

MINUTES OF MEETING OF BOARD OF DIRECTORS
November 18, 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 Harris County Library (Atascocita Branch), 19520 Pinehurst Trails Drive, Humble, Texas, 77346, on November 18, 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\
Lloyd Lentz, Director

All members of the Board were present except Director Haney. 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 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 October 21, 2010, previously distributed to the Board, were presented for approval. Upon motion by Director House, seconded by Director Lentz, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting of October 21, 2010, as presented.

2. **Receive comments from the public.** The Vice President recognized Mrs. van Leuzen (owner of property at 7507 Kings River Drive), who requested the results of the District’s investigation regarding the 55-foot drainage easement and proposed drainage improvements. Ms. Cogburn stated that the drainage improvement project will be addressed later in the meeting.

The Vice President recognized Mr. Bezdek, who stated that he is attending the Board’s meeting to discuss law enforcement related issues. Discussion ensued.

3. **Review Bookkeeper's Report and Investment Report.** Ms. Conley presented to and reviewed with the Board the Bookkeeper's Report for the period ending November 18, 2010 and the Investment Report, copies of which are attached hereto as Exhibit "C." 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 accept the Bookkeeper's Report for the period ending November 18, 2010, to approve the Investment Report, and to authorize payment of check number 5111 from the Capital Projects Account and check numbers 7131 through 7161 from the Operating Account, all as listed in the Bookkeeper's Report.

In response to a question, Ms. Conley stated that she will research and invest additional District funds in Certificates of Deposit.

4. **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 October 2010 and the delinquent tax attorney report, copies of which are attached hereto as Exhibit "D." Mr. Keefe noted that 99.25% of the District's 2009 taxes had been collected as of October 31, 2010. Upon motion by Director Lentz, 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 1570 through 1574 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

5. **Operations Report and Billing and Collections Report.** Mr. Mensik presented to and reviewed with the Board the Operations Report for October, 2010, a copy of which is attached hereto as Exhibit "E." Mr. Mensik reported that 105.43% of the water pumped was billed for the month ending October 21, 2010.

Mr. Mensik reviewed with the Board a proposal from Stuckey's for cleaning the drainage channel (north of Rebawood Drive and west of Atascocita Shores Drive), a copy of which is attached to the Operations Report. Mr. Mensik stated that Stuckey's has proposed to desilt the concrete washout channel from culvert to culvert at a cost of \$3,500.

Mr. Mensik reviewed with the Board a proposal from Stuckey's for the ongoing maintenance of the golf course drainage channel (from Rebawood to Legend Oak), a copy of which is attached to the Operations Report. Mr. Mensik stated that Stuckey's has proposed 1) to maintain and trim all vegetation on both sides of the west end of the ditch and the south side of the east end of the ditch (\$26,000), 2) to apply a herbicide application to aquatic growth in the water along the channel banks (\$1,250), and 3) to inspect the drainage channel quarterly (includes report) and address any issues related to the channel (\$2,000). Mr. Mensik noted that the total initial cost for the cleaning of the golf course drainage channel is \$29,250. Discussion ensued. It was the consensus of the Board that Brown & Gay inspect the golf course drainage channel, assess the situation, and provide recommendations for necessary cleaning and/or repairs to the Board at the next meeting.

Upon motion by Director Holder, seconded by Director House, 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 accept the proposal

from Stuckey's for the cleaning of the drainage channel (north of Rebawood Drive and west of Atascocita Shores Drive) at a cost of \$3,500.

6. **Adopt Order Amending Rate Order (West Harris County Regional Water Authority fees).** Discussion ensued regarding passing through all or a portion of the West Harris County Regional Water Authority ("WHCRWA") fees to District customers. Mr. Mensik noted that the current WHCRWA fee is \$1.25 per 1,000 gallons pumped and such fee will increase in January 2011 to \$1.55 per 1,000 gallons pumped. Mr. Mensik stated that he provided Director Stine with a summary of water usage statistics for the District's customers. Discussion ensued. It was the consensus of the Board that Director Stine further analyze the District water usage information and make a recommendation to the Board at the next Board meeting.

7. **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 "F," and which follows in substantially the form it was presented:

Construction Plan Review:

La Quinta Inn & Suites (1.429 AC on Atascocita Road east of Town Center Boulevard): Plans have been conditionally approved with comments. Brown & Gay and ST requested an additional sheet that shows an enlarged utility layout for ease of inspection. The requested cleanouts still need to be added to the layout.

Water Plant Expansion:

Notice to Proceed was issued to Schier Construction Company, Inc. on August 23, 2010. To date, 31 submittals have been received and reviewed.

ST, Brown & Gay and the contractor will meet with ADT at the site on Friday, November 19, 2010 to discuss relocation of the existing security system control panel that is mounted to the back of the existing fluoride building.

After a field meeting with Severn Trent on October 29, 2010, the contractor provided a proposal for Change Order No. One in the amount of \$38,000 to respond to field constraints and operational improvements, a copy of which is attached to the Engineer's Report. The proposal includes consideration of additional costs for an extension of the proposed control building to replace the existing fluoride building, for relocation and temporary operations of the existing fluoride equipment, and to relocate the existing security system control panel that is mounted to the back of the existing fluoride building (should ADT not be able to quickly move the equipment or if the cost from ADT exceeds the amount proposed by the contractor in this proposal).

A pay estimate has not been received from Schier Construction.

Extensive discussion ensued.

Sanitary Sewer Rehabilitation, Phase IV:

A pay estimate was not received from Insituform Technologies this month. The contractor has completed the CIPP, pipe busting, and external reconnects. Brown & Gay

received the post-construction DVDs yesterday. Brown & Gay will review the DVDs and will submit a request for an updated TCEQ inspection date between December 1 and 7, 2010. If the inspection is not feasible for the TCEQ during such time period, the final pay request will be presented at the January 2011 meeting.

Atascocita Joint Operations Board (“AJOB”):

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 October 2010 indicates an average daily flow of 4.22 mgd or 253 gpd/ESFC. There was no measurable rainfall for the month. The summary has been provided to Ms. Wynn for her use in the District’s newsletters.

To Brown & Gay’s knowledge, there have been no recent odor complaints from residents in the area.

The start-up of the lift station conveyor (“muffin monster”) equipment was conducted on September 28, 2010. Punch list items noted at that time have been addressed. Some minor leaks that have occurred since startup are being repaired. Brown & Gay is also working with the equipment manufacturer to add sheet metal on the upper trough to more effectively direct the solids into the conveyor. Pay Estimate No. One from R&B Group, Inc. in the amount of \$137,700 was approved for payment. Retainage totaling \$15,300 was withheld until all remaining items are addressed.

Brown & Gay submitted the rebate form and back-up documentation to TXU on October 4, 2010. TXU informed Brown & Gay that a check for \$12,500 has been provided to Roland Fry & Co.

The new Harris County MUD No. 494 attorney is reviewing the proposed amendment to the Wastewater Treatment Contract.

Upon motion by Director Lentz, 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, to approve and authorize payment of Change Order No. One from Schier Construction Company, Inc. in the revised amount of \$25,700 in connection with the Water Plant Expansion, and to authorize Director Stine to negotiate with ADT to remove, relocate and reconnect the existing security system panel that is mounted to the back of the fluoride building at a cost not to exceed \$6,200.

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

9. **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 submitted the lowest total bid of \$249,678.57 on April 2, 2009. With two change orders to date, the updated contract amount is \$274,533.97.

CenterPoint Energy has moved its 4-inch electrical cable. CenterPoint Energy has verbally informed Brown & Gay that the relocation will not be a cost to the District. Brown & Gay has requested written confirmation of this. The 1-inch unidentified cable is still under research by the contractor.

Discussion ensued. Ms. Cogburn reported that F&J has reviewed the documentation and plat related to the 55-foot drainage easement. Ms. Cogburn stated that the District has the right to improve the 55-foot drainage easement, including relocating the fence.

Drainage Improvements for Kings River Estates, Section Four:

Director House informed Brown & Gay that the resident at 20710 Kings Crown Court has concerns regarding a potential water leak under the new driveway placed as part of this project. Repairs due to any contractor damages will be covered as part of the C.E. Barker's one-year warranty for this project. Retainage for the Diversion Swale and Berm project will not be released until these items is also addressed by the contractor.

10. **Discuss and take necessary action in connection with request for park equipment repairs and purchase of new park equipment.** It was noted that the Atascocita Community Improvement Association ("ACIA") previously requested that the Board financially participate with the ACIA in connection with the proposed park improvements, repairs, and installation of 1) a walking track, 2) benches and 3) playground equipment at the Atascocita Pines Park. Director Lentz noted that he will coordinate with Mr. Baumann and Ms. Reap regarding the proposed new facilities and the proposals for the new equipment.

11. **Approve and authorize execution of Fourth Amended and Restated Waste Disposal Contract (confirming terms for purchase of wastewater treatment plant capacity from WYA The Bridges of Lake Houston/Harris County MUD No. 494).** The Board reviewed the revised Fourth Amended and Restated Waste Disposal Contract confirming the terms for WYA's purchase of wastewater treatment plant capacity, copies of which are attached hereto as Exhibit "G." Ms. Cogburn stated that the Contract will incorporate and restate all changes which have been made since July 22, 1979 (the date of the original Waste Disposal Contract), and includes the revised terms for the sale of wastewater treatment plant capacity to Harris County Municipal Utility District No. 494 ("No. 494"). Ms. Cogburn noted that the Contract has been revised to reflect the change in the participants' pro rata share of capacity. Upon motion by Director House, seconded by Director Lentz, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Fourth Amended and Restated Waste Disposal Contract and to authorize execution of same upon receipt of the \$1,000 "option fee" and an executed letter agreement and Fourth Amended and Restated Waste Disposal Contract from Harris County MUD No. 494.

12. **Discuss and take necessary action in connection with renewal of insurance (Anco McDonald policy expires January 24, 2011).** 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 the renewal insurance proposal with Anco McDonald Waterworks, excluding the optional coverage for law enforcement legal liability and peace officer's bond.

13. **Discuss authorizing circulation of checks for December 2010 Board Meeting.** It was the consensus of the Board to cancel the December 16, 2010 Board meeting and to authorize the circulation of checks for Board signature.

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

15. **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
January 20, 2010.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)