

MINUTES OF MEETING OF BOARD OF DIRECTORS  
January 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 Harris County Library (Atascocita Branch), 19520 Pinehurst Trails Drive, Humble, Texas, 77346, on January 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. 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. Carla Christensen, paralegal, 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 meetings of November 18, 2010 and December 16, 2010, 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 meetings of November 18, 2010 and December 16, 2010, as presented.

2. **Receive comments from the public.** The President recognized Ms. Coward. Ms. Coward stated that she is speaking on behalf of the PTA for Pine Forest Elementary School and would like to request that the Board consider funding a portion of the \$13,000 cost to purchase new playground equipment. Discussion ensued. Director Lentz requested that Ms. Coward have the PTA send the Board a formal request with a bid. It was the consensus of the Board that F&J provide Ms. Coward with a form of the Recreational Facility Agreement that will be required to be approved by both the Board and the school district.

3. **Discuss and take necessary action in connection with request for park equipment repairs and purchase of new park equipment.** 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 will coordinate with Mr. Baumann and Ms. Reap regarding the proposed new facilities and the proposals for the new equipment.

4. **Review Bookkeeper's Report and Investment Report.** Ms. Conley presented to and reviewed with the Board the Bookkeeper's Reports for the period ending December 16, 2010 and January 20, 2011 and the Investment Report, copies of which are attached hereto as Exhibit "C." Upon motion by Director Stine, seconded by Director Lentz, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Bookkeeper's Reports for the period ending December 16, 2010 and January 20, 2011, to approve the Investment Report, and to authorize payment of check number 5113 from the Capital Projects Account and check numbers 7162 through 7236 from the Operating Account, all as listed in the Bookkeeper's Report.

In response to a question, Ms. Conley and Mr. Mensik stated that they will obtain additional details regarding the returned check in the amount of \$31,300.

5. **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 December 2010 and the delinquent tax attorney report, copies of which are attached hereto as Exhibit "D." Mr. Keefe noted that 44.85% of the District's 2010 taxes had been collected as of December 31, 2010. 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 approve the Tax Assessor and Collector's Report and to authorize payment of check numbers 1575 through 1587 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

6. **Adopt Order Authorizing Exemptions from Taxation (Disabled and 65 Years of Age or Older and Residential Homestead).** Ms. Christensen presented to the Board drafts of the Order Adopting Exemption from Taxation for Individuals who are Disabled or are 65 Years of Age or Older and the Order Adopting a Residential Homestead Tax Exemption. It was the consensus of the Board to maintain the exemption amounts at \$40,000 for those persons that are Disabled or 65 Years of Age or Older and at 20% for residential homesteads. 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 Adopt the Orders Authorizing Exemption from taxation, copies of which are attached hereto as Exhibit "E."

7. **Adopt Resolution Authorizing 20% Additional Penalty on Delinquent Taxes.** Ms. Christensen presented to and reviewed with the Board the Resolution Authorizing 20% Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11, and 33.08, Tax Code, a copy of which is attached hereto as Exhibit "F." 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 Resolution Authorizing 20% Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11, and 33.08, Tax Code.

8. **Operations Report and Billing and Collections Report.** Mr. Mensik presented to and reviewed with the Board the Operations Reports for November and December 2010, copies of which are attached hereto as Exhibit "G." Mr. Mensik reported that 99.19% of the water pumped was billed for the month ending December 17, 2010.

Mr. Mensik requested the Board's authorization to have three safety nets installed at lift station no. one at a cost of \$3,500.

Upon motion by Director Holder, 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 payment of \$3,500 for the installation of three safety nets at lift station no. one.

9. **Adopt Order Amending Rate Order (West Harris County Regional Water Authority fees).** Discussion ensued regarding passing through all or a portion of the West Harris County Regional Water Authority ("WHCRWA") fees to District customers. It was noted that the current WHCRWA fee is \$1.55 per 1,000 gallons pumped. Mr. Mensik stated that he provided Director Stine with a summary of water usage statistics for the District's customers. Discussion ensued. Director Stine reported that he is still in the process of analyzing the District's water usage information and plans to make a recommendation to the Board at the next Board meeting.

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

Construction Plan Review:

La Quinta Inn & Suites (1.429 AC on Atascocita Road east of Town Center Boulevard): Plans have been conditionally approved with comments. Brown & Gay and ST requested an additional sheet that shows an enlarged utility layout for ease of inspection. The requested cleanouts still need to be added to the layout.

Kroger Shopping Center:

Brown & Gay will provide capacity and plan review requirements for a restaurant that may negotiate a lease agreement for the former video store space.

Ms. Zapletal reported that Mr. Mike Rowland has requested that the Board consider relocating its sign on West Lake Houston Parkway because it is obstructing his gymnastics facility sign. Discussion ensued. Ms. Zapletal stated that she will contact Mr. Rowland to obtain additional details regarding the sign relocation and whether he is willing to pay for the sign relocation.

Water Plant Fence Replacements and Landscaping Improvements:

The one-year warranty period for the project will expire on January 21, 2011. Brown & Gay and ST concurred that the fence does not require any warranty repairs at this time.

Water Plant Expansion:

Notice to Proceed was issued to Schier Construction Company, Inc. on August 23, 2010. To date, 32 submittals have been received and reviewed.

Pay Estimate No. 1 was submitted this week. The estimate will be reviewed and approved for payment in February 2011.

Work commenced on the new control building and hydro-pneumatic tanks after the last meeting.

The contractor provided Brown & Gay with an updated cost for the alternative bid item for a ground storage tank ("GST") at Water Plant No. 2, a copy of the proposal is attached to the Engineer's Report. With a second mobilization and increases in material and labor costs, the total cost would be \$413,300, which is an increase of \$16,200.

Sanitary Sewer Rehabilitation, Phase IV:

The punchlist items have been addressed by the contractor. The Engineer's Certificate of Completion is attached to the Engineer's Report. The warranty coordination will be scheduled at the appropriate time so any warranty issues can be addressed by January 12, 2012. The final pay estimate was received this week and will be reviewed and presented for payment in February 2011.

Brown & Gay issued a letter to the resident at 19614 Nehoc Lane to explain that the contractor will not be replacing her driveway since the current condition could not be attributed to this construction based on pre- and post-construction video and photographs.

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 December 2010 indicates an average daily flow of 4.32 mgd or 269 gpd/ESFC. Rainfall for the month totaled 3.85 inches.

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

Punch list items noted on the start-up of the "muffin monster" on September 28, 2010 have been addressed. R&B Group has addressed all items listed on the punch list. Pay Estimate No. 2 and Final in the amount of \$15,300.00 will be presented at the next meeting for approval and payment.

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 approve the Engineer's Report.

11. **Review and authorize capacity commitment letters.** Ms. Zapletal reported that no requests for capacity commitments have been received since the last meeting.

12. **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 “H.”

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. With two change orders to date, the updated contract amount is \$274,533.97.

CenterPoint Energy’s claim of ownership of the 6-inch conduit was rescinded after the December 2010 meeting. The 1-inch cable has still not been claimed. Brown & Gay obtained a proposal in the amount of \$5,000 from BORCO for hydro-excavation of the two conduits, which is enough to allow the box culverts to be placed and construction to be completed. A copy of the proposal is attached to the Engineer’s Report.

Pay Estimate No. 4 in the amount of \$8,756.75 from C.E. Barker, Ltd. has been reviewed and is recommended for approval and payment. A copy of Pay Estimate No. 4 is attached to the Engineer’s Report. The estimate includes payment for channel excavation, which was verified by haul tickets. Funds totaling \$14,817.08 have been withheld from payments to date.

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 approve and authorize payment in the amount of \$5,000 to BORCO for hydro-excavation of the conduits, subject to review of the agreement by Ms. Cogburn, and to approve and authorize payment of Pay Estimate No. 4 (\$8,756.75) in connection with Diversion Swale and Berm for Kings River Estates, Section Four.

13. **Discuss and take necessary action in connection with renewal of insurance (Anco McDonald policy expires January 24, 2011).** Upon motion by Director Stine, seconded by Director Letnz, after full discussion and the question being put to the Board, the Board voted unanimously to authorize execution of the renewal insurance proposal with Anco McDonald Waterworks, excluding the optional coverage for law enforcement legal liability and peace officer’s bond, a copy of the insurance proposal is attached hereto as Exhibit “I.”

The Board requested that Ms. Christensen and Mr. Mensik further investigate the details of an insurance claim paid (\$24,381.97) on February 23, 2010 for a sanitary sewer back-up.

14. **Discuss and take any action in connection with District communications.** The Board discussed ideas for the for the next quarterly newsletter. Discussion ensued. Discussion ensued regarding including articles on the WHCRWA fees.

15. **Other matters.** Mr. Mensik reported that he received a call today from Mr. Guzman at the Veranda at Lakepoint Apartments requesting that the District pay \$3,600 for repairs to a private water line. Mr. Mensik stated that he informed Mr. Guzman that the District does not repair private lines or reimburse for such repairs.

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 February 17, 2011.

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President, Board of Directors

ATTEST:

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Secretary, Board of Directors

(DISTRICT SEAL)