

MINUTES OF MEETING OF BOARD OF DIRECTORS
March 17, 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 March 17, 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. Diane Willrodt, a resident of the District; and Ms. Jana Cogburn and Ms. Carla Christensen of Fulbright & Jaworski L.L.P. (“*F&J*”), attorneys for the District.

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 “A,” and the following business was transacted:

1. **Minutes.** Proposed minutes of the meeting of February 17, 2011, previously distributed to the Board, were presented for approval. 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 minutes of the meeting of February 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 and Pine Forest Elementary).** 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 continues to coordinate with Mr. Baumann regarding the proposed new facilities and the proposals for the new equipment.

It was noted that a representative of the Pine Forest Elementary School PTA previously requested that the Board consider funding a portion of the \$13,000 cost to purchase new playground equipment. Ms. Cogburn reported that the PTA President has provided a formal request and three bids for the purchase of park equipment. Ms. Cogburn noted that the Humble ISD attorney has contacted F&J regarding questions in connection with the Recreational Facility Agreement that will be required to be approved by both the Board and the school district prior to the District's purchase of park equipment. Discussion ensued. The Board reconsidered the request and it was the consensus of the Board that they are no longer interested in purchasing park equipment for the school.

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 March 17, 2011 and the Investment Report, copies of which are attached hereto as Exhibit "B." 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 Report for the period ending March 17, 2011, to approve the Investment Report, and to authorize payment of check numbers 5117 through 5119 from the Capital Projects Account and check numbers 7258 through 7290 from the Operating Account, all as listed in the Bookkeeper's Report.

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 February 2011 and the delinquent tax attorney report, copies of which are attached hereto as Exhibit "C." Mr. Keefe noted that 95.5% of the District's 2010 taxes had been collected as of February 28, 2011. 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 Tax Assessor and Collector's Report and to authorize payment of check numbers 1590 through 1605 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

6. **Operations Report and Billing and Collections Report.** Mr. Mensik presented to and reviewed with the Board the Operations Report for February 2011, a copy of which is attached hereto as Exhibit "D." Mr. Mensik reported that 91.07% of the water pumped was billed for the month ending February 16, 2011. Mr. Mensik reported that the lower than normal water accountability is due to the broken water main on Atascocita Shores.

Mr. Mensik reported that the well motor at water plant no. two (West Lake Houston Parkway) shorted. Mr. Mensik stated that Burke Mechanical provided a proposal to repair the motor at a cost of \$18,350 (plus labor) or to replace the motor at a cost of \$24,635 (plus \$200 per day for a rental motor). Mr. Mensik stated that it will take approximately one month for a new motor to be delivered. Mr. Mensik noted that both the repair and the replacement include a one-year warranty. Mr. Mensik stated that the well is currently being operated with a rental motor. Discussion ensued.

Mr. Mensik reviewed with the Board a sample water bill that includes the West Harris County Water Authority fee line item, a copy of which is attached to the Operations Report.

Mr. Mensik reported that a District resident, Ms. Diane Willrodt, has requested an adjustment to her water bill due to a water line leak. Discussion ensued. It was the consensus of the Board that Ms. Willrodt's account be credited for any sanitary sewer fees assessed above her average monthly usage.

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 Operations Report, to authorize termination of service to the delinquent accounts, and to authorize the repair of the well motor for \$18,350 (plus labor).

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 "E," 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): Brown & Gay is still awaiting receipt of the enlarged utility layout for ease of inspection. The capacity commitment for this project expires on March 18, 2011.

Water Plant Expansion:

For signature tonight, Brown & Gay has the paperwork for Change Order No. 3 approved in February 2011, a copy of which is attached to the Engineer's Report.

Pay Estimate No. 2 in the amount of \$127,282.50 has been reviewed and is recommended for approval and payment, a copy of which is attached to the Engineer's Report. The estimate includes payment for demolition of existing HPT, generator, air compressor and yard piping; for construction of new foundations for two HPT, the generator, and the control building; for relocation of the HPT and the generator to the new foundations; for coatings on the new HPT; for a portion of the new control building walls; and for partial installation of electrical conduits and yard piping. Funds totaling \$23,377.50 (10% of the completed work) have been withheld from payments to date.

The new ground storage tank ("GST") materials should be delivered to the site on Friday. 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:

Pay Estimate No. 9 in the amount of \$82,401.48 has been reviewed and is recommended for approval and payment, a copy of which is attached to the Engineer's Report. The estimate includes release of 4% retainage. Funds totaling \$20,600.37 (1% of the completed work) remain on retainage.

On March 7, 2011, representatives of Brown & Gay, Insituform Technologies, ST, Uretex USA and Uretex ICR met at 20023 Pinehurst Place to discuss a plan of action to address infiltration into a manhole, a sinkhole that has developed, and a void that has caused an extreme drop in the driveway. The least invasive option is a proposal from

Uretek ICR, a copy of which is attached to the Engineer's Report, for injection of its high-density polymer to seal the exterior of the manhole and base and to lift and stabilize the driveway. Brown & Gay requests authorization of the \$8,680 proposal as an independent work order with Uretek ICR. Insituform can re-grade the sinkhole area under its current contract.

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. Costs are being drafted in conjunction with the Capital Improvement Summary.

Capital Improvements Summary:

On March 2, 2011, Brown & Gay visited the District's water plants and lift stations with ST to evaluate conditions of each facility. An preliminary draft of the Capital Improvements Summary is attached to the Engineer's Report. The final draft will include the information and costs provided by ST after its detailed review of the facility components.

Discussion ensued regarding the maintenance of the drainage channel. It was the consensus of the Board to schedule a special meeting with the District's engineer and operator to visit the site once the drainage channel report has been finalized by the engineer.

The Board informed Ms. Willrodt, who entered the meeting, that her account will be credited for any sanitary sewer fees assessed above her average monthly usage. Ms. Willrodt thanked the Board for their consideration.

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 February 2011 indicates an average daily flow of 4.36 mgd. The number of connections for February 2011 is not yet available. Rainfall for the month totaled 1.05 inches.

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. 2 in the amount of \$127,282.50 in connection with the Water Plant Expansion, to approve and authorize payment of Estimate No. 9 in the amount of \$82,401.48 in connection with phase IV of the sanitary sewer rehabilitation, and to approve and authorize execution of the proposal with Uretek ICR in the amount of \$8,680 for injection of its high-density polymer to seal the exterior of the manhole and base and to lift and stabilize the driveway for contingent, subject to review of the proposal by F&J.

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 “E.”

Diversion Swale and Berm for Kings River Estates, Section Four

BORCO completed the hydro-excavation work on March 3, 2011. However, there was not enough flexibility to drop the conduit. After hydro-excavation, HCPID confirmed that the conduit was not a traffic signal interconnection. CenturyLink was called back to the site and then acknowledged the conduit and cable were their abandoned facilities. C.E. Barker has remobilized. The pipe work should be completed on March 17, 2011. The dirt and concrete crews will then begin work at the site. Brown & Gay will coordinate with the dirt crew to have additional material removed from the downstream channel to remove some debris outside of the project limits to achieve proper drainage.

Invoice No. 1 from BORCO in the amount of \$7,571.00 has been reviewed and is presented for payment for the hydro-excavation and traffic control completed on March 2-3, 2011, a copy of which is attached to the Engineer’s Report.

C.E. Barker has requested Change Order No. 3 in the amount of \$4,140.00 for costs incurred to demobilize and remobilize to the project site, a copy of which is attached to the Engineer’s Report. The costs are in line with typical transport costs.

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 Invoice No. 1 from BORCO in the amount of \$7,571.00 and to approve and authorize payment of Change Order No. 3 in the amount of \$4,140.00 in connection with the for hydro-excavation and traffic control.

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

The one-year warranty inspection for the internal drainage improvements was conducted on January 27, 2011. C.E. Barker has not yet addressed the punch list items but plans to do so when the construction on the Diversion Swale and Berm project is resumed. Brown & Gay will not release final payment on the Diversion Swale and Berm project until these items are addressed.

10. **Review and approve notice to residents concerning billing of West Harris County Regional Water Authority (“WHCRWA”) fees.** The Board reviewed the notice to residents regarding the billing of the WHCRWA fees, a copy of which is attached hereto as Exhibit “F.” 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 authorize ST to mail the notice to District residents in a special mailing, to include the notice in the June water bills, and to authorize the posting of the notice on the District’s website.

11. **Discuss and take any action in connection with District communications.** Ms. Wynn reported that The Texas Network is in the process of redesigning the District's website.

The Board discussed ideas for the for the next quarterly newsletter, which will probably be distributed in mid-summer.

12. **Other matters.** Mr. Mensik reported that the Luthern Church contacted ST to inquire whether the District would consider waiving any additional fees above the actual cost to install an irrigation meter. It was the consensus of the Board that the Church be assessed fees in accordance with the Rate Order.

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 April 21, 2011.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)