

MINUTES OF MEETING OF BOARD OF DIRECTORS
April 15, 2010

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 Harris County Library (Atascocita Branch), 19520 Pinehurst Trail Drive, Humble, Texas, 77346, on April 15, 2010 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 and Director Haney. Also attending all or parts of the meeting were Mr. Michael Keefe of Bob Leared Interests, tax assessor and collector for the District; Ms. Freida 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; Ms. Amy Zapletal of Brown & Gay Engineers, Inc. (“*Brown & Gay*”), engineer for the District; Mr. Noel Barfoot of McCall Gibson Swedlund Barfoot PLLC, auditor for the District; Ms. Jana Cogburn and Ms. Carla Christensen of Fulbright & Jaworski L.L.P. (“*F&J*”), attorneys for the District; and members of the public. A sign-in sheet is attached hereto as Exhibit “A”.

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 “B”, and the following business was transacted:

1. **Minutes.** Proposed minutes of the meeting of March 18, 2010, previously distributed to the Board, were presented for approval. 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 minutes of the meeting of March 18, 2010, as presented.

2. **Receive comments from the public.** The Vice President recognized Mr. Mielke, who stated that he would like to see the golf course property developed into a park for area residents. Mr. Mielke expressed his concern regarding home values.

The Vice President recognized Mr. Adams, who also stated that he would like to see the District purchase the golf course property and develop into a park for area residents. Mr. Adams expressed his concern regarding the plans to divide the golf course property into parcels and sell to individuals.

The Vice President recognized Mr. McIntyre, who stated that he is not in favor of his tax dollars being spent to purchase the golf course property. Mr. McIntyre expressed concerns regarding potential development of the golf course property.

Director House reported that he has had conversations with Mr. Joe Stunja of Pinehurst Trail Holdings, the owner of the golf course property. Director House noted that the current sales price of the property is approximately \$2,000,000. Discussion ensued regarding the golf course property.

3. **Discuss and take action in connection with repairs to drainage ditch.** Mr. Jones reported that ST is working with Embark Tree and Landscape Services regarding completion of the repairs and maintenance to the drainage ditch. Mr. Jones stated that the contractor still has some underbrush in the ditch to remove.

4. **Engage auditor for fiscal year ending May 31, 2010.** The Vice President recognized Mr. Barfoot, who presented to and reviewed with the Board a proposed auditor engagement letter for the fiscal year ending May 31, 2010, a copy of which is attached hereto as Exhibit "C." Mr. Barfoot stated that the estimated cost for is \$13,000 -\$15,000. 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 engage McCall Gibson Swedlund Barfoot PLLC to perform the District's audit for fiscal year ending May 31, 2010, and to authorize the Vice President to execute the auditor engagement letter.

5. **Discussion and take necessary action in connection with the security systems.** Mr. Jones reported that camera nos. two and three at the Rebawood water plant were not working properly. Mr. Jones reported that camera no. two has been fixed by ADT. Mr. Jones reported that ST is receiving numerous calls to investigate the breach of the perimeter beams. Discussion ensued. The Board asked that ST determine whether it can review the security camera footage prior to sending someone to the water plants to investigate a breach of the security perimeter beams.

6. **Adopt budget for fiscal year ending May 31, 2011.** Director Stine reviewed with the Board the proposed budget for fiscal year ending May 31, 2011, a copy of which is attached hereto as Exhibit "D." Discussion ensued regarding the proposed budget. Director Stine recommended that the Board and consultants review the proposed budget and provide any input to him prior to the next Board meeting.

7. **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 April 15, 2010 and the Investment Report, copies of which are attached hereto as Exhibit "E." 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 April 15, 2010, to approve the Investment Report, and to authorize payment of check numbers 6894 through 6922 from the Operating Account, all as listed in the Bookkeeper's Report.

8. **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 March 2010 and the delinquent tax attorney report, copies of which are attached hereto as Exhibit "F." Mr. Keefe noted that 97.2% of the District's 2009 taxes had been collected as of March 31, 2010.

Mr. Keefe presented to and reviewed with the Board a letter from Maya Business (account number 0100-000-0150) requesting a refund of penalty and interest paid on 2009 taxes due to a mistake made by HCAD, a copy of which is attached to the Tax Assessor and Collector's Report. Discussion ensued. 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 authorize refunding the penalty and interest paid on 2009 taxes for Maya Business.

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 1511 through 1530 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

9. **Operations Report and Billing and Collections Report.** Mr. Jones presented to and reviewed with the Board the Operations Report for March, 2010, a copy of which is attached hereto as Exhibit "G." Mr. Jones reported that 100.31% of the water pumped was billed for the month ending March 22, 2010.

Discussion ensued regarding the \$1.00 fee assessed to customers, who pay their water bills through automatic draft. Mr. Jones stated that he will determine why a convenience fee is assessed since automatic drafts are beneficial to ST and the District's bookkeeper.

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 Operations Report and to authorize termination of service to delinquent accounts.

10. **Review Drought Contingency Plan.** The Board reviewed the previously adopted Drought Contingency Plan, a copy of which is attached hereto as Exhibit "H." 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 adopt the Resolution Reviewing Drought Contingency Plan.

11. **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 "I," 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 03/18/10	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	\$ 64,527.94	\$ 73,603.87
Water Plant Fence Replacement Project - Construction costs	\$ 215,000	\$ -	\$ 243,744.26	\$ 243,744.26
Sanitary Sewer Rehabilitation, Phase IV - Construction costs (as funds available)	\$ 197,482	\$ -	\$ -	\$ -
TOTALS	\$ 519,925	\$ 43,191.19	\$ 370,606.08	\$ 413,797.27

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

Brown & Gay and Myrtle Cruz, Inc. will continue communicating on the status of available surplus capital funds and the projected monthly payments for construction and engineering fees for the disinfection modifications and phase IV of the sanitary sewer rehabilitation.

Construction Plan Review:

- a. La Quinta Inn & Suites (1.429 AC on Atascocita Road east of Town Center Boulevard): Brown & Gay sent a second request to A&L Engineering requesting additional information and plumbing plans from the engineer to proceed with a complete review.
- b. Atascocita Ceneter (6725 Atascocita Road): The owner inquired about the installation of a four inch fire line connection to construct fire sprinklers for tenants, although this was not originally required by the Harris County Fire Marshall. Brown & Gay has provided information for connection to the public waterline along Atascocita Road rather than the three inch private waterline on the north side of the property.
- c. Atascocita Lutheran Church: Nothing new. Reverend Gary Anholt and the general contractor informed Brown & Gay that, although it was not originally proposed in the plans, a waterline was relocated to accommodate a new hand sink. ST was previously scheduled to visit the site to inspect the plumbing.

- d. 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.
- e. Chateaux at Pinehurst Apartments: Nothing new. Brown & Gay approved the plans in October. 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.
- 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 Disinfection System Improvements:

The modifications at Water Plant No. 2 (West Lake Houston Parkway) have been completed and are operational. Brown & Gay has requested the final TCEQ inspection. As part of the conditional approval and required communication with the TCEQ, Brown & Gay must certify that the work has been completed as approved in the plans.

EPA Ground Water Rule:

A checklist of the TCEQ’s required information for the Triggered Source Monitoring Plan (“TSMP”) has been assembled by Brown & Gay with assistance of ST. With more research in old records, the well logs for both wells were located. Upon receipt of the most recent well testing report from ST, the TSMP will be submitted.

Emergency Preparedness Plan (“EPP”):

The TCEQ has not yet provided an approval letter. The EPP will be distributed to Severn Trent and F&J upon receipt of the approval letter. ***This EPP is a confidential document and will not be subject to disclosure to the public under Texas Government Code, Chapter 552: Public Information.***

Water Plant No. 1 (Rebawood) Expansion:

Brown & Gay finalized the review of the most recent three years of daily production records and active service connection information from ST. The letter attached to the Engineer’s Report has been submitted to the TCEQ as an update to the elevated storage variance approval. Review of the data shows that the HPT service capacity can be reduced to a minimum of 14.3 gallons per connection.

Proposed Capacities and Connections to be added by Project		
Improvements	Proposed Improvements	Added Connections
Ground Storage (“GST”)	420,000 gallons	2,100 (based on 200 gpc)

	(minimum)	
Hydro-pneumatic Tank (“HPT”)	20,000 gallons	1,149 (based on 14.3 gpc)
Booster Pumps	7,000 gpm (includes replacement of existing pumps with larger models)	2,000 (based on 2 gpm/c)

Design is approximately 50% complete. Submittals to the regulatory agencies are planned for next week. A meeting to review the plans with ST will also be scheduled when the plans are ready for review. Preliminary copies of two sheets of the plans have been provided to ST for review.

Tolunay-Wong Engineers, Inc. (“TWEI”) provided the final geotechnical report for Water Plant No. 1 (Rebawood) to Brown & Gay on April 14, 2010. The invoice was forwarded to the District’s bookkeeper yesterday for payment in May 2010.

The objectives for the project’s estimated schedule are as follows:

- Submit plans to regulatory agencies (TCEQ, City of Houston, Harris County) for review: by April 15, 2010
 - Estimated plan review time and signature routing of plans through agencies: 6-8 weeks
- Brown & Gay requests authorization to advertise for bids contingent on the following:
 - Advertisements won’t begin until agency comments have been addressed
 - Advertisements won’t begin until ST’s comments have been addressed
 - Bid documents will include schedule so contractors are aware of the expected schedule.
 - Goal: present bids at June 2010 meeting, if possible, to gain additional time for the schedule
 - Earliest advertisements for bids May 13, 2010; Mandatory pre-bid meeting with interested bidders on May 27, 2010; Open bids on June 3, 2010; Earliest presentation in June 2010
 - Latest advertisements for bids June 17, 2010; Mandatory pre-bid meeting with interested bidders on July 1, 2010; Open bids on July 8, 2010; Latest presentation on July 15, 2010
- Along with the recommendation of award, Brown & Gay will request authorization to proceed with contractor’s submittal reviews while contracts are being routed for signatures.
- Estimated Notice to Proceed before September 1, 2010
- Construction sequencing can be such that the water plant may only be down for 3-4 weeks during lower demands in the winter months.
 - Yard piping and pump construction should be complete by March 1, 2011
 - GST construction (\pm 23 weeks) and HPT construction should be complete by May 1, 2011

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)

Costs exceeding 50% of the contract amount will be approved for payment in the beginning of the second fiscal year of the two-year construction contract (in or after June 2010).

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, and to authorize the engineer to advertise for bids for water plant no. one (Rebawood) expansion.

12. **Review and authorize capacity commitment letters.** Ms. Zapletal reported that no capacity commitment letters have been received since the last Board meeting.

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

Ms. Zapletal reviewed the following information from the written Engineer's Report, a copy of which is attached hereto as Exhibit "I."

Diversion Swale and Berm for Kings River Estates, Section Four

C.E. Barker, Ltd submitted the submitted the lowest total bid of \$249,678.57 on April 2, 2009. Several signed easements have been returned to F&J. Brown & Gay has responded to a number of questions from residents and has received additional questions. Review of the construction staking confirmed that the edge of the easement line was staked rather than the rear property line (as originally planned and informed to residents). Brown & Gay is still working with the contractor to minimize tree removal.

Utility locations have been requested from private utility companies. In February, the Board authorized total payments for utility relocation not-to-exceed \$10,000.

- CenterPoint Energy provided a final invoice in the amount of \$2,600 subsequent to completion of the relocation work. The check written at the last meeting was completed and released to CenterPoint Energy.
- The depth of the existing waterline and sanitary sewer force main conflict with the proposed depths of the new pipes. The contract includes costs for deepening the conflicting portion of these facilities.
- Embarq provided verbal feedback that expenses incurred for the relocation of the duct bank in the public right-of-way will not be billed to the District or the contractor. Brown & Gay requested written confirmation and an update on the timing of the relocation.

- The contractor is still pursuing cable line locations by the utility owner. Because the cable company has not located a conflict or provided relocation costs, Brown & Gay is returning the check signed in February 2010 to the District's bookkeeper.

Cost estimates from the contractor to relocate the fences to the edge of the 55-foot drainage easement (approximately four feet from the current location) and temporarily relocate and replace fences south of Kings River Drive have been received but additional detail has been requested prior to Brown & Gay's recommendation to proceed.

The required Small Construction Site Notice ("SCSN") and Storm Water Pollution Prevention Plan ("SWPPP") documents have been submitted to Harris County, the MS4 Operator, as required, prior to construction.

Drainage Improvements (Internal Improvements) for Kings River Estates, Section Four C.E. Barker, Ltd. submitted the lowest total bid of \$337,586.70 on April 7, 2009. Notice to Proceed was issued for June 15, 2009. The final contract amount was \$321,603.38.

Brown & Gay has reviewed the summary of project expenses to date. Ms. Zapletal reviewed with the Board the draft letter confirming the release of \$6,809.05 to the property owner's association, a copy of which is attached to the Engineer's Report. Upon authorization by the Board, a check can be prepared for release along with the letter.

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 letter and releasing \$6,809.05 to the property owner's association.

14. Discuss and take any action in connection with District communications. There was no report on communications at this time.

15. Discuss and take action in connection with meeting location. Discussion ensued regarding alternative meeting locations. Ms. Christensen stated that she will contact the Rosemont Assisted Living Center to determine if the meeting room is available on the third Thursday of the month. Director House stated that he will confirm that the Library is available for the June 10, 2010 and July 15, 2010 Board meetings.

16. Discuss and take necessary action in connection with Director Hughes' position on the Board, including authorizing vacating the position pursuant to Section 49.052 Texas Water Code. This item was deferred until the next Board meeting.

17. Election of Officers. This item was deferred until the next Board meeting.

18. Executive Session pursuant to Section 551.071, Texas Government Code, as amended, to discuss litigation. The Board did not convene in Executive Session to discuss litigation.

19. **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 to discuss security related matters.

20. **Other matters.** 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
May 20, 2010.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)