

MINUTES OF MEETING OF BOARD OF DIRECTORS  
March 21, 2013

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 Atascocita Library, 20114 Pinehurst Trail Drive, Humble, Texas, 77346, on March 21, 2013 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; Mr. Terry Holland 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; Mr. Zach Hardoin of Champions Hydro Lawn; Ms. Jana Cogburn (via face time/internet) 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 February 21, 2013, previously distributed to the Board, were presented for approval. Director Stine noted one typographical error in the Engineer's Report. 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 the minutes of the meeting of February 21, 2013, as corrected.

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

3. **Review Bookkeeper's Report and Investment Report.** Mr. Holland presented to and reviewed with the Board the Bookkeeper's Report for the period ending March 21, 2013 and the Investment Report, copies of which are attached hereto as Exhibit "B."

Mr. Holland reported that that Myrtle Cruz, Inc. invested the majority of the District's \$4,000,000 of operating reserves in banks inside of the Houston area.

Director Stine stated that he previously communicated with Mary Jarmon regarding the investment of District debt service funds. Director Stine stated that he previously reported to the Board that it was his understanding that the District can invest up to an additional \$240,000 of debt service funds in a CD at a bank in which the District also has up to \$240,000 in operating funds invested in a CD and both CDs would be covered under FDIC insurance. Director Stine stated that Mary Jarmon confirmed that this type of investment can be performed at multiple banks.

Director Stine noted that he is preparing an electricity cost summary and requested that Mr. Holland send him the District's recent electricity bill from Green Mountain.

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 March 21, 2013, to approve the Investment Report, and to authorize payment of check numbers 8092 through 8135 from the Operating Account, all as listed in the Bookkeeper's Report.

4. **Operations Report and Billing and Collections Report.** Mr. Jones presented to and reviewed with the Board the Operations Report for the month of February 2013, a copy of which is attached hereto as Exhibit "C." Mr. Jones reported that 94.27% of the water pumped was billed for the month ending February 20, 2013.

Mr. Jones reported that ST is still in the process of locating and repairing tap line water leaks. Extensive discussion ensued regarding the District's meter reading practices and the ongoing meter change-out program. The Board also inquired on the advantages and disadvantages of manual meter reading versus electronic meter reading. Mr. Jones noted that electronic meter reading is substantially more expensive on the front end, but would save the District approximately two days of manual labor a month.

Mr. Jones requested permission to turn over one account in the amount of \$64.66 to collections and to write off one account totaling less than \$25.00.

Mr. Jones reported that the District received a letter from a resident requesting an adjustment to the sewer portion of her water bill due to filling up her pool. It was the consensus of the Board to only to require the resident to pay the base minimum sewer portion of the water bill in question in accordance with District policy.

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 authorize termination of service to the delinquent accounts, to authorize turning over one account in the amount of \$64.66 to collections and writing off one account which is less than \$25.

5. **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 February 2013, a copy of which is attached hereto as Exhibit "D." Mr. Keefe noted that 97.6% of the District's 2012 taxes had been collected as of February 28, 2013. 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 Tax Assessor and Collector's Report and to authorize payment of check numbers 1036 through 1044 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

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:

Storm sewer maintenance review summary:

Contracts for Cleanserve to televise 11,000 linear feet of storm sewer are presented for execution. Once the lines have been televised, Brown & Gay will review the video and prepare a summary of findings report and prepare a storm sewer maintenance plan.

Atascocita Joint Operations Board ("AJOB"):

A copy of the AJOB report is attached to the Engineer's Report.

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 package from 20803 Kings Crown Court was returned unclaimed. The realtor for 20803 Kings Crown Court, Ana P. Braun, agreed to forward an email with the documents to the manager of the property and request the manager communicate with the owner regarding this issue. No response to date from the other residents.

The POA's drainage easement for King River Estates, Section 4 is in the process of being signed by Vickie Cain at the Property Owner's Association, Inc.

Upgraded Signage Costs

Brown & Gay has analyzed three options for street sign upgrades, ranging in cost from \$10,000 to \$25,000 per intersection. The options are detailed in a memorandum from Brown & Gay, a copy of which is attached to the Engineer's Report. According to Harris County Precinct 4 Engineer, Pamela Rocchi, six intersections are awaiting funding for improvements. According to Robert Mascardo at Tx DOT, the street signs at the intersection of West Lake Houston Parkway and FM 1960 are scheduled to be installed by the middle of May, 2013. Brown & Gay recommends replacing the signage at FM 1960 and West Lake Houston Parkway as a part of a pilot program to obtain public feedback prior to replacing all signage in future phases.

Extensive discussion ensued. In response to a question from Director Stine, Ms. Cogburn stated that the District can legally spend Strategic Partnership Agreement revenue on projects such as the street signage improvements.

Director Holder made a motion to move forward with coordinating with TxDot to have lighted signage installed at the West Lake Houston Parkway and FM 1960 intersection. The motion failed for lack of a second.

Extensive discussion ensued regarding the construction schedule for the West Lake Houston Parkway and FM 1960 intersection street improvements, the maintenance responsibility for any street signage improvements, and ownership and liability issues in connection with street signage improvements. Upon motion by Director Holder, seconded by Director House, after full discussion and the question being put to the Board, the Board voted (Director Stine dissenting) to authorize Mr. Rodriguez to research the various issues regarding the District's participation in funding street signage improvements, including obtaining anticipated construction schedules for intersection street improvement projects and a form of agreement from TxDot.

#### Water Line Rehabilitation

The majority of the District's water infrastructure is aging and is composed of asbestos pipe which is brittle and subject to failure. Preliminary analysis of the District's water line network has been tabulated and is depicted on exhibits attached to the Engineer's Report. Preliminary cost estimates have been prepared for the replacement of the water distribution network on a per-section basis.

Discussion ensued. Mr. Rodriguez reported that there are approximately 40,000 linear feet of water lines in each "section" that need to be rehabilitated. Mr. Rodriguez stated that he is coordinating with ST to review the history of repairs of the District's water lines. Mr. Rodriguez reported that once he obtains input from ST he will present a proposal and cost estimates to the Board for consideration.

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

Mr. Hardoin presented to and reviewed with the Board the maintenance report in connection with the Kings River Estates, Section Four diversion swale and berm, a copy of which is attached hereto as Exhibit "F."

Discussion ensued regarding the proposed newsletter article regarding the recent re-coating of Ground Storage Tank No. 2. It was the consensus of the Board that the draft article currently contains inaccurate information. The Board directed Ms. Wynn to coordinate with Mr. Rodriguez and Mr. Jones to revise the article with accurate information.

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 Engineer's Report and to authorize execution of the contract with Cleanserve to televiser the District's storm sewer lines.

**7. Review and authorize capacity commitment letters.** Mr. Rodriguez reported that no capacity commitment requests have been received since the last Board meeting.

**8. 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.** Director Stine noted that F&J has not received the signed Petition for Addition of Land from K-SAN, the new owner of the Pinehurst Trail Holdings tract. 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 F&J to prepare and send a certified letter to K-SAN notifying them that if the District has not received the signed Petition for Addition of Land within two weeks, service to the former Country Club property, owned by K-SAN, will be terminated.

9. **Discuss and take necessary action in connection with partnering with Harris County Pct. 4 and/or TxDot for street improvements.** There was no further discussion on this matter.

10. **Discuss and take any action in connection with District communications.** Ms. Wynn reported on articles for the next quarterly newsletter.

11. **Other Matters.** It was noted that the next Board meeting will be held on April 18, 2013 at the Atascocita Library.

Discussion ensued regarding the June, 2013 meeting date. It was the consensus of the Board to hold such meeting on June 13, 2013 due to the Summer AWBD Conference.

Discussion ensued regarding the District's current security system contract with ADT. In response to a question, Mr. Jones stated that he will determine the term of the District's current security system contract with ADT. Director Lentz stated that he will contact additional security system companies.

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.

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The above and foregoing minutes were passed and approved by the Board of Directors on April 18, 2013.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors

(DISTRICT SEAL)

