

MINUTES OF MEETING OF BOARD OF DIRECTORS
May 21, 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 May 21, 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. Kim Shelnett 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 of Payne Communications; Ms. Jennifer Hughes; 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 April 16, 2009, previously distributed to the Board, were presented for approval. 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 minutes of the meeting of April 16, 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. Mensik reported that all parts of the security system are functioning except the cameras. In response to a question, Mr. Mensik stated that he will notify Ms. Cogburn, in writing, on the status of the cameras. Ms. Cogburn stated that she will contact ADT to determine when the cameras should be fully functional. Mr. Mensik noted that ADT will still need to coordinate with ST and the Directors to provide on-site training on the security system.

4. **Review Bookkeeper's Report and Investment Report.** The President recognized Ms. Shelnett, who presented to and reviewed with the Board the Bookkeeper's Report for the period ending May 21, 2009 and the Investment Report, copies of which are attached hereto as Exhibit "B."

In response to a question from Director Holder, Ms. Shelnett stated that she will determine why the District received Harris County MUD No. 151's mowing bills (check numbers 6490 and 6491).

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 May 21, 2009, to approve the Investment Report, and to authorize payment of check numbers 6479 through 6499 (except check numbers 6490 and 6491) from the Operating Account and check number 5085 from the Capital Project Account, all as listed in the Bookkeeper's Report.

5. **Adopt budget for fiscal year ending May 31, 2010.** Director Stine reviewed with the Board the proposed budget for fiscal year ending May 31, 2010, a copy of which is attached hereto as Exhibit "C." 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 adopt the budget for fiscal year ending May 31, 2010, as presented.

6. **Discuss use of Surplus Capital Project Funds for various projects (Disinfection system and Atascocita Point sewer line repairs).** Ms. Zapletal presented to and reviewed with the Board the letter notifying the TCEQ of the District's proposed use of Surplus Capital Project Funds to pay for the Atascocita Point Drive sewer line repair, the conversion of the disinfection systems at water plant nos. one and two and a portion of the Phase IV Sanitary Sewer Rehabilitation, a copy of which is attached to the Engineer's Report. Ms. Zapletal stated that the District will utilize approximately \$519,925 in surplus capital projects funds to pay for the projects.

7. **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 April 2009 and the delinquent tax attorney report, copies of which are attached hereto as Exhibit "D." Mr. Keefe noted that 96.4% of the District's 2008 taxes had been collected as of April 30, 2009. 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 Tax Assessor and Collector's Report, to authorize payment of check numbers 1404 through 1416 from the Tax Account to the persons, in the amounts, and for the purposes listed therein, and to authorize the tax assessor and collector to move three accounts to the uncollectible tax roll.

8. **Operations Report and Billing and Collections Report.** Mr. Mensik presented to and reviewed with the Board the Operations Report for April 2009, a copy of which is attached hereto as Exhibit "E." Mr. Mensik reported that 93.13% of the water pumped was billed for the month ending April 23, 2009.

Mr. Mensik reported that he is organizing all the work orders related to the emergency point repairs performed on the sanitary sewer line located on Atascocita Point Drive and will provide the work orders to the District's engineer.

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

9. **Approve Consumer Confidence Report.** Mr. Mensik presented to and reviewed with the Board the 2008 Consumer Confidence Report (the "CCR"), a copy of which is attached hereto as Exhibit "F." 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 Operations Report and to approve the CCR for distribution to District customers by July 1, 2009.

10. **Status of hurricane/emergency preparation as discussed at March 12, 2009 special Board meeting.** Mr. Mensik reported that the signs to be posted in order to alert District residents to boil water and that the drinking water is safe after emergencies such as hurricanes have been prepared and are ready for posting when and if necessary.

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

Use of Surplus Capital Projects Funds:

The attached letter was sent to the TCEQ and the District's auditor as notification of the intention to use \$519,925 surplus capital projects funds for the District Operator's costs for the Atascocita Point Drive sanitary sewer repair and for a portion of the Sanitary Sewer Rehabilitation Phase IV construction costs pursuant to 30 T.A.C. §293.83(c)(3)(A). Also included are the engineering, construction and contingency costs associated with the Water Plant No. 1 and 2 disinfection system projects to serve the District's water supply system pursuant to 30 T.A.C. §293.83(c)(3)(B). The District's auditor will include notes in the annual financial reports for fiscal years in which these funds are distributed.

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. Mr. Rowland has requested an extension of the utility commitment for the project, which is presented under Agenda Item 12.

- d. Atascocita Lutheran Church: No plans have been received to date.
- 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:

Ten submittals have been reviewed and approved to date. Fencing the additional water plant land (approximately 0.17 acres) will require fill to match existing grades and promote positive drainage at the water plant site. Attached for the Board's review and approval is a copy of Change Order No. One in the amount of \$19,998.00, which will pay for additional site clearing; stripping; haul-off of all stripping, tree debris, stumps, etc.; import, placement and compaction of low-P.I. fill material; and broadcast seeding. Quantity adjustments can be made to the existing bid price of \$91.46 per LF for the additional 106 LF of fencing.

Water Plants No. 1 and 2 Disinfection System Improvements:

Brown & Gay has prepared preliminary plans and has incorporated Severn Trent's comments into the plans. The plans are under final review by Brown & Gay before submittal to the TCEQ, the City of Houston, and Harris County for review and approval. The District's Operator can install the improvements after all agency approvals are received.

Atascocita Joint Operations Board (Final Engineering Report from April 28th):

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 March 2009 indicates an average daily flow of 4.49 mgd or 283 gpd/c. Rainfall for the month was 5.3 inches.

The warranty inspection was held on April 24, 2009. All warranty items have been addressed and LEM was relieved of its contractual obligations by AJOB on April 28, 2009. The manufacturer, Environmental Improvements, Inc. (EI²), has provided an additional one year extended warranty on the bar screen, which will expire on March 1, 2010. For the extended warranty to remain valid, EI² will provide a maintenance log sheet for Severn Trent to use and will require that this log sheet be kept up-to-date and

available at the plant for inspection. AJOB approved payment (with operating funds) of a \$4,616 invoice for additional programming performed over the last year.

The TCEQ provided an alternative for addressing the October 2008 chlorine violation. Rather than pay the \$10,000 penalty to the TCEQ, AJOB approved the option to contribute to a Supplemental Environmental Project (SEP) that directs money toward projects that improve the environment.

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 Engineer's Report and to approve Change Order No. 1 in the amount of \$19,998 to pay for additional site clearing in connection with the water plant nos. one and two fence replacements and landscaping improvements.

12. **Review and authorize capacity commitment letters.** Ms. Zapletal stated that Brown & Gay received a request to extend a capacity commitment from Mr. Mike Rowland, a copy of which is attached to the Engineer's Report, and Brown & Gay recommends the Board authorize the capacity commitment extension. Ms. Zapletal reported that Mr. Rowland requests extension of approval on behalf of Rowland Interests, L.P. for the use of 5,000 gallons per day of water supply and 4,000 gallons per day of dry weather flow and wastewater treatment capacity to serve the Atascocita Business Park (including Ballard Academy of Gymnastics) on 9.7773 acres located at 19505 West Lake Houston Parkway (west of Water Plant No. 2). 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 authorize extension of the capacity commitment for Mr. Rowland in connection with service to the Atascocita Business Park.

13. **Award contract for the next phase of the sanitary sewer rehabilitation.** Ms. Zapletal reported that Brown & Gay has compiled the expanded scope of work to complete the sanitary sewer rehabilitation. Portions of the following areas are included for rehabilitation under the scope of this project:

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

Brown & Gay estimates the following updated schedule for the project:

- Authorization to advertise received on March 19, 2009 and added amended scope on April 16, 2009
- All sets of plans have been submitted to Harris County for review
- Harris County comments have been received on all but 3 sets of plans

- Comments have been addressed on all but 3 sets of plans
- Submit for Harris County signature approvals on all plans by the end of May 2009
- If next meeting is *on or after* June 24, 2009, begin advertising for bids on or before June 3, 2009 for presentation at June meeting.
- If next meeting is *before* June 24, 2009, begin advertising for bids on or before June 24, 2009 for presentation at July meeting.
- Estimated Notice to Proceed to contractor one month after award of contract

Discussion ensued regarding the next meeting date. It was the consensus of the Board to move the June 18, 2009 meeting to June 25, 2009 due to AWBD Conference and to allow the engineer sufficient time to advertise for bids for the sanitary sewer rehabilitation.

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.

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

C.E. Barker, Ltd submitted the submitted the lowest total bid of \$249,678.57 on April 2, 2009. The bonds and insurance provided by the contractor have been reviewed and approved by F&J. The contracts have been routed for signatures by the Board but are still pending final award and distribution until receipt of Harris County signatures on the plans. Although all comments were addressed before mylars were submitted for signatures, the reviewer for Harris County Flood Control District (“HCFC”) returned the mylars this week with a request for additional information related to the extended drainage area served by the extreme event swale and berm. Brown & Gay is working to address the additional comments this week.

The attached proposal in the estimated amount of \$4,078.00 for construction material testing services from Tolunay-Wong Engineers, Inc. (TWEI) was signed per Board approval in April 2009. This amount is less than the funds previously budgeted for this work.

Brown & Gay is still waiting for the easement documents to be returned for the Board’s signature and recordation in the Harris County Clerk’s Office.

Brown & Gay anticipates conducting the preconstruction meeting before mid-June. The required Small Construction Site Notice and Storm Water Pollution Prevention Plan (SWPPP) documents will be finalized once the construction dates are known. As also required, copies will be provided to Harris County, which is the Municipal Separate Storm Sewer System (MS4) operator and is responsible to the TCEQ for the storm water management program.

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. The bonds and insurance provided by the contractor have been reviewed and approved by F&J. The contracts have been routed for signatures by the Board. Brown &

Gay received notice from Harris County on May 20, 2009 that the plans have been approved and signed. This contract will be dated May 21, 2009.

After review by F&J, Brown & Gay issued notice to the Kings River Estates No. 2 Property Owners Association, Inc. regarding the lowest bid received and the District's authorization of a contract with C.E. Barker, Ltd. Brown & Gay requested the \$107,660.79 deposit for the balance of construction funds be sent to the District's bookkeeper by June 8, 2009. Brown & Gay expects the check to be presented to the Board at the meeting tonight.

The attached proposal in the estimated amount of \$5,404.00 for construction material testing services from TWEI was signed per Board approval in April 2009. This amount is less than the funds previously budgeted for this work.

Brown & Gay anticipates conducting the preconstruction meeting before mid-June. The required Small Construction Site Notice and SWPPP documents will be finalized once the construction dates are known. As also required, copies will be provided to Harris County.

15. **Discuss and take action in connection with request from Atascocita Country Club regarding termination of Amended and Restated Agreement for Maintenance of Drainage Ditch.** Discussion ensued. Ms. Zapletal stated that she will inquire about the Country Club maintaining the drainage ditch (located north of Rebawood Drive in Pinehurst of Atascocita, Section Seven near the No. 16 green of the Atascocita Country Club) and executing the necessary drainage easements with the new owner of the Atascocita Country Club. The Board asked Ms. Cogburn to set up a meeting with the new owner of the Atascocita Country Club so that she and Ms. Zapletal could review the pending issues.

16. **Discuss and take any action in connection with District communications.** Ms. Wynn reported that the quarterly newsletter will be distributed within the next week and she is coordinating with Director Hughes regarding the next quarterly newsletter and associated articles.

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 June 25, 2009.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)