 9237 through 9261 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 January, 2016, a copy of which is attached hereto as Exhibit "F." Mr. Jones reported that 93.03% of the water pumped was billed for the period ending January 26, 2016.

Mr. Jones reviewed a summary of major maintenance performed at the District's Lift Station and Water Plant facilities, and on its sewer lines and water lines.

In response to a question from the President, Mr. Jones stated that ST did not receive an invoice from the contractor for the fire hydrant repainting project until December, despite the

contractor having completed the project last October. He stated that the issues causing delayed invoicing from South Texas have been addressed.

In response to a question from the President, Mr. Jones reported that ST will meet with representatives of Harris County Precinct 2 (the "Precinct") and the City of Houston next Friday to examine both of the outfalls in the District. The President asked Mr. Jones to document that he advised the Precinct and the City of the need to repair the culverts. The Board noted that the priority is on addressing the sinkhole compromising the outfall on Atascocita Shores Drive at Atascocita Point.

Mr. Jones reviewed a list of delinquent accounts, and noted that there were 67 accounts unpaid as of this month's report.

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

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 "G."

Development Plan Reviews

Mr. Froehlich reported that BGE issued its no-objection letter in response to the plans for Advance Auto Parts (6931 Atascocita Road), a copy of which is attached to the Engineer's Report.

He noted that BGE is waiting to receive plans for the Lodge At Westlake (8710 FM 1960).

Mr. Froehlich reported that BGE issued a comment letter on the plans for America's Best Value Inn (8514 FM 1960), a copy of which is attached to the Engineer's Report.

Lift Station No. 1 Conversion

Mr. Froehlich reported that the contractor is 90% complete with the Lift Station No. 1 Conversion. Mr. Froehlich reported that BGE plans to meet with the owner of the contractor early next week to discuss construction status and the schedule for completion. He said that the contractor's project manager is no longer employed by the contractor.

In response to a question from Director Lentz, Mr. Froehlich estimated that the contractor is at or over the budgeted construction time for the project. Director Lentz stated that the contractor should be responsible for any costs incurred by the District due to exceeding the contracted construction time for the project, including consultant fees, as well as costs associated with poor performance. Mr. Froehlich noted he will coordinate with the operator to total expenses and invoice the contractor.

Water Plant No. 2 Building Addition

Mr. Froehlich reported that the contractor is 90% complete with Water Plant No. 2 Building Addition, and reviewed with the Board Pay Estimate No. 6 (\$16,074) from Schier Construction for approval, copies of which are attached to the Engineer's Report.

Mr. Froehlich reported that the estimate received from the contractor to make the connection to the gym's private sewer line within CenterPoint's easement is competitive considering the 15-foot depth of the connection, and recommended that the Board consider authorizing a change order in the amount of \$11,700, subject to receipt of the necessary documents from the contractor.

Mr. Froehlich reported that the operator obtained a quote for installation of a new chart recorder for approximately \$6,900. He stated that the existing chart recorder may not be compatible after the modifications made in this project, and that while the recorder is not a necessity, it keeps a record of system pressure which can be used in reporting to the Texas Commission on Environmental Quality. He noted that BGE is looking into the compatibility issue, and asked that the Board consider authorizing a second charge order in the amount of \$6,900, pending BGE's findings and receipt of the necessary documents from the contractor.

Mr. Froehlich reported that the Special Warranty Deed was received from Mr. Ballard and Mr. Rowland, and has since been recorded.

Annual Tank Evaluations

Mr. Froehlich reported that BGE completed the annual exterior inspections of HPT #1 and HPT #3 at Water Plant No. 1. He stated that BGE will inspect the interior next year to determine if internal recoating work is needed.

King's River Drive Roadside Ditch

Mr. Froehlich reported that the Precinct's traffic group reviewed the submittal regarding the need for a guard rail along King's River Drive near King's Crown Court, and determined that a guardrail is not warranted. In response to discussion, Mr. Froehlich estimated the cost of installing a county-specified guardrail to range between \$8,000 and \$10,000. He estimated the cost to install the sewer line and obtain additional spoil to fill the sinkhole to be between \$30,000 and \$40,000. The Board requested that the engineer obtain estimates from contractors to install the sewer line and fill the area, for review at the next meeting.

Director Lentz requested that BGE obtain a written response from the Precinct regarding its determination on the guardrail.

Atascocita Joint Operations Board ("AJOB"):

Mr. Froehlich reported that BGE is preparing a bid package for pavement repairs at the plant for advertisement and review of bids at the next meeting.

He reported that the attorney provided comments on the Experimental Use and Testing Agreement to Drylet, LLC, and that the agreement will be presented to the Board once the attorney's comments have been addressed.

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

Mr. Froehlich reported that BGE is finalizing a grading and ditch rehabilitation plan to address standing water in the ditch and will obtain construction cost estimates from Stuckey's and Champions.

Mr. Froehlich noted that Dreamland Builders previously submitted a request for capacity to serve a proposed 62-room hotel at 8600 FM 1960 East, Houston, Texas 77346, a copy of

which is attached to the Engineer's Report. He stated that the District has sufficient capacity available to grant the request. He reported that the requestor informed BGE that the proposed hotel is not part of a chain, and that the owner is in the process of finalizing the hotel's name. Discussion ensued regarding the development plan for the area.

Mr. Froehlich reported that he, Director Whitaker and Mr. Jones prepared a well-repair protocol summary for the District, noting that he brought hard copies for the Board's review and comment prior to the next meeting. He reported that the operator obtained hourly well-repair rates from contractors for the Board to consider contracting with for on-call well repairs.

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 Engineer's Report, to approve payment of Pay Estimate No. 6 in the amount of \$16,074 to Schier Construction in connection with construction of Water Plant No. 2 Building Addition; to approve change orders to the Water Plant No. 2 Building Addition contract for the contractor to perform a sanitary sewer connection for an amount not to exceed \$11,700, and for installation of a chart recorder if needed for an amount not to exceed \$6,900, subject to approval by the engineer and receipt of the necessary documents from the contractor; and to approve and issue a capacity commitment for the proposed 62-room hotel at 8600 FM 1960 East, Houston, Texas 77346.

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

10. **Discuss and take any action in connection with District communications.** The President reviewed emails sent via the District's website. He stated that Mr. Kyle Adams is requesting consideration on a high water bill due to a leak. He noted that Mr. Adams' monthly sewer usage was not above the monthly sewage minimum, and that he had advised Mr. Adams that the Board would not adjust billing for water lost.

The President reviewed a second complaint regarding sand in the resident's sewer system. Mr. Jones confirmed that ST investigated the issue and determined that the problem was due to ST's error and was corrected at ST's cost.

The President noted that he responded to the Girl Scout troop and declined their request to include a commercial link on the District's website.

The President stated that Texas Department of Transportation is holding a meeting next Tuesday to field questions regarding expansion of FM 1960, and that ST is providing notice to residents of its new office location, which will be posted on the District's website.

11. **Order Ratifying the Appointment of a Records Management Officer and Establishing an Amended and Restated Records Management Program.** Ms. Ellison presented to and reviewed with the Board an Order Ratifying the Appointment of a Records Management Officer and Establishing an Amended and Restated Records Management Program (the "Order"), revised to designate the secretary as the District's records officer without specific reference to the secretary by name, and documents for filing with the Texas State Library and Archives Commission as notification of the change.

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 adopt the Order as presented, a copy of which is attached hereto as Exhibit "H."

12. **Discuss and take action on proposed ACIA Amenities.** Director Lentz noted that he and Director House met with representatives of the ACIA last week. Director Lentz said the next step is to obtain a survey of the proposed trail to establish elevation levels for adequate drainage. He reviewed the estimates from BGE for a survey of the entire park (\$9,800) or for a survey of the construction area only (\$7-8,000), and proposed authorizing BGE to perform a survey of the entire park for an amount not to exceed \$10,000.

Director Lentz reviewed with the Board estimates from the prospective contractor for construction of the shared recreation facility, a copy of which is attached hereto as Exhibit "I."

Discussion ensued regarding certification procedures applicable to the project.

Ms. Ellison stated that the District will need contracts with both the ACIA and the contractor to provide reimbursement for the project. She noted that the contractor provided terms and conditions for inclusion in the contract, and requested that Director Lentz provide a summary of the District's terms for preparation of the contract once the project details are finalized.

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 authorize the engineer to survey the area as discussed.

13. **Review updates from AWBD Conference.** Ms. Ellison reviewed with the Board a memorandum regarding the new requirements for District websites, a copy of which is attached hereto as Exhibit "I."

Director House noted that he entered a 39-month renewal electricity contract with Texas General Land Office on behalf of the District at a price of \$0.03997 per kilo-Watt hour, effective September 1, 2016.

Director Lentz requested that the attorney inform the Board once the election application period has closed.

14. **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 March 17, 2016.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

