

MINUTES OF MEETING OF BOARD OF DIRECTORS
November 19, 2009

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 Golf Club, 20114 Pinehurst, Humble, Texas, 77346, on November 19, 2009 at 6:00 p.m.; whereupon the roll was called of the Board, to-wit:

Ray Hughes, President
Tim Stine, Vice President
Bobby Haney, Secretary
Don House, Assistant Secretary
Jerrel Holder, Assistant Secretary

All members of the Board were present except Director Hughes. Also attending all or parts of the meeting were Mr. Eric Comeaux of Bob Leared Interests, tax assessor and collector for the District; Ms. Freida Conley of Myrtle Cruz, Inc., bookkeeper for the District; Mr. Leroy Mensik of Severn Trent Environmental Services, Inc. (“*ST*”), operator of the District’s facilities; Ms. Amy Zapletal of Brown & Gay Engineers, Inc. (“*Brown & Gay*”), engineer for the District; Mr. Locke Braly; Mr. Jim McIntire, a resident of the District; and Ms. Jana Cogburn and Ms. Carla Christensen of Fulbright & Jaworski L.L.P. (“*F&J*”), attorneys for the District.

Call to Order. The Vice 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 15, 2009, previously distributed to the Board, were presented for approval. Upon motion by Director Haney, 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 October 15, 2009, as presented.
2. **Receive comments from the public.** There were no comments from the public at this time.
3. **Discuss and take necessary action regarding the Atascocita Golf Club and golf course property.** It was noted that the District has not received any requests from the new owners of the Atascocita Golf Club.
4. **Discuss and take action in connection with request from Atascocita Golf Club regarding termination of Amended and Restated Agreement for Maintenance of Drainage Ditch.** Mr. Mensik stated that Champions Hydro Lawn and Seaback Maintenance inspect the drainage ditch. Mr. Mensik stated that Seaback Maintenance declined to submit a

proposal and that Champions Hydro Lawn is in the process of preparing a proposal for necessary repairs to the drainage ditch. Director Haney and Mr. Braly both agreed to send Mr. Mensik information for other contractors to contact to submit a proposal.

5. **Review Bookkeeper's Report and Investment Report.** The Vice President recognized Ms. Conley, who presented to and reviewed with the Board the Bookkeeper's Report for the period ending November 19, 2009 and the Investment Report, copies of which are attached hereto as Exhibit "B." 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 19, 2009, to approve the Investment Report, and to authorize payment of check numbers 6712 through 6760 from the Operating Account and check numbers 5098 and 5099 from the Capital Project Account, all as listed in the Bookkeeper's Report.

In response to a question from Director House regarding TexPool's low interest rate, Ms. Conley stated that she will review certificate of deposit and money market interest rates and coordinate with Director House to re-invest the funds currently with TexPool.

In response to a question from Director Stine, Ms. Conley stated that she will determine why the "Office Expense, Postage" expenses are substantially higher than anticipated and let Director Stine know.

6. **Review Tax Collector's Report and authorize payment of certain bills.** Mr. Comeaux presented to and reviewed with the Board the Tax Assessor and Collector's Report for the month of October 2009 and the delinquent tax attorney report, copies of which are attached hereto as Exhibit "C." Mr. Comeaux noted that 98.87% of the District's 2008 taxes and 1.48% of the District's 2009 taxes had been collected as of October 31, 2009. 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 1468 through 1474 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

Mr. Comeaux reviewed with the Board a summary of the District's residential and commercial values, a copy of which is attached to the Tax Assessor and Collector's Report. Director Stine requested that such information be included in the monthly reports and that Mr. Mensik include information about the percentage water usage by commercial and residential customers on the Operations Report.

7. **Operations Report and Billing and Collections Report.** Mr. Mensik presented to and reviewed with the Board the Operations Report for October, 2009, a copy of which is attached hereto as Exhibit "D." Mr. Mensik reported that 101.46% of the water pumped was billed for the month ending October 21, 2009.

Mr. Mensik reported that he is still coordinating with ADT to repair two cameras at the Rebawood water plant and one camera at the West Lake Houston Parkway water plant.

Director Haney requested that Mr. Mensik verify that a certain account was not assessed the set-up fee because the resident never called to disconnect service. Mr. Mensik reported that

ST erroneously disconnected the resident's service and he will ensure that the resident is not charged the set-up fee.

Upon motion by Director Haney, 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 authorize termination of service to delinquent accounts.

8. **Engineer's Report.** Ms. Zapletal 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:

Use of Surplus Capital Projects Funds:

The following table summarizes the *non-audited* actual costs versus the estimated costs included in the notification letter sent to the TCEQ for use of \$519,925 surplus capital projects funds for various repairs pursuant to 30 T.A.C. §293.83(c)(3)(A) and (B). The District's auditor will include notes in the annual financial reports for fiscal years in which these funds are distributed.

Project Name	Original Estimated Surplus Funds	FYE 2009 Surplus Funds Used As of 05/21/09	FYE 2010 Surplus Funds Used As of 11/19/09	Total Actual Project Expenses (non-audited)
Atascocita Point Drive SS repair - Construction costs incurred by ST *	\$70,000	\$34,115.26	\$62,333.88	\$96,449.14
Water Plant Disinfection modifications - Engineering and construction costs	\$37,443	\$9,075.93	\$15,938.17	\$25,014.10
Water Plant Fence Replacement Project - Construction costs	\$215,000	\$ -	\$214,500.84	\$214,500.84
Sanitary Sewer Rehabilitation, Phase IV - Construction costs (as funds available)	\$197,482	\$ -	\$ -	\$ -
TOTALS	\$519,925	\$43,191.19	\$292,772.89	\$335,964.08

*Note: The reimbursement to the GOF was approved in the August 20, 2009 bookkeeper's report.

Brown & Gay and Myrtle Cruz have been communicating on the status of available surplus funds for construction and engineering payments. Because the Atascocita Point Drive sewer repair and the fence construction costs exceed the original estimate, the construction payments for Sanitary Sewer Rehabilitation, Phase IV will continue to be drawn from the budget item in the General Operating Fund. In the same way as previously done for the sewer repair, Brown &

Gay will coordinate with ST and Myrtle Cruz to track the future disinfection modification invoices for reimbursement to the General Operating Fund.

Construction Plan Review:

- a. Sushi Chu Chu restaurant in Woodforest Plaza (6500 FM 1960 East): Brown & Gay has coordinated with the new tenant and the property manager regarding the grease trap requirements for a restaurant buildout in the former McAllister Deli. Revised plumbing plans were received late Tuesday and were emailed to ST for review on Wednesday. Brown & Gay will coordinate with ST on final approval of the proposed plans.
- b. Atascocita Lutheran Church: Brown & Gay spoke with Reverend Gary Anholt and the general contractor today and was informed that, although it was not originally proposed in the plans, a waterline was relocated to accommodate a new sink. Brown & Gay is coordinating with ST for a site inspection. Drywall installation will occur after the site inspection. Brown & Gay does not have construction plans but as-built plans are available on the project site.
- c. Atascocita Shores, Section 2, Lot 9, Block 5: Nothing new. Brown & Gay provided utility plans and capacity commitment request procedures to Benchmark Engineering in September 2009 for use in the development of this lot. Although no plans and no commitment request have been received, the owners of this lot are reviewing options to develop 3-4 single-family homes on the property, which is primarily located within the City of Houston.
- d. Chateaux at Pinehurst Apartments: Nothing new. Brown & Gay approved the plans in October 2008. The developer is required to provide Brown & Gay and ST video inspections of the existing sanitary sewer mains to confirm the condition of the original construction prior to connecting to the District's sanitary sewer system. Brown & Gay has not received records of a video inspection.
- e. NE Corner of Atascocita Road & Town Center Boulevard (Bank to be constructed on 1.853 AC): Nothing new. Brown & Gay provided Bury+Partners the plans and District submittal requirements in October 2008.
- f. Rowland Interests-Atascocita Business Park/Sports Complex (19505 West lake Houston Parkway): Nothing new. The preliminary construction plans submitted by H2B, Inc. have been reviewed and comments provided to the engineer.

Water Plants No. 1 and 2 Fence Replacements and Landscape Improvements:

Pay Estimate No. 5 from T&C Construction, Ltd. in the amount of \$37,076.64 has been reviewed and is approved for payment. This invoice includes payment for partial completion of irrigation and plantings at Water Plant No. 1 (Rebawood) and completion of the fence at Water Plant No. 2 (West Lake Houston Parkway) under base bid items and the contingency item (for the extended length of fencing). Under the contract's contingency bid item, Brown & Gay approved removal of eight additional deep concrete

piers encountered during fence removal. Funds totaling ten percent of the work completed to date remain on retainage (\$23,833.43).

The final TCEQ inspection was conducted on October 28, 2009. The contractor has addressed the punchlist items noted. The contractor is waiting for ADT to make repairs and provide billing for such services. Brown & Gay will not release final payment until such repairs are completed and paid in full by the contractor.

Water Plants No. 1 and 2 Disinfection System Improvements:

Construction is underway by ST. Water Plant No. 1 (Rebawood) is substantially complete. The tanks and lines were tested with water and no leaks were found. The new system will be placed online on Thursday morning (November 19). ST will present photos at the meeting. Once ST is assured the system is operating, construction at Water Plant No. 2 (West Lake Houston Parkway) will begin.

As part of the conditional approval and required communication with the TCEQ, Brown & Gay must notify the TCEQ when construction is complete and ready for inspection. Brown & Gay must also certify that the work is completed as approved in the plans. Brown & Gay will continue to communicate with ST throughout the project to satisfy these conditions.

Hurricane Ike Letter from Governor's DEM and FEMA:

Brown & Gay has not received additional confirmation of whether a revised reimbursement worksheet will be presented to the District. Because of knowledge of other districts' reimbursements being finalized a couple of months ago, Brown & Gay does not anticipate any additional reimbursement to the District.

Sanitary Sewer Rehabilitation, Phase IV:

Portions of the following areas are included for rehabilitation under the scope of this project:

- Atascocita Shores, Sections 1-5; Atascocita Villas
- Pinehurst of Atascocita, Sections 1-4, 7, 11; Estates of Pinehurst; Golf Villas
- Pines of Atascocita, Sections 1 and 2
- Atascocita Town Center, Sections 1 and 2
- Pinehurst of Atascocita/Atascocita Shores (trunk mains)

Pay Estimate No. 2 from Insituform Technologies in the amount of \$238,504.23 has been reviewed and is approved for payment. This invoice includes payment for 23,895 LF of pre-construction televising; 8,722 LF of post-construction televising; 7,661 LF of 8-inch cured-in-place pipe (CIPP); 1,061 LF of 10-inch; 2,177 LF of heavy cleaning. Funds totaling ten percent of the work approved to date remain on retainage (\$34,869.72).

The contractor has been making tremendous progress on the project and has inquired whether the District would consider allowing the contractor to continue work and complete the project in advance of the original contract period. The contract states that "A maximum of fifty percent (50%) of the work shall be completed by April 30, 2010.

One hundred percent (100%) of the work will be completed and ready for final payment in accordance with paragraph 14.13 of the General Conditions within 540 calendar days after the date when the Contract Times commence to run.”

Discussion ensued. It was the consensus of the Board that the contractor can proceed with the work, but the District will make payments in accordance with the original contract.

Brown & Gay provided Director Haney with the DVDs of the sanitary sewer main in the utility easement at 19510 Nehoc Lane as requested at the October 2009 meeting.

Emergency Preparedness Plan (“EPP”) Regulations:

Brown & Gay has finalized its submittal template for an EPP. The District’s EPP is being prepared for review by consultants and the Board in December and for approval by the Board and submittal to the TCEQ before March 1, 2010.

Discussion ensued. It was the consensus of the Board to prepare a supplemental EPP for the District’s use based on previously discussed emergency procedures.

New EPA rules related to groundwater:

A letter was provided to the TCEQ to document the District’s elected compliance option (Triggered Source Monitoring Plan option) as its preferred method of compliance. A checklist of information is required for the Plan and is being assembled by Brown & Gay with the assistance of ST. Much of the information is also in the template EPP, which will help reduce efforts and costs for this work.

Upon motion by Director Haney, 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, to approve Pay Estimate No. Five in the amount of \$37,076.64 to T&C Construction, Ltd. in connection with the fence replacement and landscaping improvements at water plant no. one and water plant no. two and authorize payment of same and to approve Pay Estimate No. Two in the amount of \$238,504.23 to Insituform Technologies in connection with phase four of the sanitary sewer rehabilitation and authorize payment of same.

9. **Review and authorize capacity commitment letters.** Ms. Zapletal noted that nothing new has occurred since the last meeting on this matter.

10. **Discuss and take necessary action in connection with request from QLS for capacity to serve proposed fitness center on former golf course property.** Ms. Zapletal noted that Mr. Kyle Bauer, the owner and managing member of QLS Family Fitness, previously requested service to the tennis and pool facilities (on approximately 10.076 acres) that are not currently located within the District’s boundaries. Based on Mr. Bauer’s estimate at the August 20, 2009 meeting, the capacity needs are approximately 40,000 gallons per month or 1,333 gpd (rounded to 3 ESFC). Ms. Zapletal noted that this information will be provided monthly for the Board’s reference and authorization upon receipt of additional capacity information from Pinehurst Trail Holdings, LLC and advice from F&J on how to handle the utility service agreements.

11. Discuss and take any action in connection with drainage issues in Kings River Estates, Section 4 (“KRE4”), including award contract for construction of improvements.

Diversion Swale and Berm for Kings River Estates, Section Four

Ms. Zapletal noted that C.E. Barker, Ltd submitted the lowest total bid of \$249,678.57 on April 2, 2009 for the diversion swale and berm for Kings River Estates, Section Four. The contracts were signed by the Board but are still pending final award and distribution until receipt of Harris County signatures on the plans. Harris County Flood Control District (“HCFCD”) approved the original plans for this project on July 28, 2009. Harris County approved the new version of the construction plans after the September meeting.

After the September 2009 meeting, the contractor provided costs for the additional non-bid items. Brown & Gay had not previously approved a change order because it exceeded the not-to-exceed amount approved by the Board. The line time for the concrete overflow for the lake exceeded \$47,000. A detailed breakdown of costs was recently provided for further explanation of this item’s cost.

Change Order No. One in the net amount of \$30,639.38 is attached to the Engineer’s Report for the Board’s review and approval. Additions include storm sewer items for an aesthetically-pleasing, stabilized lake edge and overflow and for straight wing-walls on the end of the 3’x5’ RCB. Miscellaneous removal of and repair to items adjacent to the construction area are also included. Deletions are shown for site preparation and storm sewer items not necessary for construction of the new alignment of the berm, swale and storm sewer pipe. Adjustments (increases and decreases) to existing bid items are estimated to add an additional \$7,306 to the contract as well.

For permitting the project by Harris County, a “Permittee’s Acknowledgement of Disclaimer Regarding Placement of Fill on Private Property” must be signed. Based on discussions at the last meeting and in anticipation of an agreement with Pinehurst Trail Holdings, LLC, Brown & Gay requests the Board’s signature on the affidavit when advised by F&J.

Pinehurst Trail Holdings, LLC approved the revised easement, which was sent to Harris County Clerk’s Office for recordation. Brown & Gay is pursuing the easements from residents.

The required Small Construction Site Notice (“SCSN”) and Storm Water Pollution Prevention Plan (“SWPPP”) documents will be finalized once the construction dates are known.

Drainage Improvements (Internal Improvements) for Kings River Estates, Section Four

Ms. Zapletal noted that C.E. Barker, Ltd submitted the lowest total bid of \$337,586.70 on April 7, 2009 for the drainage improvements (Internal Improvements) for Kings River Estates, Section Four. Notice to Proceed was issued for June 15, 2009. The required SCSN and SWPPP documents have been provided to the MS4 Operator, Harris County.

The final TCEQ inspection was conducted on Wednesday, September 30, 2009 at 10 a.m. After the inspection, Brown & Gay obtained additional topographic survey information in an effort to confirm grading solutions in select areas. Brown & Gay and C.E. Barker met last week again to finalize the additional work items (punchlist items and new work to achieve positive drainage). C.E. Barker mobilized to the site on Tuesday, November 17, 2009 and should be complete with all work items before Thursday, November 26, 2009.

Pay Estimate No. 4 from C.E. Barker, Ltd. in the amount of \$17,456.76 was reviewed in October and is requested for payment this month. The District's 70% share of this invoice is \$12,219.73. The POA's 30% share is \$5,237.03.

Change Order No. Two in the net amount of -\$934.43 is attached to the Engineer's Report for the Board's review and approval. Work items within and beyond the original anticipated limits of construction are proposed to achieve positive drainage and facilitate drainage of existing lots into the new inlets. Additions of small inlets, replacement of driveways blocking positive drainage, lowering manhole rims, and additional grading are proposed in an effort to eliminate water ponding both within and beyond the limits of original construction. Deletions are shown for original bid items that were not necessary for construction.

Brown & Gay notified Embarq of the need for investigation and repairs to the service line for 20715 Kings Crown Court.

CenterPoint Energy was able to perform better than estimated prior to the last meeting. However, CenterPoint Energy still has two street light functions to restore/repair but all other lights are operating properly once again.

Upon motion by Director Haney, seconded by Director House, after full discussion and the question being put to the Board, the Board voted unanimously to approve Change Order No. One in the amount of \$30,639.38 and adjustments in the amount of \$7,306 to C.E. Barker in connection with the diversion swale and berm for Kings River Estates, Section Four, to authorize execution of the 'Disclaimer Regarding Placement of Fill on Private Property', and to approve and authorize payment of Pay Estimate No. Four from C.E. Barker, Ltd. in the amount of \$17,456.76 (District's share \$12,219.73) and Change Order No. Two in the net amount of -\$934.43 in connection with the internal drainage improvements.

12. **Approve and authorize execution of Release of Easement (Texaco sign).** Ms. Zapletal reported that EAG Lube Properties, L.P. previously requested consent to encroach a 10-foot sanitary sewer easement recorded within the West Star Lake Addition, which is adjacent to the right-of-way (and 24-inch waterline within the R.O.W.) along West Lake Houston Parkway. The Board reviewed the Release of Easement, a copy of which is attached hereto as Exhibit "F." Upon motion by Director House, seconded by Director Haney, after full discussion and the question being put to the Board, the Board voted unanimously to approve authorize execution of the Release of Easement.

13. **Discuss and take any action in connection with District communications.** Ms. Wynn reported on the articles included in the next newsletter. Ms. Wynn stated that the newsletter will be distributed sometime in early December.

14. **Discuss need for insurance proposals (Anco McDonald policy expires January 24, 2010).** The Board reviewed the renewal insurance proposal submitted by Anco McDonald Waterworks, a copy of which is 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 approve and authorize execution of the renewal insurance proposal with Anco McDonald Waterworks, including the optional coverage for law enforcement legal liability and peace officer's bond, and to approve the District's indemnification of Directors for costs on losses arising from litigation relating to Directors carrying out their lawful duty, to the extent that such costs or losses are not otherwise covered by insurance.

15. **Executive Session pursuant to Section 551.071, Texas Government Code, as amended, to discuss litigation.** The Board did not convene in Executive Session at this time.

16. **Executive Session pursuant to Section 551.076, Texas Government Code, as amended, to discuss security related matters at District facilities.** The Board did not convene in Executive Session at this time.

17. **Other matters.** It was the consensus of the Board to cancel the December 17, 2009 Board meeting. Upon motion by Director Haney, seconded by Director House, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the Bookkeeper to circulate checks to pay the December 2009 bills.

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
January 21, 2010.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)