

MINUTES OF MEETING OF BOARD OF DIRECTORS
August 16, 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 August 16, 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 Stine. Director Lentz entered the meeting in progress. 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 of Brown & Gay Engineers, Inc. ("*Brown & Gay*"), engineer for the District; Ms. Jana Cogburn and Ms. Carla Christensen of Fulbright & Jaworski L.L.P. ("*F&J*"), attorneys for the District; and one member 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 July 12, 2012, previously distributed to the Board, were presented for approval. Upon motion by Director Holder, seconded by Director Whitaker, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting of July 12, 2012, as presented.

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

3. **Adopt Resolution Reviewing Investment Policy.** Ms. Cogburn presented to the Board the Resolution Reviewing Investment Policy and Making Any Desirable Changes Thereto, a copy of which is attached hereto as Exhibit "B." The Board agreed that no changes to the Investment Policy are needed at this time. Upon motion by Director Holder, seconded by Director Whitaker, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Resolution Reviewing Investment Policy and Making Any Desirable Changes Thereto.

4. **Operations Report and Billing and Collections Report.** Mr. Jones presented to and reviewed with the Board the Operations Report for July 2012, a copy of which is attached hereto as Exhibit "C." Mr. Jones reported that 97.90% of the water pumped was billed for the month ending July 25, 2012.

Mr. Jones reported that there are currently 146 delinquent accounts.

Mr. Jones requested permission to turn over two accounts in the aggregate amount of \$219.79 to collections and to write off two accounts in the aggregate amount of \$35.02.

Mr. Jones reviewed a letter from the resident at 7811 Lake Mist Court, requesting the Board's consideration for an adjustment to her recent water bill due to a leak in the customer's pool. It was the consensus of the Board that ST credit the sewer portion of the resident's bill.

Mr. Jones reviewed a letter from a customer, Ms. Gladys Alvarez, requesting waiver of late payment fees. It was the consensus of the Board to deny such request.

Mr. Jones reviewed a letter from a customer, Ms. Raquel Young, requesting waiver of late payment fees and disconnect/reconnect fees. It was the consensus of the Board to deny such request.

Mr. Jones reviewed a letter from a customer, Mr. Damon Darnall, requesting a credit of \$30.00 for non-sufficient funds fees. It was the consensus of the Board to deny such request.

Mr. Jones reported that it will cost \$8,500 to install a Miltronics system in the electrical control panel at water plant no. two for the ground storage tank level indicator and pressure switches. Mr. Jones stated that if the Board decides to re-locate the pressure switches it will cost \$2,500 (plus future costs to replace the tubing). Discussion ensued.

Director Lentz entered the meeting at this time.

Mr. Jones stated that he provided each Director and the engineer with a copy of the Asset Management Report prepared by ST.

Upon motion by Director Holder, seconded by Director Whitaker, 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 turn over two accounts in the aggregate amount of \$219.79 to collections, to authorize ST to write off two accounts in the aggregate amount of \$35.02, and to authorize the installation of a Miltronics system at water plant no. two.

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 August 16, 2012 and the Investment Report, copies of which are attached hereto as Exhibit "D." 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 accept the Bookkeeper's Report for the period ending

August 16, 2012, to approve the Investment Report, and to authorize payment of check numbers 7852 through 7896 from the Operating Account, all as listed in the Bookkeeper's Report.

6. **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 "E" and which follows in substantially the form it was presented:

Construction Plan Review:

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.

Atascocita Del Norte Shopping Center - On August 6, 2012, "On the Rocks Bar and Grill" was approved to construct an emergency fire suppression line.

Atascocita Del Norte Shopping Center - On August 15, 2012, Papa Murphy's Take 'N' Bake Pizza submitted plans for review. Brown & Gay and ST are currently reviewing the plans.

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

Brown & Gay has begun preparation of the revised district boundary and metes & bounds. Brown & Gay anticipates the maps and metes & bounds to be complete by August 23, 2012.

Storm sewer maintenance review summary:

The Board reviewed the draft map prepared by Brown & Gay illustrating the segments of the storm sewer lines which are the responsibility of either Harris County, the District or the Kings River Estates Property Owners Association. Once finalized, Brown & Gay anticipates submitting the map along with a cover letter to the Harris County Public Infrastructure Department ("HCPID") outlining the maintenance responsibilities and requesting that HCPID acknowledge and agree to such.

Water Plant Expansion (Schier Construction):

A final inspection was held on July 20, 2012. Schier is completing the punch list items and the project should be complete by the end of the month. The one-year warranty period will start when the project is complete.

The estimate to coat the complete interior of ground storage tank no. one ("GST") at Water Plant No. 2 is \$50,000. Brown & Gay would specify a 100% solids epoxy to be coated around 80 mills thick on the bottom/lower half, then 40 mills thick for the top half. Because the tank is bolted (as opposed to welded), this level thickness does a better job of filling/sealing the large seams between panels. The life expectancy of this type of coating is around 10-15 years. The other alternative is to just coat the floor and lower 4-feet of the tank for \$13,900 as quoted by Preventive Services.

Discussion ensued.

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.

Diversion Swale and Berm for Kings River Estates, Section Four -Maintenance Contract (Champions Hydro-Lawn):

Tops and slopes are in good condition. Champions will mow tomorrow.

Upon motion by Director Whitaker, 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 authorize the engineer to solicit three bids (with public advertising if necessary) to fully coat GST no. one.

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

8. **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 July 2012, a copy of which is attached hereto as Exhibit "F." Mr. Keefe noted that 99% of the District's 2011 taxes had been collected as of June 30, 2012. Upon motion by Director Holder, seconded by Director Whitaker, 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 1736 through 1743 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

Mr. Keefe reported that he received the business list from the City of Houston and conducted a Strategic Partnership Agreement audit of the commercial businesses within the District. Mr. Keefe stated that he will provide any updates to the City of Houston.

9. **Discuss and take necessary action in connection with providing water service to former Atascocita Country Club and QLS/Lifetime Fitness and take necessary action in connection with annexation of such property.** Ms. Christensen stated that both QLS Family Fitness and Pinehurst Trail Holdings have signed the temporary out-of-District water service agreements and have submitted the annexation deposit.

10. **Approve and authorize execution of Interlocal Agreement with Subsidence District (Water Wise Program).** The Board reviewed a proposed Interlocal Contract, a copy of which is attached hereto as Exhibit "G." 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 and authorize execution of an Interlocal Agreement with Harris Galveston Coastal Subsidence District for the Water Wise Program.

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

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 September 20, 2012.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

