

MINUTES OF MEETING OF BOARD OF DIRECTORS
August 19, 2010

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 Trail Drive, Humble, Texas, 77346, on August 19, 2010 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

All members of the Board were present except Director House. 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; Ms. Nikki Wynn of Payne Communications; Ms. Jana Cogburn and Ms. Carla Christensen, paralegal, 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”.

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 “B”, and the following business was transacted:

1. **Consider and take necessary action in connection with appointment of new Director.** It was noted that the Board had received and reviewed four resumes from persons interested in serving as a Director. Ms. Cogburn noted that Mr. Lentz has executed and filed a statement of appointed official and is qualified to serve as a director for Director Hughes’ elected unexpired term. Upon motion made by Director Stine, seconded by Director Holder, after full discussion and the question being put to the Board, the Board voted unanimously to appoint Lloyd Lentz to the Board. Mr. Lentz then executed his oath of office, qualifying him to serve.

2. **Minutes.** Proposed minutes of the meeting of July 15, 2010, 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 July 15, 2010, as presented.

3. **Receive comments from the public.** There were no comments from the public.

4. **Discuss and take action in connection with repairs to drainage ditch.** Mr. Mensik reported that the two trees were removed by Stuckey’s and Embark Tree and Landscape

Services has completed the repairs and maintenance to the drainage ditch. Discussion ensued regarding the ongoing maintenance of the ditch. Mr. Mensik stated that he will monitor the ditch and inform the Board when maintenance is necessary. Director Stine requested that Mr. Mensik inspect the two tree stumps encroaching on the bank of the ditch.

5. **Discussion and take necessary action in connection with the security cameras at facilities.** Mr. Mensik reviewed with the Board the proposals from ADT for relocating one of the security cameras or installing a new camera at the West Lake Houston Water Plant, copies of which are attached hereto as Exhibit "C." Discussion ensued. 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 and authorize execution of the proposal from ADT to relocate the security camera at a cost of \$271.84 plus \$29.36 per year.

6. **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 August 19, 2010 and the Investment Report, copies of which are attached hereto as Exhibit "D"

Ms. Conley reported that the electrical provider charged the District "sales tax" on the last bill. Ms. Conley stated that the electrical provider has agreed to credit the District.

Director Stine requested revisions to the budgeted year-to-date operator expenditures, non-operating expenditures for major repairs, and electricity usage report.

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 accept the Bookkeeper's Report for the period ending August 19, 2010, to approve the Investment Report, and to authorize payment of check number 5107 from the Capital Projects Account and check numbers 7000 through 7070 from the Operating Account, all as listed in the Bookkeeper's Report.

7. **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 "E." The Board agreed that no changes to the Investment Policy are needed at this time. 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 adopt the Resolution Reviewing Investment Policy and Making Any Desirable Changes Thereto.

The Board reviewed the current Fees and Expense Policy, a copy of which is attached hereto as Exhibit "F." 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 amend Section 2 of the Fees and Expense Policy to provide that the maximum number of per diems for the summer Association of Water Board Directors conference is four and for the winter Association of Water Board Directors conference is three and that any per diems in excess of such number must be approved by the Board.

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 2010 and the delinquent tax attorney report, copies of which are attached hereto as Exhibit "G." Mr. Keefe noted that 98.5% of the District's 2009 taxes had been collected as of July 31, 2010. 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 1551 through 1559 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

9. **Operations Report and Billing and Collections Report.** Mr. Mensik presented to and reviewed with the Board the Operations Report for July, 2010, a copy of which is attached hereto as Exhibit "G." Mr. Mensik reported that 100.22% of the water pumped was billed for the month ending July 23, 2010.

Mr. Mensik reported that the leak at the neighborhood pool driveway at Atascocita Shores and Sunny Shores has been repaired.

Mr. Mensik reported that the District was erroneously charged \$1,873.65 by ST for safety equipment and a credit for such amount will be on the next operations invoice.

Mr. Mensik reviewed with the Board two letters requesting an adjustment to water bills for water line leaks, copies of which are attached to the Operations Report. Discussion ensued.

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 approve the Operations Report, to authorize termination of service to the delinquent accounts, and to authorize a sewer credit in the amount of \$55.00 to the resident at 8930 Pine Shores and a sewer credit in the amount of \$34.00 to Tin Roof BBQ.

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

Construction Plan Review:

- a. La Quinta Inn & Suites (1.429 AC on Atascocita Road east of Town Center Boulevard): Brown & Gay received revised plans for review. Brown & Gay is currently reviewing the revised plans to ensure previous comments by Brown & Gay and ST have been addressed.
- b. Rowland Interests-Atascocita Business Park/Sports Complex (19505 West Lake Houston Parkway. Brown & Gay received revised construction plans for review. Most of the comments made in 2009 have been incorporated.

Water Well No. 1 Rehabilitation (Water Plant No. 1 – Rebawood):

The well has been returned to service. Invoice No. 2 from Alsay, Inc. in the amount of \$71,553.00 has been received and is currently under review. The estimate includes payment for the column assembly, pumping equipment, and bacteriological samples.

Water Plant Expansion:

The TCEQ issued approval of the construction plans on July 15, 2010. The revised hydro-pneumatic tank (“HPT”) service capacity of 14.3 gallons per connection was approved by the TCEQ by letter dated July 9, 2010, a copy of which is attached to the Engineer’s Report.

The construction contract was awarded to Schier Construction Company, Inc. in the amount of \$1,189,400. Contacts were executed after the bonds and insurance were approved by F&J. The preconstruction meeting with Schier Construction was held on August 12, 2010. To date, 15 submittals have been received. The construction schedule is attached to the Engineer’s Report.

On August 6, 2010 Brown & Gay submitted the application to the TCEQ for approval of the release of Series 2006 escrowed bond funds totaling \$1,117,600 (\$1,016,000 construction plus \$101,600 contingencies). Brown & Gay will advise the District when the application has been approved.

Brown & Gay and ST will be coordinating the timing of the HPT construction to help expedite the schedule. Brown & Gay would like the Board’s consideration of the tank coating color and will distribute the color chart at the meeting. It was the consensus of the Board that the tank be coated in “Tank White.”

Sanitary Sewer Rehabilitation, Phase IV:

A pay estimate was not submitted by Insituform Technologies this month. Insituform Technologies is coordinating materials and will begin field work on the change order work by the end of the month.

Atascocita Joint Operations Board (“AJOB”):

Brown & Gay continues to maintain a compilation of the ESFC for each participant, total ESFC, average daily wastewater flows, and rainfall information. The compilation through July 2010 indicates an average daily flow of 4.72 MGD or 286 gpd/ESFC. Rainfall for the month totaled 3.5 inches.

There have been no recent odor complaints from residents in the area. Brown & Gay visited the Plant in July 2010 and there was no noticeable odors in the vicinity of the lift station.

The screw conveyor equipment will be delivered by the end of August 2010. Construction should be completed by mid-to late-September 2010.

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 approve the Engineer’s Report and to approve the Invoice No. Two from Alsay, Inc. in the amount of \$71,553.00 in connection with the Water Well No. One (Rebawood) rehabilitation.

11. **Review and authorize capacity commitment letters.** Ms. Zapletal reported that no requests for capacity commitment 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”), including award contract for construction of improvements.** Ms. Zapletal reviewed the following information from the written Engineer’s Report, a copy of which is attached hereto as Exhibit “H.”

Diversion Swale and Berm for Kings River Estates, Section Four

C.E. Barker, Ltd submitted the lowest total bid of \$249,678.57 on April 2, 2010.

Several signed easements have been returned to F&J.

The contractor advised Brown & Gay on August 17, 2010 that it would begin mobilizing equipment to the site on August 18, 2010. New notices have been sent to the residents to advise them of the activity. Brown & Gay has asked that work not proceed until early next week to ensure residents have received the new notices.

The required Small Construction Site Notice (SCSN) and Storm Water Pollution Prevention Plan (SWPPP) documents have been submitted to Harris County, the MS4 Operator, as required, prior to construction.

13. **Discuss and take any action in connection with District communications.** Ms. Wynn reported on the proposed articles for the next quarterly newsletter. Discussion ensued.

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

15. **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 to discuss security related matters.

16. **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 16, 2010.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)