

MINUTES OF MEETING OF BOARD OF DIRECTORS
April 21, 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 Harris County Library (Atascocita Branch), 19520 Pinehurst Trails Drive, Humble, Texas, 77346, on April 21, 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. 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. 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 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 17, 2011, previously distributed to the Board, were presented for approval. 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 the minutes of the meeting of March 17, 2011, as presented.

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

3. **Discuss and take necessary action in connection with request for park equipment repairs and purchase of new park equipment (ACIA).** It was noted that the Atascocita Community Improvement Association (“ACIA”) previously requested that the Board financially participate with the ACIA in connection with the proposed park improvements, repairs, and installation of 1) a walking track, 2) benches and 3) playground equipment at the Atascocita Pines Park. Director Lentz noted that he attended the last ACIA meeting, but has nothing to report on the matter at this time.

4. **Review Bookkeeper's Report and Investment Report.** Ms. Conley presented to and reviewed with the Board the Bookkeeper's Report for the period ending April 21, 2011 and the Investment Report, copies of which are attached hereto as Exhibit "C." 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 21, 2011, to approve the Investment Report, and to authorize payment of check numbers 5120 through 5122 from the Capital Projects Account and check numbers 7291 through 7339 from the Operating Account, all as listed in the Bookkeeper's Report.

In response to a question, Ms. Conley stated that she will invest a portion of the District's funds in additional certificates of deposit.

5. **Adopt budget for fiscal year ending May 31, 2012.** Director Stine reviewed with the Board the proposed budget for fiscal year ending May 31, 2012, 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.

6. **Engage auditor for fiscal year ending May 31, 2011.** The President recognized Mr. Barfoot, who presented to and reviewed with the Board a proposed auditor engagement letter for the fiscal year ending May 31, 2011, a copy of which is attached hereto as Exhibit "E." Mr. Barfoot stated that the estimated cost for the audit is between \$13,000 -\$15,000. 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 engage McCall Gibson Swedlund Barfoot PLLC to perform the District's audit for fiscal year ending May 31, 2011, and to authorize the President to execute the auditor engagement letter.

7. **Review and approve report from Arbitrage Compliance Specialists, Inc. in connection with review of Series 2006 Bonds.** The Board reviewed the Arbitrage Rebate Calculation Report in connection with Arbitrage Compliance Specialist's review of the District's Series 2006 Bonds, a copy of which is attached hereto as Exhibit "F." Ms. Cogburn reported that Arbitrage Compliance Specialists concluded that the District does not owe money in connection with the Series 2006 Bonds. 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 accept the report prepared by Arbitrage Compliance Specialists in connection with the Series 2006 Bonds.

8. **Engage Arbitrage Compliance Specialists, Inc. to perform review of Series 2003 Bonds.** The Board reviewed the engagement letter for the review of the Series 2003 Bonds, a copy of which is attached hereto as Exhibit "G." 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 execution of the engagement letter for the Series 2003 Bonds.

9. **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 2011 and the delinquent tax attorney report, copies of which are attached hereto

as Exhibit "H." Mr. Keefe noted that 96.7% of the District's 2010 taxes had been collected as of March 31, 2011. 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 1606 through 1613 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

10. Authorize delinquent tax attorney to enforce collection of delinquent taxes.

Mr. Keefe noted that the District has a contract with Perdue, Brandon, Fielder, Collins & Mott, L.L.P. for the collection of delinquent taxes. 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 authorize Perdue, Brandon, Fielder, Collins & Mott, L.L.P. to collect delinquent 2010 taxes pursuant to the terms of such contract.

11. Operations Report and Billing and Collections Report. Mr. Jones presented to and reviewed with the Board the Operations Report for March 2011, a copy of which is attached hereto as Exhibit "I." Mr. Jones reported that 100.34% of the water pumped was billed for the month ending March 16, 2011.

Discussion ensued regarding the ongoing dry weather conditions and the District's Drought Contingency Plan.

Mr. Jones requested permission to turn over 11 accounts in the aggregate amount of \$105.79 to collections and to write off one account in the amount of \$15.14.

Upon motion by Director Lentz, seconded by Director Stine, 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, and to authorize ST to turn over 11 accounts in the aggregate amount of \$105.79 to collections and to write off one account in the amount of \$15.14.

12. 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 "J," and which follows in substantially the form it was presented:

Construction Plan Review:

No projects to update.

Water Plant Expansion (Schier Construction):

Pay Estimate No. Three in the amount of \$210,654.00 has been reviewed and is recommended for approval and payment. The estimate includes payment for construction of the new ground storage tank ("GST") foundation, its asphalt pad, materials, and a portion of the GST erection; for completion of the hydro-pneumatic tank ("HPT") piping, air line, and air compressor; for completion of the new control building walls, roof, door, and protective coating; and for partial completion of electrical work on the lighting and the pumps and motors. Funds totaling 10% of the completed work (\$46,783.50) have been withheld from payments to date.

The new GST has been erected. Caldwell Tanks will be addressing the punchlist prepared by Dunham Engineering. Attached to the Engineer's Report are the projected shutdown schedule and the updated project schedule provided to ST. The contractor is aware of the importance of scheduling with ST in advance of any shutdowns and also of getting the generator back online before June 2011. Once the new GST is operational, the existing GST can be taken offline. Modifications can then be made to the overflow weir, and Severn Trent can coordinate with Preventive Services for an interior inspection.

Sanitary Sewer Rehabilitation, Phase IV:

When Uretek ICR pumped down the manhole at 20023 Pinehurst Place, the conditions surrounding the manhole were found to be even more complicated than originally believed. In the end, the consensus of Uretek ICR, Brown & Gay and ST is that replacement is probably the best means to secure the manhole.

ST obtained two estimates for the work in the amounts of \$59,590 (Tackle) and \$70,427.50 (Tripe B Services), copies of which are attached to the Engineer's Report. Brown & Gay has also requested a price from Insituform Technologies.

Regardless of contractor used, Brown & Gay requests that the Board authorize them to schedule a geotechnical boring for foundation recommendations and to begin coordination with private utility companies.

Drainage Channel Review:

The summary of the site visit on February 24, 2011 and recommendations for consideration are attached to the Engineer's Report. Regular monthly mowing and monitoring of select crossings is recommended. Included in the Capital Improvements Summary are estimates for channel bottom desilting, rehabilitation, and repair of slope pavement (\$20,249) and for regular maintenance of the 20 acres once the rehabilitation is complete (\$39,700 annual cost which includes monthly mowing and debris removal, two over-seedings, and two fertilizations). Brown & Gay is sizing a back-slope interceptor, the cost for which has not yet been estimated. The costs were estimated by Champions Hydro-Lawn, who would like to make a presentation directly to the Board.

Capital Improvements Summary:

The updated draft of the Capital Improvements Summary is attached to the Engineer's Report. This draft has been reviewed by ST. An in-depth review will be presented at the time of the site visit meeting scheduled by the Board.

Atascocita Joint Operations Board ("AJOB"):

Brown & Gay continues to maintain a compilation of the ESFC for each district, total ESFC, average daily wastewater flows, and rainfall information. The current compilation through March 2011 indicates an average daily flow of 4.69 mgd. The number of connections for March 2011 is not yet available. Rainfall for the month totaled 1.55 inches.

To Brown & Gay's knowledge, there have been no recent odor complaints from residents in the area.

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, to approve and authorize payment of Pay Estimate No. Three in the amount of \$210,654.00 in connection with the Water Plant Expansion, to authorize the replacement of the manhole at 20023 Pinehurst Place (cost not to exceed \$70,427.50), and to authorize the geotechnical work and Brown & Gay's coordination with private utility companies in connection with the Sanitary Sewer Rehabilitation (Phase IV).

13. **Review and authorize capacity commitment letters.** There have been no capacity commitment requests since the last meeting.

14. **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 "J."

Diversion Swale and Berm for Kings River Estates, Section Four

Pay Estimate No. Four was received last Friday but has not yet been approved for payment.

A void was discovered under the pavement of Kings River Drive. The tunneling subcontractor has accepted responsibility and is coordinating with C.E. Barker and Harris County on the approved means for repair. The subcontractor will need to obtain Harris County approval. The County may mandate replacement of a full panel of two lanes of pavement. Any expenses related to this are at the expense of the subcontractor.

Drainage Improvements for Kings River Estates, Section Four (C.E. Barker, Ltd.)

Brown & Gay will not release final payment on the Diversion Swale and Berm project until the warranty inspection punchlist items have been addressed.

15. **Discuss and take any action in connection with District communications.** It was noted that Texas Network is in the process of finalizing the redesign of the District's website.

The Board discussed ideas for the for the next quarterly newsletter, which will probably be distributed in mid-summer. The Board requested that the Drought Contingency Plan be posted on the website.

16. **Other matters.** In response to a question from the residents in attendance at the meeting, Director Lentz stated that he attended the last ACIA meeting, but has nothing to report to Board in connection with the park repairs and new park equipment.

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 19, 2011.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)