

MINUTES OF MEETING OF BOARD OF DIRECTORS
February 19, 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 February 19, 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. Also attending all or parts of the meeting were Mr. Michael Keefe of Bob Leared Interests, tax assessor and collector for the District; Ms. Frieda 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; Ms. Amy Zapletal and Mr. John Dreahn of Brown & Gay Engineers, Inc. (“*Brown & Gay*”), engineer for the District; 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 January 15, 2009, previously distributed to the Board, were presented for approval. Upon motion by Director Stine, seconded by Director House, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting of January 15, 2009, as presented.

2. **Receive comments from the public.** There were no members of the public in attendance.

3. **Discuss and take action in connection with security contract with ADT and payment of same.** Mr. Jones reported that ADT requested that ST move the T1 line. Mr. Jones reported that the T1 line was moved, but ADT has not completed the necessary work and the security systems are still not fully functional. Ms. Conley stated that the District has received another invoice from ADT. It was the consensus of the Board that no invoices are to be paid until ADT provides the services that are being billed to the District. Ms. Cogburn stated that she will contact ADT to determine the status of ADT’s investigation of the matter.

4. **Review Bookkeeper's Report and Investment Report.** The President recognized Ms. Conley, who presented to and reviewed with the Board the Bookkeeper's Report for the period ending February 19, 2009 and the Investment Report, copies of which are attached hereto as Exhibit "B."

In response to a question from Director Holder, Ms. Conley stated that Embarq will be crediting the District for the late fees that were assessed to the District.

Upon motion by Director Stine, seconded by Director Haney, 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 19, 2009, to approve the Investment Report, and to authorize payment of check numbers 6388 through 6428 from the Operating Account and check number 5083 from the Capital Projects Account, all as listed in the Bookkeeper's Report.

5. **Discuss and take necessary action in connection with shared lift stations no. three and no. four with Harris County Municipal Utility District No. 151 ("No. 151").** Ms. Conley reported that the District has received a bill from No. 151 for the shared costs in connection with lift station no. four (Kingwood Glen) and is awaiting a bill for the costs in connection with lift station no. three (Kings River Village). Ms. Cogburn noted that the costs associated with the installation of the generator should be paid from the District's Capital Projects Fund.

6. **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 2009 and the delinquent tax attorney report, copies of which are attached hereto as Exhibit "C." Mr. Keefe noted that 93.4% of the District's 2008 taxes had been collected as of January 31, 2009. 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 1364 through 1379 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

Mr. Keefe stated that he is in the process of updating the list of accounts in connection with the District's Strategic Partnership Agreement with the City of Houston.

7. **Operations Report and Billing and Collections Report.** Mr. Jones presented to and reviewed with the Board the Operations Report for January 2009, a copy of which is attached hereto as Exhibit "D." Mr. Jones reported that 98.01% of the water pumped was billed for the month ending January 21, 2009.

In response to a question, Mr. Jones stated that he will determine the cause of the difference in the numbers between the tap expenses and tap activities for January 2009.

In response to a question, Mr. Jones stated that Director Hughes should have been contracted regarding the "illegal usages" over the past month.

Ms. Christensen noted that the Tri-City Turnkey builder damage amount (\$907.57) was paid through a settlement. Ms. Conley stated that she will confirm that such payment was

received. The Board reminded ST to automatically turn over any builder damages accounts over 90 days old to the District collection attorney, Ms. Margaret Poissant.

Upon motion by Director Stine, seconded by Director Haney, 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.

8. **Adopt Order Adopting Water Conservation Plan.** Ms. Cogburn stated that the TCEQ requires that municipalities adopt a water conservation plan by May 1, 2009 if such municipality serves more than 3,300 connections. No action was taken.

9. **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:

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

F&J has reviewed and approved the bonds and insurance provided by T&C Construction, Ltd. The contracts are presented for signature tonight. In anticipation of receiving signature approval tonight, the preconstruction meeting has been scheduled for 10:00 a.m. on Friday, February 20, 2009. Severn Trent and Directors Hughes and Stine have been invited to attend.

Construction Plan Review:

- a. Chateaux at Pinehurst Apartments: Brown & Gay approved the plans in October 2008. The developer is required to provide Brown & Gay and ST 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 yet 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 2008.
- c. Rowland Interests: Bury+Partners is the project engineer for the development of this property as Atascocita Business Park. No plans have been received to date. Mr. Rowland has asked for an estimate of tap expenses so he can update his construction financing company. Brown & Gay will be coordinating with ST to estimate these costs based on a preliminary site layout.
- d. Atascocita Lutheran Church: No plans have been received to date.
- e. Southwest corner of FM 1960 East & Atascocita Shores: In May 2008, Benchmark Engineering was provided utility and drainage plans in the vicinity of the undeveloped tracts.
- 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.

Atascocita Joint Operations Board:

Brown & Gay continues to maintain a compilation of the ESFC for each district, total ESFC, average daily wastewater flows, and rainfall information. The current compilation through January 2009 indicates an average daily flow of 4.33 mgd, or 284 gpd per ESFC. Rainfall for the month was .9 inches.

The warranty for the new plant equipment expires on March 1, 2009, one year from the date that TCEQ approved the work. Brown & Gay is working closely with ST and LEM to resolve all warranty issues before the warranty expires. There have been multiple problems with the new bar screen installed at the lift station. Brown & Gay has requested an additional year extended warranty on the bar screen. LEM has not responded to the request, but Brown & Gay will continue to pursue the issue. Brown & Gay will continue to keep the Board informed with any updates.

Brown & Gay will schedule a one year inspection after LEM has addressed all warranty issues. The inspection will be conducted in late February or early March to allow LEM to address all issues.

Emergency Preparedness Issues:

To assist in gathering information for a special meeting related to disaster preparedness, Brown & Gay forwarded to Director Holder the contact information for the Harris County Information Technology Center's Regional Radio Division. This contact can hopefully provide guidance on how the District can be approved to participate on the Harris County Emergency Radio Network during emergencies.

10. Discuss and take action in connection with disinfection system (chlorine/bleach) alternatives for the water plants. Ms. Zapletal stated that Brown & Gay and ST compiled estimated capital costs and operations expenses for a bleach disinfection alternative. Ms. Zapletal reviewed the advantages and disadvantages for using a chlorine system and a bleach system:

Chlorine - Advantages of Use:

- No capital costs for replacement.

Chlorine - Disadvantages of Use:

- The effects of and methods for handling a leak are more hazardous to Operator, vendors that may be present on the plant site at the time, and potentially residents in immediate vicinity (depending on volume of leak).

- The zone of safety is dependent upon atmospheric conditions.

Bleach - Advantages of Use:

- Using bleach would remove the risk of a gas leak or tank rupture since bleach is a liquid.
- The effects of a leak in a bleach system would not be nearly as catastrophic since leaks would have a containment area where the liquid would drain.
- With bleach the zone of safety around the facilities is not as critical and does not depend on atmospheric conditions as with gaseous chlorine.

Bleach - Disadvantages of Use:

- Bleach is more expensive since it is basically a form of chlorine and water. In essence, the District would be paying for transporting around extra water.
- Bleach has a tendency to be continuously vaporizing. However, with the proper equipment to contain the bleach, the District can manage this problem effectively. The Operator will know how to handle the vapor produced by the bleach so as to not vapor-lock or cause any other adverse effects on the system.
- The annual costs will be higher than using gaseous chlorine. Severn Trent noted that between January 1, 2008 and December 31, 2008, the District used a total of 7,878 pounds of chlorine at a cost of \$10,059.78. If the District were using bleach, that cost would have been \$18,907.20, an estimated difference of \$8,847.42 per year or \$737.29 per month.
- Capital costs to convert to bleach disinfection will likely range between an estimated \$11,800.00 and \$16,000 for each water plant. This price includes metering pumps, storage tanks, a containment basin, an eye wash station, calibration chamber, and miscellaneous piping and valves. Storage tanks were sized to avoid modifications to chlorine room doorways. This cost also assumes that the District will utilize the existing electrical supply lines and signal for the chemical metering pumps. Should the District choose to run new electrical wiring and signal leads, the cost could increase an estimated \$7,500 to \$10,000 per water plant.
- Engineering costs for Brown & Gay to request TCEQ approval of the disinfection modification, to prepare drawings and obtain agency plan approvals (TCEQ, City of Houston, Harris County), to pay estimated plan review and associated reimbursable expenses, and to coordinate with Severn Trent through installation are estimated to range between \$25,000 and \$29,000. If only one plant is modified and included in the construction plans, the cost reduction would be an estimated \$4,000.

Discussion ensued. It was the consensus of the Board to defer this item, subject to additional detailed information and costs regarding the systems and input from the District's operator.

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

12. **Authorize engineer to prepare plans and specifications for the next phase of the sanitary sewer rehabilitation.** Ms. Zapletal reported that Brown & Gay is compiling the detailed scope of work and construction plans for this phase of sanitary sewer rehabilitation based on priorities one through three as identified after televising the sewer mains. Ms. Zapletal stated that for construction and cost efficiencies, there will also be several adjacent “no comment” segments rehabilitated. Brown & Gay has estimated the following preliminary schedule for the project:

- Submit plans to Harris County for review before April 13, 2009
- Request authorization to advertise upon receipt of Harris County comments: April 16, 2009
- Advertise for bids during May 2009
- Estimated presentation of bids to Board: June 18, 2009
- Estimated Notice to Proceed: Mid-July 2009

13. **Discuss and take any action in connection with drainage issues in Kings River Estates, Section 4 (“KRE4”).** Ms. Zapletal stated that comments on both sets of construction plans were received from Harris County on February 17, 2009. Ms. Zapletal noted that Brown & Gay is working to address comments in order to begin advertising for bids next week. To help reduce project expenses, Brown & Gay would like to advertise in an approved publication other than the regular distribution for the Houston Chronicle. The District’s tax assessor-collector is providing contact information for the publication that office uses for the District’s legal notices. The current goal is to present bids at the March 2009 meeting. Ms. Zapletal stated that to maximize the number of the bidders, Brown & Gay will also be contacting contractors via telephone to create interest in the projects.

Harris County did not request revisions to the proposed easements for the projects. Brown & Gay will finalize the metes and bounds descriptions for F&J’s use in compiling the easement documents for execution and recordation.

For construction plan signature approvals, Brown & Gay will be required to provide Harris County copies of the HOA’s signed maintenance certificate and of the executed Maintenance Contract for the internal storm improvements.

14. **Authorize preparation of Maintenance Contract with Homeowner’s Association (“HOA”) for internal storm sewer improvements in KRE4.** Ms. Cogburn reported that a draft of the Maintenance Contract has been provided to the Directors, the District’s engineer and the HOA for comments.

15. **Discuss and take any action in connection with District communications.** Director Hughes reported that he is coordinating with Ms. Wynn regarding the next quarterly newsletter.

16. **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.

17. **Executive Session pursuant to Section 551.076, Texas Government Code, as amended, to discuss security related matters at District facilities.** At 6:40 p.m., the Board convened in executive session pursuant to Section 551.076, Texas Government Code, as amended, to discuss security related matters.

The Board reconvened in open session at 6:45 p.m.

18. **Other matters.** In response to a question, Ms. Cogburn stated that she will contract the Country Club's attorney to determine the status of the issuance of the license agreement, which will allow the District to make the necessary repairs to the old Tamarron lift station site.

Mr. Jones reported that the District received a letter from a homeowner at 7707 Pinehurst Shadows requesting the Board credit him \$85.00. Mr. Jones stated that the water to such residence was cut off and the meter had to be pulled due to illegal usage. Mr. Jones noted that the owner is claiming he was not aware the water was going to be cut off because the house is rented and he does not reside in the house. It was the consensus of the Board to deny the request.

Discussion ensued regarding the area Community Improvement Associations ("CIA") requesting area municipal utility districts take over the law enforcement contracts with the Precinct Four Constable.

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 19, 2009.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)