

MINUTES OF MEETING OF BOARD OF DIRECTORS
February 16, 2012

THE STATE OF TEXAS
COUNTY OF HARRIS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 132

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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 the Harris County Library (Atascocita Branch), 19520 Pinehurst Trails Drive, Humble, Texas, 77346, on February 16, 2012 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 Directors Haney and Lentz. 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 and 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; Mr. Joe Mattingly of Champions Hydro-Lawn, Inc.; 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-1."

Call to Order. The Vice 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 January 19, 2012, 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 January 19, 2012, as presented.

2. **Receive comments from the public.** The Vice President recognized Ms. Lanford, who requested the Board's assistance with her outstanding water bill balance. Ms. Lanford stated that she had a water line leak last summer, which has been repaired. Ms. Lanford stated that the Board previously provided her with a sanitary sewer credit, but that her current balance is still \$750.00. Ms. Lanford requested a payment plan to pay off her outstanding balance. Discussion ensued. 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 a payment plan for Ms. Lanford pursuant to which she will pay \$100 per month plus her current water bill.

There were no additional comments from the public at this time.

3. **Review Bookkeeper's Report and Investment Report.** Ms. Conley presented to and reviewed with the Board the Bookkeeper's Report for the period ending February 16, 2012 and the Investment Report, copies of which are attached hereto as Exhibit "B." 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 accept the Bookkeeper's Report for the period ending February 16, 2012, to approve the Investment Report, and to authorize payment of check numbers 7643 through 7683 from the Operating Account, all as listed in the Bookkeeper's Report.

Discussion ensued regarding the substantially higher than normal gas usage reflected on the report for the water plant on Rebawood. Ms. Conley and Mr. Mensik stated that they will coordinate with Centerpoint Energy to determine the reason for the high usage.

4. **Authorize annual transfer of general operating funds to debt service fund.** 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 authorize the transfer of \$500,000 from the District's General Fund to the Debt Service Fund.

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 January 2012 and the delinquent tax attorney report, copies of which are attached hereto as Exhibit "C." Mr. Keefe noted that 99.21% of the District's 2010 taxes and 95.34% of the District's 2011 taxes had been collected as of January 31, 2012. 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 1683 through 1692 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. Jones presented to and reviewed with the Board the Operations Report for January 2012, a copy of which is attached hereto as Exhibit "D." Mr. Jones reported that 91.7% of the water pumped was billed for the month ending January 16, 2012.

Mr. Jones reported that there are currently 132 delinquent accounts.

Mr. Jones presented to and reviewed with the Board a proposal from ST to wire the auto dialer to lift station no. three at a cost of \$1,650.00, a copy of the proposal is attached to the Operations Report.

Mr. Jones presented to and reviewed with the Board a proposal and cost estimate to replace the manhole and re-line the eight-inch cast iron pipe at 7208 FM 1960, a copy of the proposal is attached to the Operations Report. Mr. Mensik noted that if dewatering is not

required the project will cost approximately \$33,668.00, but if dewatering is required the project will cost approximately \$40,068.00.

In response to a question from Director Stine, Mr. Jones stated that he will check to see if the water well no. one pump motor repairs can be claimed on the District's insurance.

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 Operations Report, to authorize termination of service to the delinquent accounts, to authorize ST to wire the auto dialer to lift station no. three, and to authorize the replacement of the manhole and re-lining of the eight-inch cast iron pipe at 7208 FM 1960.

7. **Discuss and take necessary action in connection with District's Drought Contingency Plan.** Discussion ensued regarding standardizing the District's Drought Contingency Plan. Director Stine recommended that the Operator include historical usage information on customers water bills. Mr. Mensik stated that if the option is available, he will include one year of historical usage information on the water bills. Discussion ensued. Director Stine stated that he will check with other districts in the area to see if there is any interest in coordinating with the stages of water conservation during periods of drought.

8. **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:

Wing Stop Restaurant (7450 FM 1960 E, Suite 210): The plans showed connection to an existing 4-inch sanitary sewer, which will not be allowed. ST can meet with the architect to assist with a feasible connection.

HEB Car Wash: Capacity for 8.7 ESFC was committed on October 20, 2011. Brown & Gay received partial plans in January 2012 and the completed set this week. Brown & Gay will coordinate review with ST.

Splash Lake Houston (NE corner of Atascocita Shores Drive at FM 1960 East): Capacity for 145 ESFC was committed on October 20, 2011. No plans have been received.

Community Resource Credit Union (Atascocita Road): No plans have been received.

Side-lot storm sewer at 20406 Spoonwood Drive

After additional questions received from Pinehurst Trial Holdings, Brown & Gay reviewed with F&J some original construction and financing information found in Cherry Engineers archived files. The storm sewer was originally reimbursed as a public utility.

Brown and Gay requests the Board's consideration of televising similar storm sewers to assess current conditions. Brown & Gay can coordinate with ST to identify locations of such storm sewers and provide estimated costs for consideration.

Water Plant Expansion (Schier Construction):

Pay Estimate No. 11 in the amount of \$73,174.50 has been reviewed and is recommended for approval and payment. This estimate includes payment for completion of the water plant no. one (Rebawood) coatings and modifications to the existing ground storage tank ("GST") overflow weir, completion of water plant no. two (West Lake Houston Parkway) tank pad, and for partial completion of the protective coatings at water plant no. two. Funds totaling 10% of the completed work have been withheld from payments to date (\$144,895).

ST is coordinating to have an inspection of the existing GST at water plant no. one by Preventive Services today or tomorrow. The same coordination will occur for water plant no. two at the appropriate time in the near future.

Brown & Gay approved the use of an existing 16-inch water line supplemental pay item to finance replacement of a leaking 16-inch valve on the suction line at water plant no. two.

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"):

There was no AJOB report at this time.

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 Engineer's Report, to authorize the televising of the storm sewer line at 20406 Spoonwood Drive for condition assessment and to make necessary repairs, to authorize Brown & Gay to coordinate with ST to prepare a list of similar storm sewer lines and estimated costs for repairs, and to approve and authorize payment of Pay Estimate No. 11 in the amount of \$73,174.50 in connection with the water plant expansion.

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

10. **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
Construction contract (C.E. Barker, Ltd.):

The warranty inspection will be scheduled at the appropriate time so any warranty issues can be addressed before November 17, 2012.

Maintenance contract (Champions Hydro-Lawn):

Mr. Mattingly presented to and reviewed with the Board the maintenance report in connection with the diversion swale and berm, a copy of which is attached hereto as Exhibit "F."

Ms. Zapletal reported that on January 20, 2012, Brown & Gay issued notification to the private utility companies of the safety concerns in connection with the shallow, open trench. Ms. Zapletal noted that the trench is not due to the District's work in the area.

11. **Discuss and take necessary action in connection with May 12, 2012 Director's Election, including authorizing filing of Voting Rights Act Letter with Department of Justice.** Director House confirmed that if an election is held, the library has been reserved for early voting. Director Stine confirmed that the general voting on May 12, 2012 will be held at the Atascocita Lutheran Church (7927 FM 1960 East). Ms. Christensen noted a Voting Rights Act Letter is required to be filed with the polling place change. 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 authorize F&J to file the Voting Rights Act Letter with the Department of Justice.

12. **Discuss and take necessary action in connection with AVFD new notification service.** The Board reviewed a memorandum from the Atascocita Volunteer Fire Department regarding the new notification system, a copy of which is attached hereto as Exhibit "G." Discussion ensued. It was the consensus of the Board to include a note on the District's water bill directing customers to the District's website to read about the new notification system and to post the information on the District's website.

13. **Discuss and take any action in connection with District communications.** The Board noted that Texas Network completed the redesign of the District's website and the new website is now "live."

It was noted that Ms. Wynn continues to explore article ideas for the next quarterly newsletter.

14. **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 March 15, 2012.

Bobby Manning
President, Board of Directors

ATTEST:

Ways Lentz
ASSIST. Secretary, Board of Directors

(DISTRICT SEAL)

