

MINUTES OF MEETING OF BOARD OF DIRECTORS
October 20, 2011

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 Rosemont Assisted Living Cetner, 6450 Kings Park Way, Humble, Texas, 77346, on October 20, 2011 at 6:00 p.m.; whereupon the roll was called of the Board, to-wit:

Bobby Haney, President
Tim Stine, Vice President
Don House, Secretary
Jerrel Holder, Assistant Secretary
Lloyd Lentz, Director

All members of the Board were present except Director Lentz, who 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. Fredia 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; 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 copy of the sign-in sheet is attached hereto as Exhibit "A."

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 "B," and the following business was transacted:

1. **Public Hearing on Tax Rate.** The President opened the hearing on the proposed 2011 tax rate. There were no comments on the tax rate from the public. The President closed the hearing.

2. **Adopt Order Setting Tax Rate and Levying Tax For 2011.** The Board reviewed the Order Setting Tax Rate and Levying Tax for 2011, a copy of which is attached hereto as Exhibit "C." Upon motion by Director Stine, seconded by Director House, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order Setting Tax Rate and Levying Tax for 2011, thereby levying a tax at a rate of \$0.22 per \$100 assessed valuation (\$.125 for debt service and \$0.095 for operations and maintenance).

The Board reviewed cash flow analyses for levying future debt service tax rates based on different contributions from the Operating Fund, copies of which are attached hereto as Exhibit "D."

3. **Adopt Amended and Restated District Information Form.** Ms. Cogburn stated that an Amended District Information Form will need to be filed in the Harris County Real Property Records since the tax rate has changed. Director Stine noted that there are two sections of the Notice to Purchaser Form that can be deleted as they are no applicable to the District. Upon motion by Director House, seconded by Director Stine, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution and filing of the Amended District Information Form, a copy of which is attached hereto as Exhibit "E," in the Harris County Real Property Records.

4. **Ratify approval of Agreement with ES&S for rental of election equipment.** Ms. Cogburn noted that at the last meeting the Board approved the Agreement for the Rental of Equipment and Sale of Services with ES&S for electronic voting machines for the May 2012 Director elections, but such item was not on the agenda. 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 ratify the approval and execution of the Agreement for the Rental of Equipment and Sale of Services with ES&S.

5. **Minutes.** Proposed minutes of the meeting of September 15, 2011, 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 September 15, 2011, as presented.

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

Director Stine reported that he responded to Mr. Augustine Rodriguez's email after the last Board meeting. Mr. Stine reviewed with the Board Mr. Rodriguez's response, a copy of which is attached hereto as Exhibit "F." Discussion ensued. It was the consensus of the Board that Director Stine respond to Mr. Rodriguez informing him that the Board received and reviewed his email and will take his concerns into account when setting future tax rates.

7. **Review Bookkeeper's Report and Investment Report.** Ms. Conley presented to and reviewed with the Board the Bookkeeper's Report for the period ending October 20, 2011 and the Investment Report, copies of which are attached hereto as Exhibit "G." Upon motion by Director Stine, seconded by Director House, 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 October 20, 2011, to approve the Investment Report, and to authorize payment of check numbers 7495 through 7536 from the Operating Account, all as listed in the Bookkeeper's Report.

Director Stine requested that Ms. Conley invest additional funds in Certificates of Deposit.

Director Stine requested that an item be added to the next meeting agenda to discuss builder deposits.

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 September 2011 and the delinquent tax attorney report, copies of which are attached hereto as Exhibit "H." Mr. Keefe noted that 98.95% of the District's 2010 taxes had been collected as of September 30, 2011. Upon motion by Director Stine, 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 1660 through 1663 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

Mr. Keefe reported that Senate Bill 1 provides for an exemption of newly defined goods-in-transit beginning with the 2012 tax year. Mr. Keefe stated that a taxing unit may exercise a local option to tax goods-in-transit that are otherwise exempt if a public hearing is held, and the governing body thereafter passes an order to tax such property. Mr. Keefe noted that the public hearing and the official action taken to tax the property for 2012 and subsequent years must occur no sooner than October 1, 2011 and no later than December 31, 2011. It was the consensus of the Board to include such item on the next Board meeting agenda.

9. **Operations Report and Billing and Collections Report.** Mr. Mensik presented to and reviewed with the Board the Operations Report for September 2011, a copy of which is attached hereto as Exhibit "I." Mr. Mensik reported that 99% of the water pumped was billed for the month ending September 14, 2011.

Mr. Mensik noted that there were 127 delinquent accounts.

Mr. Mensik reported that both of the District's wells have been tested and there is over 100 feet of submergence for both wells.

Mr. Mensik reported that the payments to Harris County MUD No. 153 ("No. 153") are for service being provided by No. 153 to a commercial strip center at 8000 FM 1960 East. Mr. Mensik stated that the property is within the District, but No. 153 is providing the property with water. Discussion ensued. It was the consensus of the Board that Mr. Mensik contact the operator for No. 153 to further discuss billing of the commercial strip center.

Mr. Mensik reviewed with the Board a comparison of water pumpage from both District wells for 2010 and 2011, a copy of which is attached hereto as Exhibit "J." Director Stine requested that Mr. Mensik add the amounts from 2009 and 2008 to such comparison.

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 and to authorize termination of service to the delinquent accounts.

10. **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 "K" and which follows in substantially the form it was presented:

Construction Plan Review:

Splash Lake Houston (Northeast Corner of Atascocita Shores Drive at FM 1960 East): Brown & Gay provided the owner with the District's service requirements and invited Mr. Todd Womack to attend the meeting. A capacity commitment request has been received.

HEB Car Wash: Brown & Gay provided the engineer with the District's service requirements. A capacity commitment request has been received.

Atascocita Shopping Center (7920 FM 1960 East): Brown & Gay has not yet received the requested plumbing sketch for an additional ¾-inch meter requested to supplement the existing water service.

Water Plant Expansion (Schier Construction):

A pay estimate was not submitted by the contractor this month. Funds totaling 10% of the completed work have been withheld from payments to date (\$110,192.50).

Work on the ground storage tank ("GST") at Water Plant No. 2 on West Lake Houston Parkway is underway. A portion of the storm sewer has been relocated to accommodate construction. The foundation was installed on October 19, 2011.

At Water Plant No. 1 (Rebawood), the work on the overflow weir and the equalizer pipe connection to the existing GST has been delayed until water demands subside. When ST feels the time is appropriate, the GST will be taken offline for this work and the interior inspections of the GST and the older Hydro-Pneumatic Tank.

Sanitary Sewer Rehabilitation, Phase IV:

The warranty inspection will be scheduled at the appropriate time so any warranty issues can be addressed by June 10, 2012.

Atascocita Joint Operations Board ("AJOB"):

The compilation through September 2011 indicates an average daily flow of 4.137 mgd, or an average of 242 gpd/ESFC. Rainfall for the month totaled 0.75 inches.

Brown & Gay received a telephone call from Mr. Bogs indicating that the bar screen's traveling rake dropped into the influent lift station on Thursday, September 8, 2011. EF Services ordered parts for repairing the bar screen. The explosion-proof motor and brakes will take 12 weeks to arrive, and EF Services is working on other parts of the repair before the motor and brakes are delivered.

E-mail communication with the operator confirmed that there have been no recent odor complaints from residents in the area.

Upon motion by Director Stine, 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.

Director Lentz entered the meeting at this time.

11. **Review and authorize capacity commitment letters.** Ms. Zapletal stated that Brown & Gay received capacity commitment requests from Splash Lake Houston and HEB Car Wash, copies of which are attached to the Engineer's Report. Ms. Zapletal reported that Splash Lake Houston will require 65,250 gpd of water supply and 46,400 gpd of dry weather flow and wastewater treatment plant capacity to serve 230 luxury apartments, a gas station/convenience store, restaurant and retail space.

The President recognized Mr. Todd Womack, who reviewed with the Board Project Plus Inc.'s plans for development of Splash Lake Houston.

Ms. Zapletal reported that the HEB Car Wash will require 3,915 gpd of water supply and 2,784 of dry weather flow and wastewater treatment plant capacity to serve the car wash. Ms. Zapletal noted that the car wash will have a reclaimed water system.

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 authorize capacity commitment letters for Splash Lake Houston and the HEB Car Wash.

12. **Discuss and take any action in connection with drainage issues in Kings River Estates, Section 4 ("KRE4").** Ms. Zapletal reviewed the following information from the written Engineer's Report, a copy of which is attached hereto as Exhibit "G."

Diversion Swale and Berm for Kings River Estates, Section Four

A pay estimate has not been received from the contractor. Funds totaling 10% of the completed work have been withheld from payments to date (\$27,478.67).

The work has been completed by C.E. Barker and Champions Hydro-Lawn (seed and sod), and the final TCEQ inspection was conducted on October 18, 2011. The punchlist is attached to the Engineer's Report.

The erosion control work (seeding and sod) was completed by Champions Hydro-Lawn for a total of \$3,477.90 (\$2,727.90 initial proposal plus \$750 additional solid sod). A one-year maintenance proposal was provided in the amount of \$3,120.35. The combined erosion control services total \$6,598.25. Maintenance will begin after germination and strand growth begins.

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 payment of the invoices from Chaampions Hydro-Lawn in the amounts of \$3,477.90 and \$3,120.35.

13. **Discuss and take any action in connection with District communications, including approval of agreement for communications consulting program.** It was noted that Texas Network has almost completed the redesign of the District's website.

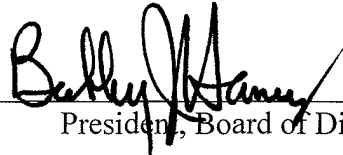
14. **Other matters.** In response to a question from Ms. Christensen, the Board directed F&J to obtain only a renewal insurance proposal from the current carrier, SIG/McDonald & Wessendorff Insurance.

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.

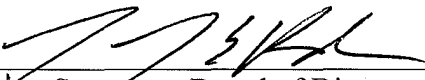
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The above and foregoing minutes were passed and approved by the Board of Directors on November 17, 2011.



President, Board of Directors

ATTEST:


~~ASH~~ Secretary, Board of Directors

(DISTRICT SEAL)

