

MINUTES OF MEETING OF BOARD OF DIRECTORS
August 20, 2009

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 Atascocita Country Club, 20114 Pinehurst, Humble, Texas, 77346, on August 20, 2009 at 6:00 p.m.; whereupon the roll was called of the Board, to-wit:

Ray Hughes, President
Tim Stine, Vice President
Bobby Haney, Secretary
Don House, Assistant Secretary
Jerrel Holder, Assistant Secretary

All members of the Board were present except Director Hughes. Also attending all or parts of the meeting were Mr. Michael Keefe of Bob Leared Interests, tax assessor and collector for the District; Ms. Freida 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; Mr. Kyle Bauer, owner of QLS Family Fitness; and Ms. Carla Christensen, paralegal, 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.”

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 “B”, and the following business was transacted:

1. **Minutes.** Proposed minutes of the meeting of July 16, 2009, previously distributed to the Board, were presented for approval. Upon motion by Director House, seconded by Director Haney, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting of July 16, 2009, as presented.

2. **Receive comments from the public.** Mr. Henderson requested that the minutes posted on the District’s website be updated. Ms. Wynn stated that the website was updated today.

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

3. **Discuss and take necessary action regarding the Atascocita Country Club and golf course property.** Director Stine reported that the District has not received any formal requests from the new owners of the Atascocita Country Club.

4. **Discuss and take action in connection with security contract with ADT and payment of same.** Ms. Christensen presented to the Board a memorandum from ADT stating that ADT will remove all monthly billing charges prior to the completion date of the security system and will provide the District with a credit in the amount of \$2,776.44 for all of the District's operator's "response to alarm" calls prior to completion of the security equipment, a copy of the memorandum is attached hereto as Exhibit "C." Ms. Conley stated that she has received two service invoices from ADT for September 2009. Upon motion by Director Holder, seconded by Director Haney, after full discussion and the question being put to the Board, the Board voted unanimously to authorize payment of the September 2009 ADT service invoices, subject to the bookkeeper's confirmation that the amounts billed are in accordance with the contract between the District and ADT.

5. **Review Bookkeeper's Report and Investment Report.** The Vice President recognized Ms. Conley, who presented to and reviewed with the Board the Bookkeeper's Report for the period ending August 20, 2009 and the Investment Report, copies of which are attached hereto as Exhibit "D." 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 accept the Bookkeeper's Report for the period ending August 20, 2009, to approve the Investment Report, and to authorize payment of check numbers 6582 through 6606 from the Operating Account and check number 5090 from the Capital Project Account, all as listed in the Bookkeeper's Report.

6. **Adopt Resolution Reviewing Investment Policy.** Ms. Christensen presented to the Board the Resolution Reviewing Investment Policy and Making Any Desirable Changes Thereto, a copy of which is attached hereto as Exhibit "E." The Board agreed that no changes to the Investment Policy are needed at this time. 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 adopt the Resolution Reviewing Investment Policy and Making Any Desirable Changes Thereto.

7. **Discuss and take necessary action in connection with current electricity rates and electricity contract with Suez.** Director Haney reported that the District's current contract with Suez does not expire until the end of September 2009. Director Haney stated that he is continuing to investigate the District's options in connection with entering into a new electricity contract. Discussion ensued.

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 2009 and the delinquent tax attorney report, copies of which are attached hereto as Exhibit "F." Mr. Keefe noted that 98.2% of the District's 2008 taxes had been collected as of July 31, 2009. Upon motion by Director Haney, 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 1443 through 1458 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

9. **Adopt Resolution Nominating Candidate for a Position on the Board of Directors of Harris County Appraisal District.** The Board reviewed a letter and memorandum

from the Harris County Appraisal District, copies of which are attached hereto as Exhibit “G.” No action was taken on this item.

10. **Operations Report and Billing and Collections Report.** Mr. Mensik presented to and reviewed with the Board the Operations Report for June 2009, a copy of which is attached hereto as Exhibit “H.” Mr. Mensik reported that 99.89% of the water pumped was billed for the month ending July 21, 2009. Upon motion by Director Haney, seconded by Director House, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operations Report and to authorize termination of service to delinquent accounts.

11. **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 “I,” and which follows in substantially the form it was presented:

Use of Surplus Capital Projects Funds:

The following table summarizes the *non-audited* actual costs versus the estimated costs included in the notification letter sent to the TCEQ for use of \$519,925 surplus capital projects funds for various repairs pursuant to 30 T.A.C. §293.83(c)(3)(A) and (B). The District’s auditor will include notes in the annual financial reports for fiscal years in which these funds are distributed.

Project Name	Original Estimated Surplus Funds	FYE 2009 Surplus Funds Used As of 05/21/09	FYE 2010 Surplus Funds Used As of 08/20/09	Total Actual Project Expenses (non-audited)
Atascocita Point Drive SS repair - Construction costs incurred by ST	\$ 70,000	\$ 34,115.26	\$ 62,333.88	\$ 96,449.14
Water Plant Disinfection modifications - Engineering and construction costs	\$ 37,443	\$ 9,075.93	\$ 6,828.24	\$ 15,904.17
Water Plant Fence Replacement Project - Construction costs	\$ 215,000	\$ -	\$ 130,754.70	\$ 130,754.70
Sanitary Sewer Rehabilitation, Phase IV - Construction costs (as available)	\$ 197,482	\$ -	\$ -	\$ -
TOTALS	\$ 519,925	\$ 43,191.19	\$199,916.82	\$ 243,108.01

Construction Plan Review:

- a. Chateaux at Pinehurst Apartments: Brown & Gay approved the plans in October. The developer is required to provide Brown & Gay and Severn Trent video inspections of the existing sanitary sewer mains to confirm the condition of the original construction prior to connecting to the District’s sanitary sewer system. Brown & Gay has not received records of a video inspection.

- b. NE Corner of Atascocita Road & Town Center Boulevard (Bank to be constructed on 1.853 AC): Brown & Gay provided Bury+Partners the plans and District submittal requirements in October.
- c. Rowland Interests-Atascocita Business Park/Sports Complex (19505 West lake Houston Parkway): The preliminary construction plans submitted by H2B, Inc. have been reviewed. Financing has been secured and he hopes to commence construction before mid-July.
- d. Atascocita Lutheran Church: The architect informed Brown & Gay that the plans for the expansion have been changed due to costs and that he was no longer involved with the project. BGE has contacted the Pastor for additional details and construction plans as necessary.
- e. Southwest corner of FM 1960 East & Atascocita Shores: Nothing new.
- f. Atascocita Shores Personal Warehouse: Nothing new.
- g. Residential/commercial construction at FM 1960 East & Atascocita Shores: Nothing new.
- h. Proposed office building north of FM 1960 East and Atascocita Shores Drive: Nothing new.
- i. NE and NW corners of FM 1960 East and Atascocita Shores Drive: Nothing new.

Water Plants No. 1 and 2 Fence Replacements and Landscape Improvements:

Twelve submittals have been received and eleven have been reviewed and approved to date. Submittal No. 12 (pgs. 6-10) references the alternative panel construction at Water Plant No. 1 (Rebawood) to construct the fence around two existing power poles. Although the configuration has been reviewed by a consultant to Fencrete, Brown & Gay presents the information to the Board for discussion. If the Board prefers, Brown & Gay can request a cost estimate from CenterPoint to relocate the two poles in conflict with the fence alignment since the offset panel was not pre-approved for the contractor by Brown & Gay (pg. 11). Discussion ensued. It was the consensus of the Board to leave the fence as it was constructed.

BGE is requesting a cost from CenterPoint Energy for relocation of the existing gas meter at Water Plant No. 2 (West Lake Houston Parkway). The contractor did not inform Brown & Gay of the work before completing the entry column, which is in conflict with the meter (pg. 12).

Construction of the new fencing at both water plants is approximately 95% complete. The contractor is waiting for gate materials.

Damage by the contractor to ADT facilities will be repaired and charged to the contractor.

Pay Estimate No. 2 from T&C Construction. Ltd. in the amount of \$56,056.50 has been reviewed and is approved for payment (pgs. 13-18). This invoice includes payment for partial completion of fencing at Water Plant No. 2 and for partial completion of demolition and temporary fencing at Water Plant No. 1. Funds totaling ten percent of the work completed to date (\$14,528.30) remain on retainage.

Water Plants No. 1 and 2 Disinfection System Improvements:

The construction plans have been fully signed by the City of Houston and Harris County. The TCEQ has also conditionally approved for construction. Construction plans and the TCEQ letter were provided to the District's Operator by Brown & Gay as documentation of approval to install the improvements as previously approved by the District.

As part of the "conditional" approval and required communication with the TCEQ, Brown & Gay must notify the TCEQ when construction commences and must certify that the work is completed as approved in the plans. Brown & Gay will continue to communicate with Severn Trent throughout the project to satisfy these conditions.

Hurricane Ike Letter from Governor's DEM and FEMA (pgs. 19&20):

Attached is the notice received from the DEM and FEMA regarding additional financial reimbursements that may be received. Brown & Gay has not received additional confirmation of whether a revised reimbursement worksheet will be presented to the District. Myrtle Cruz, Inc. and Severn Trent Services may contact Fulbright & Jaworski and Brown & Gay if they receive any questions or information from the DEM or FEMA regarding an additional reimbursement.

Atascocita Joint Operations Board (Preliminary Engineering Report for August 25th):

Brown & Gay continues to maintain a compilation of the ESFC for each district, total ESFC, average daily wastewater flows, and rainfall information. The compilation through June 2009 indicated an average daily flow of 4.27 mgd or 257 gpd/c. Rainfall during June totaled 0.5 inch. The report for July is not yet available. Rainfall during July totaled 4.9 inches.

Severn Trent Services is still waiting on the cover to be installed at the influent lift station before they install the mister system.

AJOB is waiting for the TCEQ'S instructions on making the required \$10,000 Supplemental Environmental Project payment to the Gulf Coast Waste Disposal Authority. The issue has been posted in the Texas Register to allow 30 days for public comments. If no comments are received, then the matter will be placed on the TCEQ Commissioners agenda for approval. After approval, AJOB will be provided formal approval and instructions to make payment.

In July, AJOB approved the preparation of an updated stormwater pollution prevention plan (SWPPP) which will include identifying new sampling points and revising the manual and exhibits for a cost of \$2,970. Brown & Gay is in the process of updating the SWPPP manual and expects the work will be completed in September.

Sanitary Sewer Rehabilitation, Phase IV:

Portions of the following areas are included for rehabilitation under the scope of this project:

- Atascocita Shores, Sections 1-5; Atascocita Villas
- Pinehurst of Atascocita, Sections 1-4, 7, 11; Estates of Pinehurst; Golf Villas
- Pines of Atascocita, Sections 1 and 2
- Atascocita Town Center, Sections 1 and 2
- Pinehurst of Atascocita/Atascocita Shores (trunk mains)

The Agreement in the contract was dated and become effective on August 4, 2009 after verification on August 3, 2009 that Harris County have issued signature approval on all 18 sets of construction plans.

The preconstruction meeting was conducted on July 23, 2009 at 10:00 am, and the Notice to Proceed was issued for August 10, 2009. The contractor, ST, and Tolunay-Wong Engineers, Inc. (the testing lab) have received hard copies of each set of plans. The plans have also been added to the GIS.

The contractor has subcontracted Chief Environmental for the pre- and post-construction cleaning and televising work.

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 Pay Estimate No. Two in the amount of \$56,056.50 to T&C Construction. Ltd. in connection with the fence replacement and landscaping improvements at water plant no. one and water plant no. two and authorize payment of same.

12. **Review and authorize capacity commitment letters.** Ms. Zapletal reported that Brown & Gay received the attached capacity commitment request from QLS Family Fitness. Ms. Zapletal stated that F&J and Brown & Gay previously updated the new golf course owners on the requirements for separating the capacity commitments to the club house and the pool/tennis center.

The limiting factor for water supply is the hydropneumatic tank (“HPT”) capacity, which is rated at 17.4 gallons per connection (rather than 20 gallons per connection) as part of the TCEQ’s approved variance from the elevated storage requirement. Brown & Gay previously estimated that late 2009 would be the time to discuss water supply improvements (HPT, ground storage, booster pumps). Bond funds totaling \$1,117,600 remain escrowed for construction and \$192,992 are available for engineering.

WWTP ESFC Not Committed	Water ESFC Not Committed	Undeveloped Acreage
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580	360	44 AC
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13. **Discuss and take necessary action in connection with request from QLS for capacity to serve proposed fitness center on former golf course property.** Ms. Zapletal noted that Mr. Kyle Bauer, the owner and managing member of QLS Family Fitness, has requested service to the facilities outlined in the attached request letter (pgs. 21-24) on approximately 10.076 acres. Ms. Zapletal stated that based on the City of Houston Planning & Operations Support Division’s discharge criteria, the estimated usage for a health club is 0.001210 ESFC per SF of building and for a swimming pool is 0.0159 ESFC per swimmer. Discussion ensued. It was the consensus of the Board that F&J provide the District with its possible options for providing service to QLS Family Fitness and possibly, in the future, the Country Club.

14. **Discuss and take any action in connection with drainage issues in Kings River Estates, Section 4 (“KRE4”), including award contract for construction of improvements.**

Diversions Swale and Berm for Kings River Estates, Section Four:

- a. C.E. Barker, Ltd submitted the lowest total bid of \$249,678.57 on April 2, 2009. The contracts signed by the Board are still pending final award and distribution until receipt of Harris County signatures on the plans. Harris County Flood Control District (HCFCD) approved the original plans for this project on July 28, 2009. Due to the extent of revisions, a new version of the construction plans has been completed for final signature approvals by Harris County. The plans have been reviewed internally by Brown & Gay and are being prepared for submittal to Harris County next week.

Brown & Gay and Directors Haney and House met with Mr. Hammond and Mr. Stunja with Pinehurst Trail Holdings, LLC, on July 6, 2009 to review the project alignment, to discuss an alternative box culvert intake structure to minimize impact to the tee box (a headwall and Brown & Gay suggested vertical bars on pipe), to provide a simple lake overflow with an aesthetic rock treatment versus plain concrete, and to confirm desires by all parties to minimize tree removal. The layout and overflow detail have been reviewed and approved preliminarily by all parties and are incorporated in the new plans.

The revised easements descriptions have been drafted and originals will be provided to F&J.

The construction plans will be revised to reflect the agreed-upon facilities. Brown & Gay will work with the contractor to provide a breakdown of the costs for non-bid items and will confirm use of bid prices for the extended box culvert.

The required Small Construction Site Notice (SCSN) and Storm Water Pollution Prevention Plan (SWPPP) documents will be finalized once the construction dates are known.

- b. Drainage Improvements (internal improvements) for Kings River Estates, Section Four: C.E. Barker, Ltd submitted the submitted the lowest total bid of \$337,586.70 on April 7, 2009. Notice to Proceed was issued for June 15, 2009. The required SCSN and SWPPP documents have been provided to the MS4 Operator, Harris County.

Pay Estimate No. 2 from C.E. Barker, Ltd. in the amount of \$55,213.67 has been reviewed and is approved for payment (pgs. 25-38). The District's 70% share of this invoice is \$38,649.57. The POA's 30% share is \$16,564.10. This invoice includes payment for completion of the internal storm sewer items and storm water pollution control items, for partial completion of the concrete curb and gutter swales, for onsite placement of utility excavation, and for partial payment for a Change Order sanitary sewer lead that was modified to avoid the storm sewer. Funds totaling five percent of the completed work (\$12,326.65) remain on retainage.

C.E. Barker has completed installing the concrete curbing and swales to the new inlets. Adjustments to a few utilities will still be required after final grading occurs and prior to the completion of the project. Embarq has not yet provided an invoice for the two phone line relocations they performed at a previously estimated not-to-exceed cost of \$750.00 per relocation. Embarq has determined it will relocate an existing junction box but that cost should not be billed to the contractor.

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 Pay Estimate No. Two in the amount of \$55,213.67 (\$38,649.57 is District's share) in connection with the drainage improvements (internal) to serve Kings River Estates, Section Four.

15. **Discuss and take any action in connection with District communications.** Ms. Wynn reviewed with the Board a proposed outline for the Fall newsletter, a copy of which is attached hereto as Exhibit "J."

16. **Discuss and take action in connection with request from Atascocita Country Club regarding termination of Amended and Restated Agreement for Maintenance of Drainage Ditch.** Ms. Zapletal stated that she and Ms. Cogburn previously met with the new owners of the Country Club and the Country Club seemed agreeable to having the District maintaining the ditch. This item was tabled.

17. **Executive Session pursuant to Section 551.071, Texas Government Code, as amended, to discuss litigation.** The Board did not convene in Executive Session at this time.

18. **Executive Session pursuant to Section 551.076, Texas Government Code, as amended, to discuss security related matters at District facilities.** The Board did not convene in Executive Session at this time.

19. **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 17, 2009.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)