

MINUTES OF MEETING OF BOARD OF DIRECTORS
April 19, 2012

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 Trails Drive, Humble, Texas, 77346, on April 19, 2012 at 6:00 p.m.; whereupon the roll was called of the Board, to-wit:

Tim Stine, Vice President
Don House, Secretary
Jerrel Holder, Assistant Secretary
Lloyd Lentz, Director
Michael Whitaker, Director

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. 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. Mike McCall of McCall Gibson Swedlund Barfoot PLLC, auditor for the District; Ms. Jana Cogburn and Ms. Carla Christensen 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 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 "A," and the following business was transacted:

1. **Minutes.** Proposed minutes of the meeting of March 15, 2012, 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 March 15, 2012, as presented.

2. **Receive comments from the public.** The Vice President recognized Ms. Pam Smith, who inquired on the status of maintenance of the drainage ditch located on the former golf course property. Ms. Smith stated that numerous tree branches and a damaged concrete culvert located near former Pinhurst hole number nine are blocking the drainage during heavy rain events. Director Stine stated that he was informed by the owner of the former golf course property, Pinehurst Trail Holdings, that a company was hired to perform maintenance and remove debris in the drainage ditch. Discussion ensued. Ms. Smith reported that she took

numerous pictures along the drainage ditch. In response to a question, Ms. Smith stated that she will coordinate with the District's communication liaison, Ms. Wynn, and provide copies of the pictures.

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

3. **Election of Officers.** Discussion ensued. 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 elect the following slate of officers:

Tim Stine, President
Don House, Vice President
Jerrel Holder, Secretary
Lloyd Lentz, Asst. Secretary
Michael Whitaker, Asst. Secretary

4. **Engage auditor for fiscal year ending May 31, 2012.** The President recognized Mr. McCall, who presented to and reviewed with the Board a proposed auditor engagement letter for the fiscal year ending May 31, 2012, a copy of which is attached hereto as Exhibit "B." Mr. McCall stated that the estimated cost for the audit is between \$14,000 - \$14,500.

Discussion ensued regarding unclaimed builder deposits. Mr. McCall and Ms. Conley noted that the funds from any builder deposit refund checks not cashed are escheated to the State of Texas.

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 engage McCall Gibson Swedlund Barfoot PLLC to perform the District's audit for fiscal year ending May 31, 2012, and to authorize the President to execute the auditor engagement letter.

5. **Review Bookkeeper's Report and Investment Report.** Ms. Conley presented to and reviewed with the Board the Bookkeeper's Report for the period ending April 19, 2012 and the Investment Report, copies of which are attached hereto as Exhibit "C." 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 accept the Bookkeeper's Report for the period ending April 19, 2012, to approve the Investment Report, and to authorize payment of check numbers 7710 through 7748 from the Operating Account, all as listed in the Bookkeeper's Report.

In response to a question from Director Holder, Ms. Conley stated that she will determine the amount of money the District has saved over the previous three months by emailing the Bookkeeper's Reports.

6. **Adopt budget for fiscal year ending May 31, 2013.** Director Stine reviewed with the Board the proposed budget for fiscal year ending May 31, 2013, a copy of which is attached hereto as Exhibit "D." Discussion ensued regarding the proposed budget. Director Stine requested that the Board and consultants review the proposed budget and provide any input to him prior to the next Board meeting.

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 March 2012 and the delinquent tax attorney report, copies of which are attached hereto as Exhibit "E." Mr. Keefe noted that 97.7% of the District's 2011 taxes had been collected as of March 31, 2012. 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 the Tax Assessor and Collector's Report, to authorize payment of check numbers 1710 through 1717 from the Tax Account to the persons, in the amounts, and for the purposes listed therein, and to authorize moving 23 personal property accounts to the uncollectible roll. Mr. Keefe stated that he will coordinate with the delinquent tax attorney regarding the delinquent account for Better Bikes.

8. **Operations Report and Billing and Collections Report.** Mr. Jones presented to and reviewed with the Board the Operations Report for March 2012, a copy of which is attached hereto as Exhibit "F." Mr. Jones reported that 96.86% of the water pumped was billed for the month ending March 21, 2012.

Mr. Jones stated that he previously reported that the two doors at the chemical room at water plant no. two could be replaced for \$500 per door. Mr. Jones stated that contractor made a measurement mistake and it will cost \$600 to replace each door.

Mr. Jones reported that he obtained two estimates for updating the landscaping at water plant no. one ("Rebawood Plant"). Mr. Jones stated that the low estimate was from Lake Houston Lawn Care in the amount of \$543.54. Discussion ensued regarding the mowing schedule for the Rebawood Plant. The Board established a mowing schedule for the front of the Rebawood Plant based on a residential schedule and mowing for inside the Rebawood Plant and the West Lake Houston Water Plant based on a commercial schedule.

Mr. Jones requested permission to turn over six accounts in the aggregate amount of \$1,417.36 to collections and to write off one account in the amount of \$23.14.

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 Operations Report, to authorize termination of service to the delinquent accounts, to authorize the replacement of two doors at the chemical room at water plant no. two at a cost of \$600 per door, to authorize Houston Lawn Care to update the landscaping at the Rebawood water plant, to authorize ST to turn over six accounts in the aggregate amount of \$1,417.36 to collections and to write off one account in the amount of \$23.14.

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:

Nothing Bundt Cakes (19250 West Lake Houston Parkway, Suite I): Brown & Gay received a call today and will receive plans tonight for review. Brown & Gay will coordinate with ST tomorrow for review.

HEB Car Wash (7407 FM 1960 E): Capacity for 8.7 ESFC (3,915 gpd of water supply and 2,784 gpd of dry weather flow and wastewater treatment capacity) was committed on October 20, 2011. The engineer verified the system installed by the contractor includes use of water reclaimed from the mud/sand interceptors.

Community Resource Credit Union (Atascocita Road): No plans have been received.

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.

Splash Lake Houston (NE corner of Atascocita Shores Drive at FM 1960 East): Capacity for 145 ESFC was committed on October 20, 2011. No plans have been received.

Service to Former Golf Course Property (Pinehurst Trail Holdings, LLC):

A copy of the map depicting the tract proposed by Pinehurst Trail Holdings, LLC for annexation and the March 27, 2011 letter sent to Mr. Bauer in response to an email received are attached to the Engineer's Report.

Storm sewer maintenance review summary:

Brown & Gay will submit a request to Harris County Public Infrastructure Department to confirm the segments maintained by Harris County. The final summary will be distributed in a future report.

Sanitary Sewer Rehabilitation, Phase IV (Insituform Technologies):

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

Water Plant Expansion (Schier Construction):

Schier Construction is awaiting the subcontractor to button up the new Ground Storage Tank ("GST") at Water Plant No. 2 (West Lake Houston Parkway) before it can be filled. The contractor is coordinating with subcontractors' schedules for the Hydro-Pneumatic Tank ("HPT") control modifications at Water Plant No. 1 (Rebawood) and the modifications to the existing GST at Water Plant No. 2 (WLHP). Brown & Gay has asked the contractor to be ready for the TCEQ inspection in May 2012.

Pay Estimate No. 13 in the amount of \$113,953.50 has been reviewed and is recommended for approval and payment. This estimate includes payment for completion of the paving items at Water Plant No. 1 (Rebawood); replacement of a leaking valve on the suction header at Water Plant No. 2; and electrical and cathodic protection for the new GST at Water Plant No. 2 (WLHP); and 97% completion of yard piping items. Funds totaling 10% of the completed work have been withheld from payments to date (\$159,214).

ST will coordinate an inspection by Preventive Services for the existing tanks at WLHP at the appropriate time in the very near future.

Brown & Gay and ST are coordinating with Schier for replacement of an air release valve on the suction header as part of regular maintenance at the plant.

Atascocita Joint Operations Board ("AJOB"):

There is no AJOB report at this time.

Diversion Swale and Berm for Kings River Estates, Section Four -Construction contract (C.E. Barker, Ltd.):

Brown & Gay is coordinating with F&J to secure three drainage easements not previously returned for recordation. The easements are on Lot 2, Lot 4, and within the POA's Reserve A.

The warranty inspection will be scheduled at the appropriate time so any warranty issues can be addressed before November 17, 2012.

Weather permitting, Champions-Hydro Lawn will be mowing and then over-seeding with Bermuda late this week or early next week pursuant to the maintenance schedule.

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 Engineer's Report, and to approve and authorize payment of Pay Estimate No. 13 in the amount of \$113,953.50 in connection with the water plant expansion.

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

11. **Discuss and take necessary action in connection with providing water service to Atascocita Country Club.** Ms. Cogburn reported that F&J sent the required 90-day termination notice to Pinehurst Trail Holdings, LLC in connection with the Water Supply and Sanitary Sewer Contract with Atascocita Country Club (the "Contract") on March 19, 2012. Ms. Cogburn noted that F&J and Brown & Gay also provided Pinehurst Trail Holdings, LLC with a summary of the legal and engineering costs associated with annexation the former golf course property. Ms. Cogburn stated that F&J has not yet received the signed letter agreement or an annexation deposit from Pinehurst Trail Holdings, LLC.

Director Stine stated that Mr. Stunja informed him that he is coordinating with QLS regarding the engineering and legal annexation cost estimates provided. Director Stine reported that Mr. Stunja requested the Board's consideration of allowing Pinehurst Trail Holdings, LLC to pay fees in lieu of property taxes and continue providing out-of-District service to the former golf course property. It was the consensus of the Board that the District is only willing to provide service to property within the District's boundaries.

12. **Discuss and take any action in connection with District communications.** Ms. Wynn reported that the Texas Network completed the redesign of the District's website and the new website is now "live." Ms. Wynn reported that the documents on the website will continue to be updated.

Ms. Wynn reported that the quarterly newsletter will be distributed in the next week.

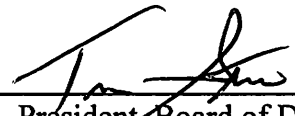
13. **Other matters.** It was the consensus of the Board to hold the July 2012 meeting on Thursday, July 12, 2012 at 6:00 p.m. at the library due to the AWBD Conference the following week.

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 May 17, 2012.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

