

MINUTES OF MEETING OF BOARD OF DIRECTORS  
November 15, 2012

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 Atascocita Country Club, 20114 Pinehurst Trail Drive, Humble, Texas, 77346, on November 15, 2012 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 Mr. Michael Keefe of Bob Leared Interests, tax assessor and collector for the District; Ms. Fredia Conley 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. Rico Rodriguez of Brown & Gay Engineers, Inc. ("*Brown & Gay*"), engineer for the District; Ms. Nikki Wynn, Communications Program Consultant; and Ms. Jana Cogburn and Ms. Carla Christensen of Fulbright & Jaworski L.L.P. ("*F&J*"), 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 October 18, 2012, previously distributed to the Board, were presented for approval. 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 approve the minutes of the meeting of October 18, 2012, as presented.

2.     **Receive comments from the public.** There were no comments from the public at this time.

3.     **Review Tax Collector's Report and authorize payment of certain bills.** Mr. Keefe presented to and reviewed with the Board the Tax Assessor and Collector's Report for the month of October 2012, a copy of which is attached hereto as Exhibit "B." Mr. Keefe noted that 99.30% of the District's 2011 taxes had been collected as of October 31, 2012. 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 approve the Tax Assessor and Collector's Report and



to authorize payment of check numbers 1010 through 1012 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

Discussion ensued regarding the fluctuation in the District's assessed valuation over the last three years. Mr. Keefe reviewed with the Board a detailed summary regarding the values for residential properties within the District for the past three years, a copy of which is attached to the Tax Assessor and Collector's Report. Discussion ensued regarding the value fluctuations for commercial properties. Mr. Keefe stated that he will prepare a detailed summary for the 20 commercial property accounts within the District for the past three years.

4. **Operations Report and Billing and Collections Report.** Mr. Jones presented to and reviewed with the Board the Operations Report for October 2012, a copy of which is attached hereto as Exhibit "C." Mr. Jones reported that 96.98% of the water pumped was billed for the month ending October 23, 2012.

Mr. Jones reported that there are 155 accounts on the delinquent list.

Mr. Jones requested permission to turn over four accounts in the aggregate amount of \$960.49 to collections and to write off three accounts in the aggregate amount of \$30.72.

Mr. Jones reported that he received proposals to replace or update the double steel doors at the water plant no. two booster pump building. Discussion ensued. It was the consensus of the Board to update the hardware on the steel doors and to clean the existing doors.

Mr. Jones reported that the motor at lift station no. one needs to be re-built or replaced. In response to a question, Mr. Jones stated that he will determine the age of the lift station motor and notify the Board. Mr. Jones stated that it will cost \$42,500 to re-build the motor or \$42,000 to replace the motor. The Board asked Mr. Jones to contact the insurance company and inquire whether the motor replacement is covered under the District's insurance policy.

Mr. Jones reported that the valve at Atascocita Lakeway and Atascocita Shores needs to be replaced. Mr. Jones stated that ST can replace the valve at a cost of \$15,000, but that he is obtaining another proposal.

Mr. Jones reported that he will contact the Harris County Health Department to report the hole in the ground where a septic tank was previously located (on Atascocita Shores adjacent to the marina).

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 approve the Operations Report, to authorize termination of service to the delinquent accounts, to authorize turning over four accounts in the aggregate amount of \$960.49 to collections and writing off three accounts in the aggregate amount of \$30.72, to accept the proposal from A-Z Doors in the amount of \$1,200 to update and clean the steel doors at the booster pump building, to authorize replacement of the valve on Atascocita Lakeway and Atascocita Shores for a cost not to exceed \$15,000, and to replace the lift station no. one motor at a cost of \$42,000.



5. **Review Bookkeeper's Report and Investment Report.** Ms. Conley presented to and reviewed with the Board the Bookkeeper's Report for the period ending November 15, 2012 and the Investment Report, copies of which are attached hereto as Exhibit "D."

In response to a question from Director Stine, Ms. Conley stated that she will contact the new electrical provider, Green Mountain, to make sure that the District is not be charged sales tax.

In response to a question, Ms. Conley stated that she will further research the District's options for investment of funds, including government bonds and/or treasury bills.

In response to a question from the last meeting regarding a duplicate deposit and ACH credit, Ms. Conley stated she will contact the bank to research the duplicate deposit and ACH credit discrepancies.

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 for the period ending November 15, 2012, to approve the Investment Report, and to authorize payment of check numbers 7960 through 7995 from the Operating Account, all as listed in the Bookkeeper's Report.

6. **Engineer's Report.** Mr. Rodriguez 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:

Service to Former Golf Course Property (Pinehurst Trail Holdings, LLC ("PTH") and QLS):

Brown & Gay has received a revised Boundary Survey from PTH. Brown & Gay has been in contact with the surveyor of the QLS tract and understands that they are currently working on necessary revisions. K-San, LLC plans to purchase the PTH property and Lifetime Fitness plans to purchase the QLS property in the near future.

Ponding water at ditch on Rebawood at Atascocita Shores Drive:

At the last Board meeting, Brown & Gay was asked to investigate whether or not the subject ditch is the responsibility of the District. Discuss cost options for remedying the ponding water situation.

Mr. Rodriguez reported that the golf course drainage ditch was originally constructed in the 1980's. Mr. Rodriguez stated that Brown & Gay located a letter from the Harris County Flood Control District ("HCFCD") accepting the ditch for major repairs and maintenance. Mr. Rodriguez noted that HCFCD accepted the ditch for maintenance with the exception of portions of the ditch with golf course amenities. Mr. Rodriguez noted that the portion of the ditch that has settled and is not draining properly appears to be covered under HCFCD's acceptance letter for repairs and maintenance. Mr. Rodriguez presented to and reviewed with the Board a memorandum outlining the three options available for addressing the ponding water in the drainage ditch, a copy of which is attached to the Engineer's Report. Mr. Rodriguez stated that



he will provide the Board members and F&J with a copy of the HCFCD acceptance letter and he will confirm the portions of the drainage ditch covered under such letter.

Storm sewer maintenance review summary:

The Board reviewed the finalized map prepared by Brown & Gay illustrating the segments of the storm sewer lines which are the responsibility of either Harris County, the District or the Kings River Estates Property Owners Association. Brown & Gay addressed feedback from the Board and ST. A high resolution, electronic copy of the revised map is available to Board for final review and comment. Once finalized, Brown & Gay anticipates submitting the map along with a cover letter to the Harris County Public Infrastructure Department ("HCPID") outlining the maintenance responsibilities and requesting that HCPID acknowledge and agree to such.

Water Plant Expansion (Schier Construction):

The Board previously awarded the contract for the re-coating of ground storage tank no. one ("GST No. 1") at Water Plant No. 2 to W. W. Payton. The Notice to Proceed was issued November 12, 2012 and the contract duration is expected to be 90 calendar days.

Atascocita Joint Operations Board ("AJOB"):

A copy of the draft AJOB report is not yet available.

Diversion Swale and Berm for Kings River Estates, Section Four - Construction contract (C.E. Barker, Ltd.):

Brown & Gay is coordinating with F&J to secure three drainage easements not previously returned for recordation. The easements are on Lot 2, Lot 4, and within the POA's Reserve A. A follow-up letter describing this issue has been sent to the owners of record for the subject tracts requesting execution of the easement documents.

The one-year maintenance period for this ditch will expire on November 17, 2012. Champions Hydro-Lawn has notified Brown & Gay that the ditch continues to function as intended and that no warranty issues need to be addressed.

Diversion Swale and Berm for Kings River Estates, Section Four -Maintenance Contract (Champions Hydro-Lawn):

Winter overseeding is scheduled for this month.

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 Engineer's Report.

7. **Review and authorize capacity commitment letters.** Mr. Rodriguez reviewed with the Board a request for capacity commitment for Texas Extreme Cheer, a copy of which is attached to the Engineer's Report. Mr. Rodriguez stated that the request is for 2,200 gpd of water supply and 1,800 gpd of dry weather flow and wastewater treatment capacity. Mr. Rodriguez stated that the District has sufficient capacity to serve Texas Extreme Cheer.



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 a capacity commitment letter to Texas Extreme Cheer, a copy of which is attached hereto as Exhibit "F."

8. **Discuss and take necessary action in connection with drainage ditch on golf course property.** There was no further discussion on this item.

9. **Discuss and take necessary action in connection with providing water service to former Atascocita Country Club and QLS/Lifetime Fitness and take necessary action in connection with annexation of such property.** Ms. Cogburn noted that F&J is awaiting receipt of the correct legal descriptions and maps from the engineer to complete preparation of the Petitions for Addition of Land. Mr. Rodriguez noted that Lifetime Fitness is coordinating with Brown & Gay and ST to have a new tap installed for service to the QLS property.

10. **Renew District insurance with SIG/McDonald & Wessendorff Insurance (expires January 24, 2013).** The Board reviewed the insurance renewal proposal from SIG/McDonald & Wessendorff Insurance, a copy of the insurance proposal is attached hereto as Exhibit "G." Ms. Christensen noted that SIG is offering an alternative boiler & machinery policy through Chubb Insurance. 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 execution of the renewal insurance proposal with SIG/McDonald & Wessendorff Insurance, including the alternative boiler & machinery policy through Chubb Insurance.

11. **Approve and authorize execution of Fourth Amended and Restated Waste Disposal Contract and Second Amended and Restated Sanitary Sewer Line Contract.** Ms. Cogburn reviewed with the Board the revised Fourth Amended and Restated Waste Disposal Contract and Second Amended and Restated Sanitary Sewer Line Contract confirming the terms Harris County Municipal Utility District No. 494's ("No. 494") purchase of wastewater treatment plant and sewer trunkline capacity. Ms. Cogburn stated that the Contract will incorporate and restate all changes which have been made since July 22, 1979 (the date of the original Waste Disposal Contract), and includes the revised terms for the sale of wastewater treatment plant capacity to No. 494. Ms. Cogburn noted that No. 494 requested that the Contract be revised to reflect the change in the participants' pro rata share of capacity. Ms. Cogburn reported that No. 494 has requested that the Fourth Amended and Restated Waste Disposal Agreement also include a provision which allows No. 494 to have a voting member on the Atascocita Joint Operations Board ("AJOB"). Extensive discussion ensued. 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 and authorize execution of the Fourth Amended and Restated Waste Disposal Contract and Second Amended and Restated Sanitary Sewer Line Contract, subject to the deletion of the provision which allows No. 494 to have a voting member on AJOB.

12. **Discuss and take any action in connection with District communications.** Ms. Wynn reported that the quarterly newsletter was distributed after the last Board meeting. Ms. Wynn reported that she is coordinating with the Texas Network and ST regarding the new emergency repair notification system on the District's website and ST's new notification system.

Ms. Wynn reviewed with the Board the District's website statistics as of November 15, 2012, a copy of which is attached hereto as Exhibit "H."

13. **Other Matters.** Director Stine noted that the next Board meeting will be held on January 17, 2013 at the Atascocita Library.

There were no other matters to come before the Board at this time.

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  
January 17, 2013.



\_\_\_\_\_  
President, Board of Directors

ATTEST:



\_\_\_\_\_  
Secretary, Board of Directors

(DISTRICT SEAL)

