

MINUTES OF MEETING OF BOARD OF DIRECTORS
July 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 July 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. 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. Nikki Wynn of Payne Communications; 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 June 16, 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 June 16, 2011, as presented.

2. **Consider Request from Oak Forest Elementary for funding of new running track (Julie Lemerond, PTA President).** The President recognized Ms. Lemerond, who presented to and reviewed with the Board a letter requesting that the Board consider funding a portion of a new running track at Oak Forest Elementary, a copy of which is attached hereto as Exhibit “C.” Discussion ensued. It was the consensus of the Board to not fund the cost to replace the track at Oak Forest Elementary.

3. **Receive comments from the public.** There were no comments from the public 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 July 21, 2011 and the Investment Report, copies of which are attached hereto as Exhibit "D." 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 Bookkeeper's Report for the period ending July 21, 2011, to approve the Investment Report, and to authorize payment of check numbers 5128 through 5130 from the Capital Projects Account and check numbers 7407 through 7440 from the Operating Account, all as listed in the Bookkeeper's Report.

In response to a question, Ms. Christensen stated that the District's investment policy states that there is a maximum time period of two years for the investment of District funds.

Ms. Conley requested that an item be included on the next agenda for the Board to amend the authorized broker list (to add Bank of Fort Bend).

Ms. Conley noted that the cost of the new ground storage tank at water plant no. two was not included in the adopted budget.

In response to a question regarding water bills the District is receiving from Harris County MUD No. 153, Mr. Mensik stated that he will determine why the District is obtaining water from Harris County MUD No. 153.

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 June 2011 and the delinquent tax attorney report, copies of which are attached hereto as Exhibit "E." Mr. Keefe noted that 98.2% of the District's 2010 taxes had been collected as of June 30, 2011. 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 Tax Assessor and Collector's Report and to authorize payment of check numbers 1636 through 1646 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

Mr. Keefe reported that he recently drove the District and updated the commercial businesses on the Strategic Partnership Agreement ("SPA") list. It was the consensus of the Board to have Mr. Keefe drive the District quarterly to keep the SPA business list updated. Mr. Keefe asked that an item be included on the next agenda to consider an addendum to the District's contract with Bob Leared Interests in connection with billing for his time in connection with the SPA.

6. **Operations Report and Billing and Collections Report.** Mr. Mensik presented to and reviewed with the Board the Operations Report for June 2011, a copy of which is attached hereto as Exhibit "F." Mr. Mensik reported that 97.14% of the water pumped was billed for the month ending June 15, 2011.

Mr. Mensik reported that a load test was performed on the generator at water plant no. two and the regulator was not functioning properly and needs to be replaced. Mr. Mensik stated that the manufacturer is inspecting the regulator and will provide a cost estimate for replacement.

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 approve the Operations Report, and to authorize termination of service to the delinquent accounts.

7. **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 "G," and which follows in substantially the form it was presented:

Construction Plan Review:

There are no projects with active capacity commitments.

La Quinta Inn (6909 Atascocita Road): The enlarged utility layout provided for ease of inspection shows a different plumbing layout than the original plans. Brown & Gay is coordinating plan approvals with the owner and ST.

Water Plant Expansion (Schier Construction):

Pay Estimate No. 6 in the amount of \$69,903 has been reviewed and is recommended for approval and payment. The estimate includes partial payment for booster pumps, yard piping, coatings on the Hydro-Pneumatic Tank ("HPT") and the ground storage tank ("GST"), electrical improvements, and bollards. Funds totaling 10% of the completed work have been withheld from payments to date (\$90,677.50).

The conversion to the new CenterPoint Energy electric service is complete. Upon previous start-up, the generator started but would not carry a load. CenterPoint Energy confirmed that the pressure at the meter is sufficient pursuant to the generator operations manual. The regulator on the generator is clogged with debris. The generator start-up will be rescheduled once the regulator has been replaced.

The new GST at Water Plant No. 1 on Rebawood was scheduled to be online by July 30. The timing for the tank fill and disinfection will be coordinated with Severn Trent. Filling the tank may take longer than usual to help minimize the demands on the water well.

The work on the overflow weir in the existing GST and the inspections of the GST and the older HPT will be delayed until September or October 2011, unless water demands drastically subside soon.

Schier has already requested submittals from its vendors and subcontractors. The estimated schedule for the GST at Water Plant No. 2 on West Lake Houston Parkway is as follows and will be confirmed upon receipt of the shop drawings from the GST manufacturer.

- Submit shop drawings for review and approval 3 weeks
- Tank fabrication and delivery (after approvals) 12-14 weeks
- Erect and paint GST 8 weeks
- Yard piping, electrical, site work and clean up 6-8 weeks

Change Order No. Four in the amount of \$443,100 and 210 calendar days has been reviewed and is recommended for approval and payment (for GST at Water Plant No. Two on West Lake Houston Parkway). The table below outlines the June 2011 approval of total added costs not to exceed \$540,000. Although the proposal amounts exceeded the estimates by \$134.00, the total budget remained the same.

	Original <u>Bid</u>	May 27, 2011 <u>Estimates</u>	Change Order No. 4 Analysis (6/16/11- Board Approved <u>NTE \$540,000 Total</u>)
Construction at WP2:			
Base Bid Items	\$397,100.00	\$439,600.00	\$ 439,600.00
Existing Extra Pay Items	\$ 15,210.00	\$ 15,210.00	\$ 15,210.00
New Extra Pay Item			\$ 3,500.00
BGE Engineering (14% of Base + Extra Pay Items If Used)	\$ 57,723.40	\$ 63,673.40	\$ 64,163.40
Coating Inspections	\$ 6,200.00	\$ 6,200.00	\$ 6,189.75
Welding Inspections	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00
Material Testing	\$ 3,500.00	\$ 3,500.00	\$ 2,134.00
Geotechnical Report	\$ 2,500.00	\$ 2,500.00	\$ 4,200.00
Total	\$487,233.40	\$535,683.40	\$ 539,997.15

Sanitary Sewer Rehabilitation, Phase IV:

Pay Estimate No. 11 in the amount of \$13,127.40 has been reviewed and is recommended for approval and payment. Funds totaling 1% of the completed work have been withheld from payments to date (\$20,916.73). The pay estimate includes payment for the change order work at 20023 Pinehurst Place.

The Revised Certificate of Completion is attached to the Engineer’s Report. No records of material testing could be located for the change order work. Therefore, Insituform Technologies provided an extended warranty for a total of two years for the scope of work and the driveway.

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. Brown & Gay and ST are coordinating the meter replacement cost estimates to add to the summary. 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 May 2011 indicates an average daily flow of 4.238 mgd and rainfall measured 2.3 inches for the month of June 2011.

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

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, to approve and authorize payment of Pay Estimate No. Six in the amount of \$69,903 and Change Order No. Four in the amount of \$443,100 in connection with the Water Plant Expansion and to approve and authorize payment of Pay Estimate No. 11 in the amount of \$13,127.40 in connection with the sanitary sewer rehabilitation phase four.

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

9. **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

Pay Estimate No. 6 in the amount of \$23,438.27 has been reviewed and is recommended for approval and payment. Funds totaling 10% of the completed work have been withheld from payments to date (\$21,163.83). The pay estimate includes payment for slope paving and the pavement repair in Kings River Drive.

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 of Pay Estimate No. Six in the amount of \$23,438.27 in connection with the Diversion Swale and Berm for Kings River Estates, Section Four.

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

All parties met with Mr. Clary at 20710 Kings Crown Court on July 18, 2011. The contractor is meeting with Mr. Clary's irrigation maintenance company to troubleshoot the leak, which was not repaired by the contractor's previous work. Brown & Gay will not release final payment on the Diversion Swale and Berm project until this issue is resolved.

10. **Adopt Resolution Authorizing Personnel Costs for Public Information Requests.** Ms. Cogburn presented to and reviewed with the Board a Resolution Authorizing Personnel Costs for Public Information Requests, a copy of which is attached hereto as Exhibit "H." 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 adopt the Resolution Authorizing Personnel Costs for Public Information Requests.

11. **Discuss and take any action in connection with District communications.** Ms. Wynn reported that Texas Network is in the process of finalizing the redesign of the District's website and is looking for current pictures to include on the website.

Ms. Wynn stated that the newsletter articles have been finalized and the next quarterly newsletter will be distributed in the next month.

12. **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 July 21, 2011.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)