

MINUTES OF MEETING OF BOARD OF DIRECTORS  
August 15, 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, 19520 Pinehurst Trail Drive, Humble, Texas, 77346, on August 15, 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 except Director House. Director Whitaker entered the meeting in progress. Also attending all or parts of the meeting were Mr. Michael Keefe 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. Matt Froehlich of Brown & Gay Engineers, Inc. ("*Brown & Gay*"), engineer for the District; Ms. Julia McCain of McCall Gibson Swedlund Barfoot, PLLC, auditor for the District; Ms. Jana Cogburn and Ms. Carla Christensen of Fulbright & Jaworski LLP ("*F&J*"), attorneys for the District; and one member of the public. A sign-in sheet is attached hereto as Exhibit "A-1."

**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 July 18, 2013, previously distributed to the Board, were presented for approval. Upon motion by Director Lentz, 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 July 18, 2013, as presented.

2. **Receive comments from the public.** The President recognized Ms. Lammers of the Atascocita Community Improvement Association ("*ACIA*"), who reviewed with the Board proposals from SportsCapers to rehabilitate the tennis courts on the North and South sides of the neighborhood, copies of the proposals are attached hereto as Exhibit "A-2." Ms. Lammers noted that it will cost \$37,945 to rehabilitate the tennis courts on the South side and \$7,650 to rehabilitate the tennis court on the North side.

Director Whitaker entered the meeting at this time.

Ms. Lammers stated that the ACIA is requesting the District's consideration in funding all or a portion of the cost of the tennis court rehabilitation project. Discussion ensued. In response to a question, Ms. Lammers stated that the tennis courts are not open to the general

public, just ACIA residents. Director Lentz noted that in order for the District to consider funding the tennis court rehabilitation projects, the tennis courts would need to be open to the general public and ACIA would need to prepare a long-term plan for usage of the tennis courts and maintenance of the tennis courts. Discussion ensued regarding other potential uses for the tennis courts. Ms. Lammers agreed to do further investigation and get back to the Board.

3. **Approve audit for fiscal year ended May 31, 2013.** Ms. McCain presented to and reviewed with the Board McCall Gibson Swedlund Barfoot, PLLC's audit management letter and the draft of the audit for fiscal year ended May 31, 2013, a copy of which is attached hereto as Exhibit "B." Director Stine stated that page six should be revised to reflect that, "The General Fund balance increased by \$1,488,584, primarily due to improved sales tax revenues, a reduction in maintenance and capital expenditures and a planned accumulation of reserves for future capital expenditures." 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 audit for fiscal year ending May 31, 2013, subject to the noted changes.

4. **Review Bookkeeper's Report and Investment Report.** Ms. Kay presented to and reviewed with the Board the Bookkeeper's Report for the period ending August 15, 2013 and the Investment Report, copies of which are attached hereto as Exhibit "C."

Director Stine noted that the budget comparison should not be revised to reflect that approximately \$45,000 of the \$51,764.25 shared lift station expenditure should be moved to the wastewater collection expenditures, as previously requested.

Upon motion by Director Lentz, 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 August 15, 2013, to approve the Investment Report, and to authorize payment of check numbers 8271 through 8291 from the Operating Account, all as listed in the Bookkeeper's Report.

5. **Adopt Resolution Reviewing Investment Policy.** Ms. Cogburn presented to the Board the Resolution Reviewing Investment Policy and Making Any Desirable Changes Thereto, a copy of which is attached hereto as Exhibit "D." The Board agreed that no changes to the Investment Policy are needed at this time. Upon motion by Director Lentz, seconded by Director Whitaker, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Resolution Reviewing Investment Policy and the revised List of Authorized Brokers.

6. **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 and the Delinquent Tax Attorney's Report for the month of July 2013, copies of which are attached hereto as Exhibit "E." Mr. Keefe noted that 99.1% of the District's 2012 taxes had been collected as of July 31, 2013. Upon motion by Director Lentz, 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 1074 through 1084 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

Mr. Keefe presented to and reviewed with the Board a memorandum regarding new legislation making it mandatory to allow taxpayers to make installment payments on their homestead taxes, a copy of which is attached to the Tax Assessor and Collector's Report.

7. **Operations Report and Billing and Collections Report.** Mr. Jones presented to and reviewed with the Board the Operations Report for the month of July 2013, a copy of which is attached hereto as Exhibit "F." Mr. Jones reported that 98.27% of the water pumped was billed for the month ending July 22, 2013.

Mr. Jones requested permission to turn over six accounts in the aggregate amount of \$1,242.50 to collections and to write off one account in the amount of \$0.27.

Mr. Jones reviewed with the Board a list of 173 accounts with less than a 10% usage differential between water usage in August 2012 and March 2013, a copy of which is attached to the Operations Report. Mr. Jones stated that ST is currently inspecting the meters for accuracy. Discussion ensued regarding the District's meter change-out program. Mr. Jones stated that ST is currently replacing up to 25 meters (with readings exceeding 1,000,000 gallons) a month. It was the consensus of the Board that ST replace as many meters (with readings exceeding 1,000,000 gallons) as possible each month for the next six months.

Mr. Jones reported that the TCEQ issued a new requirement that all brass materials contain 0% lead. Mr. Jones stated that such requirement will cause an increase in the cost of brass materials.

Mr. Jones reported that seven years ago the District replaced the front apron of the driveway at 20228 Atascocita Shores due to cracks in the driveway caused by slip lining and rehabilitation of the sanitary sewer lines in the area. Mr. Jones reported that the same driveway is now experiencing voids and cracks again. Mr. Jones recommended that the line be televised and the entire driveway be replaced. Mr. Jones stated that it will cost \$6,600 to replace the entire driveway. It was the consensus of the Board that ST televise the sanitary sewer line at 20228 Atascocita Shores and have the driveway replaced. Mr. Froehlich stated that he will review the District's records for previous work performed on such sanitary sewer line and will review the video of ST's televising of the line.

Discussion ensued regarding notification to ACH customers regarding the District's conversion to a new billing system in October 2013. Mr. Jones noted that ST will have representatives notifying ACH customers in person of the requirement to complete the online form and the new paperwork.

Upon motion by Director Lentz, 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 six accounts in the aggregate amount of \$1,242.50 to collections, to write off one account in the amount of \$0.27, and to authorize televising of the sanitary sewer line and replacement of the driveway at 20228 Atascocita Shores.

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

Commercial Plan Reviews:

There were no new commercial plan review submittals this month.

Clearing Activity at Atascocita Shores Dr. and FM 1960: No Action

Last month, Brown & Gay contacted Mr. Todd Womack with Projects Plus regarding apparent development at the northeast and northwest corners of Atascocita Shores Drive and FM 1960. Mr. Womack, to whom the District issued a capacity commitment in late 2011 for development of the northeast corner of Atascocita Shores Drive and FM 1960, informed Brown & Gay that he ended up not purchasing the property and considered the commitment voided.

Storm sewer maintenance review summary:

Cleanserve submitted video for televising the remainder of the District's storm sewer earlier this week. Brown & Gay is reviewing the video provided to confirm that all storm sewer lines have been televised. A summary of the video inspection will be presented once all storm sewer line video have been reviewed.

Pay Estimate No. 1 in the amount of \$4,378.95 has been reviewed and is recommended for approval and payment. This estimate includes payment for the initial 3,621 linear feet of storm sewer televised.

Atascocita Joint Operations Board ("AJOB"):

A copy of the August 2013 AJOB report is not yet available.

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

There was no report at this time.

Lift Station No. 1 Repairs (shared with Harris County MUD Nos. 151 and 153):

Brown & Gay provided updated connection counts for each district at the July 2013 meeting and will revisit the counts on an annual basis.

Capital Improvement Plan ("CIP"):

Brown & Gay is working with the Operator to identify potential locations for a restroom facility at Water Plant No. One and is taking a closer look at potential construction costs for converting Lift Station No. One to submersible pumps.

Brown & Gay contacted Harris County MUD No. 151's engineer to inquire about any planned inspections, rehabilitations or improvements to their shared facilities with the District. At this time, no projects are planned.

Water System Modeling:

The water system model setup in WaterGEMS is complete. Historical water usage data has been analyzed. Usage appears to have slightly increased from the previous model, but the District's facilities are still adequate for ultimate development projections. Brown & Gay is scheduled to meet the Operator in the field on August 21, 2013 for fire flow tests and to check pressures in order to calibrate the model. After calibration, overall system pressure will be analyzed and scenarios will be run if either water plant were out of service. Brown & Gay plans to present a technical memorandum summarizing the model, analysis, and scenario results to the Board next month.

Annual Tank Inspections:

Brown & Gay has been working with ST and Preventative Services determining the inspection status of the District's ground storage tanks ("GST") and hydro-pneumatic

tanks ("HPT"). Based on the information collected, the tanks are either due for annual inspections or will be between now and January 2014. HPT Nos. One and Two at Water Plant No. One and the HPT at Water Plant No. Two are due for 5-year internal/external inspections. GST No. Two at Water Plant No. One and both GSTs at Water Plant No. Two have upcoming warranty review at which the annual inspection can be performed.

As previously discussed with the Board, Brown & Gay proposes to begin providing annual tank inspection services for the District. Estimated fees will be approximately \$1,500 per tank inspection, which includes a written report. Services will be invoiced on an hourly basis.

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 Engineer's Report, to approve and authorize payment of Pay Estimate No. One in the amount of \$4,378.95 to Cleanserve for televising the District's storm sewer lines, and to authorize Brown & Gay to coordinate with the Operator and perform the annual tank inspections.

9. **Review and authorize capacity commitment letters.** Mr. Froehlich stated that there have been no capacity commitment requests since the last meeting.

10. **Adopt Order Adding Land and Redefining Boundaries, authorize filing of Amended and Restated District Information Form, and approve and authorize filing of Voting Rights Act submission letter.** Ms. Cogburn reported that the City of Houston approved the annexation and adopted the Ordinance Granting Consent to the Addition of 32.1170 Acres of Land to the District. The Board reviewed a proposed Order Adding Land and Redefining Boundaries and an Amended and Restated District Information Form, copies of which are attached hereto as Exhibit "H." 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 Adding Land and Redefining Boundaries, to approve and authorize execution of the Amended and Restated District Information Form, and to authorize submission of a Voting Rights Act Letter to the Department of Justice.

11. **Approve and authorize execution of Interlocal Agreement with Subsidence District (Water Wise Program).** The Board previously reviewed a proposed Interlocal Agreement with the Harris Galveston Coastal Subsidence District for participation in the Water Wise program and decided to defer action on this item, pending receipt of additional information from Ms. Wynn. It was noted that that Ms. Wynn emailed the Board informing them that she checked on the alternative conservation program, but such program is booked for their in-person assemblies. It was the consensus of the Board to not participate in a water conservation program this year.

12. **Discuss and take any action in connection with District communications.** The Board reviewed Ms. Wynn's email report on communications activities over the last month, a copy of which is attached hereto as Exhibit "I."

13. **Other Matters.** It was noted that the next Board meeting will be held on September 19, 2013 at 6:00 p.m. at the Atascocita Library.

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