

MINUTES OF MEETING OF BOARD OF DIRECTORS
July 12, 2012

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 the Harris County Library (Atascocita Branch), 19520 Pinehurst Trails Drive, Humble, Texas, 77346, on July 12, 2012 at 6:00 p.m.; whereupon the roll was called of the Board, to-wit:

Tim Stine, President
Don House, Vice President
Jerrel Holder, Secretary
Lloyd Lentz, Assistant Secretary
Michael Whitaker, Assistant Secretary

All members of the Board were present except Director Whitaker. 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; Mr. Rico Rodriguez and Mr. Rodney Heisch of Brown & Gay Engineers, Inc. ("*Brown & Gay*"), engineer for the District; Ms. Nikki Wynn, Communications Program Consultant; 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 June 21, 2012, previously distributed to the Board, were presented for approval. 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 minutes of the meeting of June 21, 2012, as presented.

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

3. **Review report from Arbitrage Compliance Specialists in connection with Series 2003 Refunding Bonds).** Ms. Cogburn reviewed with the Board the Arbitrage Rebate Report for the District's Series 2003 Refunding Bonds, a copy of which is attached hereto as Exhibit "B." Ms. Cogburn noted that there was no rebate payment due to the IRS with respect to the Series 2003 Refunding Bonds for this computation period. 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 Arbitrage Compliance Report.

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 12, 2012 and the Investment Report, copies of which are attached hereto as Exhibit "C." 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 July 12, 2012, to approve the Investment Report, and to authorize payment of check numbers 7826 through 7851 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 June 2012, a copy of which is attached hereto as Exhibit "C." Mr. Keefe noted that 98.8% of the District's 2011 taxes had been collected as of June 30, 2012. 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 1729 through 1735 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

6. **Approve and authorize execution of Depository Pledge Agreement with Comerica Bank (tax account).** Mr. Keefe reported that Texas Capital Bank is no longer handling public funds. Mr. Keefe stated that Bob Leared Interests has obtained the necessary documentation to transfer the District's tax account to Comerica Bank. Ms. Cogburn reviewed with the Board the Depository Pledge Agreement between the District and Comerica Bank, a copy of which is attached hereto as Exhibit "E." 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 and authorize execution of the Depository Pledge Agreement between the District and Comerica Bank.

7. **Operations Report and Billing and Collections Report.** Mr. Jones presented to and reviewed with the Board the Operations Report for June 2012, a copy of which is attached hereto as Exhibit "F." Mr. Jones reported that 99.21% of the water pumped was billed for the month ending June 21, 2012.

Director Holder noted that there is graffiti on District facilities on the north side of Rebawood. Mr. Jones stated that ST has a contractor that will remove the graffiti.

Mr. Jones reported that there was a sensor line blowout at the control panel. Mr. Jones reported that an upgraded electrical panel was installed at a cost of \$9,600. Mr. Jones stated that he will contact the District's insurance company to inquire if the electrical panel damage is covered by insurance.

Mr. Jones reported that the District's insurance company informed him that insurance will cover the cost to replace the well motor at water plant no. two, but there is a \$20,000 deductible. Mr. Jones also informed the Board that the current standard efficiency motor cannot be dipped and double baked. Mr. Jones stated that the well motor will be replaced with the standard one-year warranty, which will cost approximately \$18,000. Mr. Jones stated that an insurance claim will not be filed.

Mr. Jones reviewed with the Board a proposal from ST to upgrade the lighting and surge protection system at water plant no. two, a copy of which is attached to the Operations Report. Mr. Jones stated it will cost \$10,950 to upgrade the lighting and surge protection system. Discussion ensued. It was the consensus of the Board that ST obtain three additional proposals for the Board's review. In response to a question, Mr. Jones stated that he will determine if water plant no. one's lighting and surge protection system should be upgraded.

Mr. Jones reviewed with the Board a proposal from Preventive Services, L.P. to rehabilitate the flooring of the ground storage tank ("GST") at water plant no. two, a copy of which is attached to the Operations Report. Mr. Jones stated that Preventive Services proposes to rehab the interior of the GST floor at a cost of \$13,900. Discussion ensued regarding coating the entire GST. Mr. Rodriguez stated that he will coordinate with ST regarding preparation of specifications for coating of the entire GST at water plant no. two.

Mr. Jones requested permission to turn over four accounts in the aggregate amount of \$472.43 to collections.

Mr. Jones reviewed with the Board a letter from the resident at 20306 Spoonwood Court, requesting the Board's consideration for an adjustment to his recent water bill due to a leak in the irrigation system. It was the consensus of the Board that ST credit the sewer portion of the resident's bill.

Upon motion by Director Lentz, seconded by Director Holder, 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 four accounts in the aggregate amount of \$472.43 to collections.

8. **Engineer's Report.** Mr. Rodriguez 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:

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

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.

Service to Former Golf Course Property (Pinehurst Trail Holdings, LLC):

Brown & Gay will begin preparing annexation documents as soon as authorized to do so. It is Brown & Gay's understanding that the District has only received half of the required deposit (the Pinehurst Trail Holdings, LLC ("PTH") half) to begin work on the annexation.

Ms. Christensen stated that both QLS Family Fitness ("QLS") and PTH are aware of the necessary annexation deposit. Ms. Christensen noted that temporary service agreements were

provided to both QLS and PTH. Ms. Christensen stated that PTH has submitted its half of the annexation deposit, but a deposit has not yet been received from QLS.

Discussion ensued regarding current service to QLS and temporary service to be provided until annexation is complete. It was the consensus of the Board that once F&J receives the annexation deposit and necessary documentation from QLS to proceed with the annexation, F&J should remind QLS that the property owner will still need to apply to the District for service to its property, which will include a separate meter from the PTH property. The Board indicated that if no documentation or deposit is received by QLS in the next month, the Board will further discuss and take necessary action at the next meeting.

Storm sewer maintenance review summary:

Brown & Gay will submit a request to Harris County Public Infrastructure Department (“HCPID”) to confirm the segments maintained by Harris County. The final summary will be distributed in a future report.

Mr. Rodriguez reported that Brown & Gay prepared a map depicting the storm sewer lines to be maintained by the District. It was the consensus of the Board that Mr. Rodriguez email such map to the Board members for review prior to the next meeting.

Water Plant Expansion (Schier Construction):

The new Ground Storage Tank (“GST”) at Water Plant No. 2 (West Lake Houston Parkway) has been filled. Brown & Gay will schedule a final inspection within the next several weeks.

Pay Estimate No. 16 in the amount of \$5,139 has been reviewed and is recommended for approval and payment. This estimate includes payment for operating and maintenance manuals and hydromulch seeding. Funds totaling 10% of the completed work have been withheld from payments to date (\$161,374).

Atascocita Joint Operations Board (“AJOB”):

A copy of the draft AJOB report is not yet available.

Diversion Swale and Berm for Kings River Estates, Section Four -Construction contract (C.E. Barker, Ltd.):

Brown & Gay is coordinating with F&J to secure three drainage easements not previously returned for recordation. The easements are on Lot 2, Lot 4, and within the POA’s Reserve A.

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

Champions Hydro-Lawn reported some graffiti on one of the slope paving structures. They will submit a proposal to the board next month for graffiti removal.

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 Engineer's Report, and to approve and authorize payment of Pay Estimate No. 16 in the amount of \$5,139 in connection with the water plant expansion.

9. **Review and authorize capacity commitment letters.** Mr. Rodriguez stated that no capacity commitment requests have been received since the last Board meeting.

10. **Discuss and take necessary action in connection with providing water service to Atascocita Country Club and take necessary action in connection with annexation of such property.** 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 temporary service agreement letters with PTH and QLS, copies of which are attached hereto as Exhibit "H."

11. **Discuss and take any action in connection with District communications.** Ms. Wynn reported on the articles she is working on for the next quarterly newsletter, which is planned for late summer or early fall.

12. **Other matters.** Director House reported that he coordinated with Eisenbach Consulting regarding the renewal of the District's electricity contract that expires at the end of September 2012. Director House reported that he executed a 48-month contract with Green Mountain Energy for electricity service.

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.

* * *

The above and foregoing minutes were passed and approved by the Board of Directors on August 16, 2012.



vice President, Board of Directors

ATTEST:


Secretary, Board of Directors

(DISTRICT SEAL)

