

MINUTES OF MEETING OF BOARD OF DIRECTORS
November 17, 2011

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 November 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 except Director House. Also attending all or parts of the meeting were Mr. Bob Leared 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, Communications Program Consultant; Mr. Joe Mattingly of Champions Hydro-Lawn, Inc.; 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. **Public hearing regarding Taxation of Goods-in-Transit that are Otherwise Exempt from Taxation.** The President opened the hearing on the proposed taxation of Goods-in-Transit. There were no members of the public in attendance desiring to speak. The President closed the hearing.

2. **Adopt Resolution Authorizing Taxation of Goods-in-Transit.** 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 Approving Taxation of Goods-in-Transit That are Otherwise Exempt From Taxation Under Section 11.253, Texas Tax Code, a copy of which is attached hereto as Exhibit "B."

3. **Minutes.** Proposed minutes of the meeting of October 20, 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 October 20, 2011, as presented.

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

5. **Review Bookkeeper's Report and Investment Report.** Ms. Conley presented to and reviewed with the Board the Bookkeeper's Report for the period ending November 17, 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 Report for the period ending November 17, 2011, to approve the Investment Report, and to authorize payment of check numbers 7537 through 7561 from the Operating Account and check number 5137 from the Capital Projects Account, all as listed in the Bookkeeper's Report.

Ms. Conley reported that District funds have been invested in four additional Certificates of Deposit.

Ms. Conley presented to and reviewed with the Board a summary of the District's payments to Harris County MUD No. 153 ("No. 153") for service being provided by No. 153 to a commercial strip center at 8000 FM 1960 East, a copy of which is attached hereto as Exhibit "D." Mr. Mensik stated that the property is within the District, but No. 153 is providing the property with water. Mr. Mensik reviewed with the Board a map depicting the locations of the three water meters serving the strip center.

6. **Review Tax Collector's Report and authorize payment of certain bills.** Mr. Leared presented to and reviewed with the Board the Tax Assessor and Collector's Report for the month of October 2011 and the delinquent tax attorney report, copies of which are attached hereto as Exhibit "F." Mr. Leared noted that 99.06% of the District's 2010 taxes had been collected as of October 31, 2011. 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 1664 through 1669 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

7. **Adopt Resolution Casting Ballot for the Election of a representative to Harris County Appraisal District Board.** Ms. Cogburn reported that the District has received a request from Mr. Kumar Bhattacharjee to vote in the Harris County Appraisal District Board of Directors Election, a copy of which is attached hereto as Exhibit "G." No action was taken by the Board.

8. **Operations Report and Billing and Collections Report.** Mr. Mensik presented to and reviewed with the Board the Operations Report for October 2011, a copy of which is attached hereto as Exhibit "H." Mr. Mensik reported that 98.28% of the water pumped was billed for the month ending October 14, 2011.

Mr. Mensik reviewed with the Board a letter from Cass Information Systems, Inc. requesting a credit of the late fees assessed to six customer accounts, a copy of the letter is attached to the Operations Report. It was the consensus of the Board to deny the request.

Mr. Mensik reported that Ms. Jennifer Anderson, a District customer, previously requested assistance with a high water bill due to a water leak. Mr. Mensik stated that the District authorized issuance of a credit for the sewer portion of her bill. Mr. Mensik stated that Ms. Anderson has requested that the Board re-consider the matter and issue a credit for the water portion of the high bill. Mr. Mensik stated that the leak was determined to be on Ms. Anderson's tap line and not on the District's portion of the water line. It was the consensus of the Board to deny the request for additional assistance.

Mr. Mensik reviewed with the Board a map depicting the location of a possible interconnect valve with No. 153, a copy of which is attached to the Operations Report. Mr. Mensik requested the Board's permission to excavate the location to determine if there is an interconnect valve on Pinehurst Trail. In response to a question, Mr. Mensik estimated it will cost approximately \$1,500 to excavate the area.

Upon motion by Director Lentz, 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 ST to excavate to locate the interconnect valve with No. 153.

9. **Discuss and take necessary action in connection with builder deposits.** Director Stine reviewed with the Board a summary of the builder deposits, a copy of which is attached hereto as Exhibit "I." Discussion ensued. Director Stine requested that the Bookkeeper's Report reflect the builder deposits on file as a liability. It was the consensus of the Board to have ST prepare and send letters to the builders that still have deposits on file and inform them that they need to send a request to the District stating that they are no longer active in the District and requesting a refund of the remaining deposit balance.

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

Construction Plan Review:

Splash Lake Houston (Northeast Corner of Atascocita Shores Drive at FM 1960 East): A capacity commitment was issued to Splash Lake Houston for 145 ESFC on October 20, 2011.

HEB Car Wash: Brown & Gay provided the engineer with the District's service requirements. Brown & Gay has not yet received construction plans for review.

Atascocita Shopping Center (7920 FM 1960 East): Brown & Gay has not yet received the requested plumbing sketch for an additional 3/4-inch meter requested to supplement the existing water service.

Letter from Harris County Public Infrastructure Department ("HCPID"):

HCPID requested and Brown & Gay provided electronic copies of the plans for Pinehurst of Atascocita, Section 2. Mr. Jim Brown, the resident at 20406 Spoonwood Drive, inquired about maintenance responsibility for the storm sewer in an easement along his

lot line when a sinkhole appeared. HCPID sent Brown & Gay a letter stating its assessment that the maintenance responsibility is that of the developer, the District and/or Atascocita Country Club (Pinehurst Trail Holdings).

Ms. Zapletal stated that she has reviewed the plat and determined that the storm sewer and easement are on the golf course property. Discussion ensued. It was the consensus of the Board that Ms. Zapletal prepare and send a letter to the resident informing them that the storm sewer and easement are not on the District's property.

Water Plant Expansion (Schier Construction):

Pay Estimate No. 9 in the amount of \$33,840 has been reviewed and is recommended for approval and payment. This estimate includes payment for site work and ground storage tank ("GST") foundation installation at Water Plant No. 2 on West Lake Houston Parkway (WLHP). Funds totaling 10% of the completed work have been withheld from payments to date (\$113,952.50).

Caldwell Tanks will mobilize to water plant no. two on November 28, 2011. Coatings will begin approximately three weeks later. Brown & Gay has requested an updated schedule for the remaining work at Water Plant No. 1 (Rebawood). The work on the existing GST will proceed after Thanksgiving if the work can be completed before the Christmas holiday. ST will coordinate the interior inspections of the GST and the older hydro-pneumatic tank at this same time.

Schier Construction continues to pursue CenterPoint's removal of the power pole lying on Rebawood.

Capital Projects Summary:

The updated Capital Projects Summary is attached to the Engineer's Report. The total spent to date on the water plant expansion project has been included in the summary.

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"):

The compilation through October 2011 indicates an average daily flow of 4.27 mgd, or an average of 256 gpd/ESFC. Rainfall for the month totaled 4.35 inches.

EF Services ordered the parts necessary for repairing the bar screen and they are scheduled to be on site by the second week of December 2011. EF Services is working on other necessary repairs until the new parts are delivered.

E-mail communication with the operator confirmed that there was one odor complaint from an apartment manager last week. The operator discussed the situation with the apartment manager, who was satisfied with the operator's explanation.

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 Engineer's Report and to approve and authorize payment of Pay Estimate No. 9 in the amount of \$33,840 in connection with the water plant expansion.

11. **Review and authorize capacity commitment letters.** Ms. Zapletal reported that no capacity commitment requests 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").** Ms. Zapletal reviewed the following information from the written Engineer's Report, a copy of which is attached hereto as Exhibit "J."

Diversion Swale and Berm for Kings River Estates, Section Four

Pay Estimate No. 8 in the amount of \$14,448.43 has been reviewed and is recommended for approval and payment. This estimate includes payment for completion of the storm sewer and excavation work. Funds totaling 10% of the completed work have been withheld from payments to date (\$29,084.05).

The Consent of Surety to Final Payment was not received in sufficient time to approve final payment this month. The final pay estimate will be submitted next month.

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 "K."

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 payment of Pay Estimate No. 8 in the amount of \$14,448.43.

13. **Renew District insurance with SIG/McDonald & Wessendorff Insurance (expires January 24, 2012).** The Board reviewed the insurance renewal proposal from SIG/McDonald & Wessendorff Insurance, a copy of the insurance proposal is attached hereto as Exhibit "L." Ms. Cogburn reported that if the District increased the property deductible to \$20,000, it would save \$1,271 in premium costs. Discussion ensued regarding the coinsurance deductible for boiler & machinery claims. 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 authorize execution of the renewal insurance proposal with SIG/McDonald & Wessendorff Insurance, excluding the optional coverage for law enforcement legal liability and peace officer's bond and subject to clarification of the coinsurance deductible language for boiler & machinery claims.

14. **Discuss and take necessary action in connection with U.S. Census Survey request.** Ms. Cogburn reported that the District has received a voluntary census survey request from the U.S. Census Bureau. No action was taken by the Board.

15. **Discuss and take necessary action in connection with West Harris County Regional Water Authority ("WHCRWA") pumpage fee increase.** It was noted that the WHCRWA pumpage fee is increasing by \$0.20 per 1,000 gallons (\$1.75) and the surface water

fee is increasing by \$0.30 per 1,000 gallons (\$2.15) in January 2012. Discussion ensued. It was the consensus of the Board that Ms. Wynn prepare special notice to include with the December 2011 water bills informing customers that the WHCRWA fees are increasing in January 2012. Ms. Wynn stated that she will prepare the special notice and provide a draft to Director Lentz to review prior to sending to ST to include in the bills.

Discussion ensued regarding standardizing the District's Drought Contingency Plan.

16. **Discuss and take any action in connection with District communications, including approval of agreement for communications consulting program.** Ms. Wynn noted that Texas Network has almost completed the redesign of the District's website.

Ms. Wynn reported that she is coordinating with Director Stine regarding ideas for articles in the next quarterly newsletter.

17. **Other matters.** It was the consensus of the Board to cancel the December 15, 2011 Board meeting. 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 payment of the December 2011 bills and to authorize the Bookkeeper to circulate checks for signature.

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.

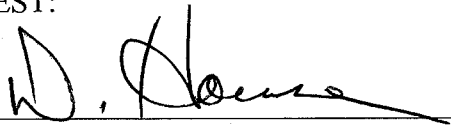
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The above and foregoing minutes were passed and approved by the Board of Directors on January 19, 2012.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

