

MINUTES OF MEETING OF BOARD OF DIRECTORS
January 19, 2012

THE STATE OF TEXAS
COUNTY OF HARRIS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 132

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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 Trails Drive, Humble, Texas, 77346, on January 19, 2012 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 Lentz, who entered the meeting in progress. Also attending all or parts of the meeting were Mr. Michael Keefe of Bob Leared Interests, tax assessor and collector for the District; Ms. Fredia 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 of Brown & Gay Engineers, Inc. ("*Brown & Gay*"), engineer for the District; Ms. Nikki Wynn, Communications Program Consultant; Mr. Joe Mattingly of Champions Hydro-Lawn, Inc.; 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-1."

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 November 17, 2011, previously distributed to the Board, were presented for approval. 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 minutes of the meeting of November 17, 2011, as presented.

2. **Receive comments from the public.** The President recognized Ms. Rose, who inquired on the status of the Splash Houston development. The Board noted that the District issued a capacity commitment letter for the Splash Houston development on October 20, 2011.

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

Director Lentz entered the meeting at this time.

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 January 19, 2012 and the Investment Report, copies of which are attached hereto as Exhibit "B." 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 January 19, 2012, to approve the Investment Report, and to authorize payment of check numbers 7562 through 7642 from the Operating Account, all as listed in the Bookkeeper's Report.

Ms. Conley stated that there is a program through CD ARS in which a selected bank (for a fee) will invest District funds in Certificates of Deposit. The Board agreed it was not interested in such program.

Director Stine stated that the water revenue listed for November 2011 (\$139,379) appears to be abnormally high in comparison to the average and the sewer revenue received. Ms. Conley stated that she will further investigate the matter. Ms. Zapletal noted that the tap fee revenue received from LaQuinta Inn & Suites may have inadvertently treated as water revenue.

Director Stine requested that an item be included on the next agenda to authorize the annual transfer of \$500,000 from the District's General Fund to the Debt Service Fund.

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 Reports for the months of November and December 2011 and the delinquent tax attorney report, copies of which are attached hereto as Exhibit "C." Mr. Keefe noted that 99.22% of the District's 2010 taxes and 45.17% of the District's 2011 taxes had been collected as of December 31, 2011. 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 Tax Assessor and Collector's Report and to authorize payment of check numbers 1670 through 1682 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

5. **Adopt Order Authorizing Exemptions from Taxation (Disabled and 65 Years of Age or Older and Residential Homestead).** Ms. Christensen presented to the Board drafts of the Order Adopting Exemption from Taxation for Individuals who are Disabled or are 65 Years of Age or Older and the Order Adopting a Residential Homestead Tax Exemption. It was the consensus of the Board to maintain the exemption amounts at \$40,000 for those persons that are Disabled or 65 Years of Age or Older and at 20% for residential homesteads. 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 Orders Authorizing Exemption from Taxation, copies of which are attached hereto as Exhibit "D."

6. **Adopt Resolution Authorizing 20% Additional Penalty on Delinquent Taxes.** Ms. Christensen presented to the Board the Resolution Authorizing 20% Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11, and 33.08, Tax Code, a copy of which is attached hereto as Exhibit "E." 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 Authorizing 20% Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11, and 33.08, Tax Code.

7. **Operations Report and Billing and Collections Report.** Mr. Jones presented to and reviewed with the Board the Operations Reports for November and December 2011, copies of which are attached hereto as Exhibit "F." Mr. Jones reported that 93.9% of the water pumped was billed for the month ending December 15, 2011.

Discussion ensued regarding the person living in a tent on the golf course property and the District's drainage easement. It was the consensus of the Board that F&J prepare and forward a letter to the owner of the golf course property notifying them of such matter and asking that the golf course request such person vacate the property.

Mr. Jones requested permission to turn over 6 accounts in the aggregate amount of \$1,008.88 to collections and to write off one account in the amount of \$2.73.

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 the Operations Report, to authorize termination of service to the delinquent accounts, and to authorize ST to turn over 6 accounts in the aggregate amount of \$1,008.88 to collections and to write off one account in the amount of \$2.73.

8. **Discuss and take necessary action in connection with District's Drought Contingency Plan.** Discussion ensued regarding standardizing the District's Drought Contingency Plan and who developed the original "trigger points." It was the consensus of the Board to further discuss such matter after attendance at the AWBD conference.

The Board directed ST to remove the "voluntary water restriction" signs in the District.

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

Construction Plan Review:

Wing Stop Restaurant (7450 FM 1960 E, Suite 210): The plans showed connection to an existing 4-inch sanitary sewer, which will not be allowed. ST can meet with the architect to assist with a feasible connection.

HEB Car Wash: Capacity for 8.7 ESFC was committed on October 20, 2011. Brown & Gay expects to receive plans early next week, at the latest.

Splash Lake Houston (Northeast Corner of Atascocita Shores Drive at FM 1960 East): A capacity commitment was issued to Splash Lake Houston for 145 ESFC on October 20, 2011.

Community Resource Credit Union (Atascocita Road): To be discussed under capacity commitments.

Letter from Harris County Public Infrastructure Department (“HCPID”): Side-lot storm sewer at 20406 Spoonwood Drive: No Action.

Brown & Gay notified Mr. Jim Brown, the resident at 20406 Spoonwood Drive, of the District’s assessment that Pinehurst Trail Holdings is responsible for the maintenance of the side-lot storm sewer.

Water Plant Expansion (Schier Construction):

Pay Estimate No. 10 in the amount of \$205,308 has been reviewed and is recommended for approval and payment. This estimate includes payment for the asphalt pad, tank mat, and partial completion of erection of the GST at Water Plant No. 2 on West Lake Houston Parkway (“WLHP”). Funds totaling 10% of the completed work have been withheld from payments to date (\$136,764.50).

Caldwell Tanks mobilized to WLHP in December 2011. The updated schedule for the remaining work at both plants is attached to the Engineer’s Report.

ST is coordinating with the contractor for the work on the existing GST at Water Plant No. 1 (“Rebawood”) and with Preventive Services for the interior inspections of the GST and the older HPT. The same coordination will occur for WLHP at the appropriate time in the near future.

In response to a question, Ms. Zapletal stated that she will coordinate with Ms. Wynn to include an article on the new GST in a District newsletter once the tank is complete.

Sanitary Sewer Rehabilitation, Phase IV:

The warranty inspection will be scheduled at the appropriate time so any warranty issues can be addressed by June 10, 2012.

Atascocita Joint Operations Board (“AJOB”):

The compilation through December 2011 indicates an average daily flow of 4.66 mgd, or an average of 270 gpd/ESFC. Rainfall for the month totaled 6.7 inches.

E-mail communication with the operator confirmed that there were no odor complaints in December 2011.

EF Services should complete the bar screen repairs before February 17, 2012.

Brown & Gay updated the Plant’s SWPPP and will submit payment to the TCEQ, upon receipt of an invoice.

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 the Engineer’s

Report and to approve and authorize payment of Pay Estimate No. 10 in the amount of \$205,308 in connection with the water plant expansion.

10. **Review and authorize capacity commitment letters.** Ms. Zapletal stated that Brown & Gay received a capacity commitment request from Community Resource Credit Union, a copy of which is attached to the Engineer's Report. Ms. Zapletal reported that Community Resource Credit Union will require 1,018 gpd of water supply and 858 gpd of dry weather flow and wastewater treatment plant capacity. 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 authorize a capacity commitment letter for Community Resource Credit Union.

11. **Discuss and take any action in connection with drainage issues in Kings River Estates, Section 4 ("KRE4").** Ms. Zapletal reviewed the following information from the written Engineer's Report, a copy of which is attached hereto as Exhibit "G."

Diversion Swale and Berm for Kings River Estates, Section Four

Pay Estimate No. 9 and Final in the amount of \$28,718.05 was reviewed and recommended for approval and payment in December. The estimate included payment for release of retainage, less costs for cancelled testing services due to the contractor's scheduling conflicts.

The Engineer's Certificate of Completion is attached to the Engineer's Report. The warranty inspection will be scheduled at the appropriate time so any warranty issues can be addressed before November 17, 2012.

Mr. Mattingly presented to and reviewed with the Board the maintenance report in connection with the diversion swale and berm, a copy of which is attached hereto as Exhibit "H." Ms. Zapletal stated that Brown & Gay will notify the private utility company of the safety concern (ground settlement) located by Champions Hydro-Lawn. Ms. Zapletal noted that the ground settlement is not due to the District's work in the area. It was the consensus of the Board that ST put up warning flags to warn people of the uneven ground.

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 payment of Pay Estimate No. 9 and Final in the amount of \$28,718.05.

12. **Adopt Order Calling Directors Election.** Discussion ensued regarding the appointment of election officials and the polling locations for the May 12, 2012 Director's election. Director House confirmed that if an election becomes necessary, the library can only be reserved for early voting. Director Stine stated that he will coordinate with Director Holder to find individuals willing to serve as election officials. The Board discussed possible locations for holding the election on Saturday, May 12, 2012. The Board noted that the Directors should check with the church and strip center to see if there is space available. The Board reviewed a draft of the Order Calling Directors Election, a copy of which is attached hereto as Exhibit "I." 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 Order Calling Directors Election.

Director Stine stated that he will provide Ms. Christensen with the names of the election officials and polling location for Saturday, May 12, 2012.

13. **Discuss and take any action in connection with District communications.** Ms. Wynn noted that Texas Network has completed the redesign of the District's website. It was the consensus of the Board that the Texas Network "go live" with the new design.


Ms. Wynn reported on ideas for articles in the next quarterly newsletter.

14. **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.

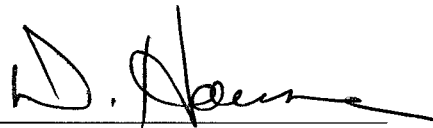
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The above and foregoing minutes were passed and approved by the Board of Directors on February 16, 2012.



Vice President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

