

MINUTES OF MEETING OF BOARD OF DIRECTORS
March 15, 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 March 15, 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 Directors House and Holder. 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 and 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, Communications Program Consultant; Mr. Michael Whitaker, a resident of 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 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 February 16, 2012, previously distributed to the Board, were presented for approval. 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 minutes of the meeting of February 16, 2012, 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.

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 March 15, 2012 and the Investment Report, copies of which are attached hereto as Exhibit "B." Upon motion by Director Lentz, seconded by Director Stine, 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 March 15, 2012, to approve the Investment Report, and to authorize payment of check numbers 7684 through 7709 from the Operating Account, all as listed in the Bookkeeper's Report.

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 February 2012 and the delinquent tax attorney report, copies of which are attached hereto as Exhibit "C." Mr. Keefe noted that 97.15% of the District's 2011 taxes had been collected as of February 29, 2012. 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 1693 through 1709 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. Jones presented to and reviewed with the Board the Operations Report for February 2012, a copy of which is attached hereto as Exhibit "D." Mr. Jones reported that 95.65% of the water pumped was billed for the month ending February 17, 2012.

Mr. Jones reported that two doors at the chemical room at water plant no. two need to be replaced. Mr. Jones stated that it will cost \$500 to replace each door.

Mr. Jones presented to and reviewed with the Board a proposal from ST to repair or replace booster pump no. three motor, a copy of which is attached to the Operations Report. Mr. Jones noted that it will cost \$6,260 to repair the motor or \$7,394 to replace the motor.

Mr. Jones reviewed with the Board photographs taken of trees on the ground of the golf course property near drainage. Mr. Jones noted that the trees are not currently impeding the drainage flow, but they are within the District's easement.

Mr. Jones presented photos of downed trees on the golf course that are blocking areas in the drainage channel that is mowed by the District. Mr. Jones stated that ST can meet with Mr. Stunja to show him the downed trees that need to be removed from the property.

Mr. Jones reported that he provided a check in the amount of \$13,000 to the bookkeeper in connection with the insurance claim for the pump motor at water plant no. one (Rebawood).

Upon motion by Director Lentz, 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, to authorize the replacement of two doors at the chemical room at water plant no. two and to authorize the replacement of the booster pump no. three motor.

6. **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 "E" 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 will meet with the architect to assist with a feasible connection.

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 requested capacities were based on the use of a reclaim system. However, the plans do not include one at this time. Brown & Gay has noted the limitation on committed capacity and that any future system installations will need to be reviewed and approved prior to construction and inspected by ST after installation. The balance of comments noted will not affect construction underway.

The Board directed Ms. Zapletal to put HEB on notice that they have to stay within their allotted capacity.

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.

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

Side-lot storm sewer at 20406 Spoonwood Drive

The necessary repairs have been completed by ST. Site leveling and sod work remain to be completed.

Storm sewer maintenance review summary

As approved last month, Brown & Gay reviewed construction plans to identify storm sewers that may be maintained by the District, storm sewers to be maintained by Harris County, and storm sewers that may be maintained by others (golf course and HOA). The preliminary summary is under review by Brown & Gay prior to coordination with other entities. Brown & Gay will then coordinate with ST to provide estimated televising costs for the Board's consideration.

A draft of the summary and cost estimates is attached to the Engineer's Report. The final summary and televising cost estimate will be distributed in a future report.

Drainage Channel on Golf Course

Brown & Gay received correspondence from the Community Improvement Association ("CIA") President and confirmed the District's quarterly mowing of the channel to maintain drainage.

Water Plant Expansion (Schier Construction):

Schier Construction is currently working on the new pavement at Water Plant No. 1 (Rebawood) and the equalization and suction lines at Water Plant No. 2 (West Lake Houston Parkway).

Pay Estimate No. 12 in the amount of \$14,917.50 has been reviewed and is recommended for approval and payment. This estimate includes payment for completion of the protective coatings on the new Ground Storage Tank ("GST") at Water Plant No. 2. Funds totaling 10% of the completed work have been withheld from payments to date (\$146,552.50).

ST coordinated an inspection by Preventive Services in February 2012 of the existing GST at Water Plant No. 1. Preventive Services noted that the exterior and interior are in acceptable condition. However, the company noted isolated areas of coating defects above the water line in the tank. Brown & Gay concurs with Preventive Services' recommendations to monitor the interior coatings above the water line and to continue an annual preventive maintenance program to help prevent major repairs in the future.

ST will coordinate an inspection by Preventive Services for the existing tanks at Water Plant No. 2 at the appropriate time in the very near future.

In response to questions and a request from ST, Brown & Gay asked the contractor for costs to add an electrical modification to Water Plant No. 1. For \$5,100, the contractor can modify the hydro-pneumatic tank controls and associated electrical components to remove the selector switch in order to automate the air compressors that pressurize tanks 1 and 2. Extra Pay Items not anticipated for use (\$18,500) can also be deleted as part of proposed Change Order No. 5 for a net decrease of \$13,400. No additional time would be added to the contract. This change would still allow the contract not to exceed the maximum set by the Board with Change Order No. 4.

It was the consensus of the Board to not have the contractor modify the hydro-pneumatic controls to automate eliminating the manual activation.

Capital Project Summary

The updated summary is attached to the Engineer's Report. Brown & Gay requests input on the Board's preference for information to post, if any, on the website.

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"):

There was no AJOB report at this time.

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

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

Brown & Gay is coordinating with F&J to secure three remaining drainage easements not previously returned for recordation. Such easements are on lots 2, 4 and within the Property Owner's Association Reserve A.

Ms. Zapletal reported that Champions Hydro-Lawn will over-seed with Bermuda in early April 2012 in accordance with the maintenance schedule.

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, to approve and authorize payment of Pay Estimate No. 12 in the amount of \$14,917.50 in connection with the water plant expansion, and to approve Change Order No. 5 (net decrease of \$23,600) in connection with the water plant expansion.

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

8. **Discuss and take necessary action in connection with providing water service to Atascocita Country Club.** Ms. Cogburn reported that the District received a request from Pinehurst Trail Holdings, LLC, on behalf of a new tenant, for the District's operator to inspect the plumbing facilities at the former golf course clubhouse. Ms. Cogburn stated that such property is out-of-District and the District previously entered into a Water Supply and Sanitary Sewer Contract with Atascocita Country Club (the "Contract") on July 29, 1975. Ms. Cogburn stated that the Contract term was 20 years with automatic one-year extensions and termination of the Contract requires written notification not less than 90 days prior to the end of the term. Ms. Cogburn stated that the District does not have a separate contract with the current owner of the former golf course property, Pinehurst Trail Holdings, LLC.

The President recognized Mr. Joe Stunja of Pinehurst Trail Holdings, LLC. Mr. Stunja introduced Ms. Kathy Lookofsky, who plans to lease a portion of the former golf course property for a catering business. Mr. Stunja stated that in order for the catering business to obtain County approval to re-open the kitchen and dining facilities in the former clubhouse, the Harris County Health Department must conduct an inspection and receive written confirmation from the District's operator that the property owner (Pinehurst Trail Holdings, LLC) is in compliance with the District's plumbing codes.

Extensive discussion ensued regarding the District's policy on providing "out-of-District" service. Mr. Stunja reported that he met with Ms. Cogburn and two Board members in 2009, prior to Pinehurst Trailing Holdings, LLC's purchase of the golf course property. Ms. Cogburn reported that at such meeting there was no agreement or discussion in connection with the District continuing to provide "out-of-District" service to any new owner of the golf course property. The Board discussed the policy issues with respect to providing "out-of-District" service and agreed that property needs to be annexed to receive service.

Discussion ensued regarding how the QLS property, which is not within the District's boundaries and is not owned by Pinehurst Trail Holdings, LLC, is receiving service. It was noted by residents in attendance at the meeting that the restrooms on the QLS property are in operation. Mr. Mensik stated that the QLS property could only receive water and sewer service through the country club service connection. The Board noted that it has not authorized Pinehurst Trailing Holdings, LLC to provide service to the QLS property and that such service must be disconnected on or before July 29, 2012 by Pinehurst Trail Holdings, LLC.

Extensive discussion ensued regarding the District's requirements for providing service to the Pinehurst Trail Holdings, LLC property. 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 authorize F&J to draft an agreement with Pinehurst Trail Holdings, LLC for temporary "out-of-District" water and sewer service for a term not to exceed January 1, 2013, subject to receipt of formal request from Pinehurst Trail Holdings, LLC for annexation of their property into the District. The Board noted that such agreement would terminate and water and sewer service would be disconnected if the annexation had not been completed prior to January 1, 2013 and that Ms. Lookofsky and Mr. Stunja need to understand the risks associated with proceeding with such temporary service. It was the consensus of the Board to provide the required 90-day termination notice in connection with the Contract by April 20, 2012.

Mr. Stunja stated that he will provide the formal request and annexation plan to F&J by the end of next week and include an exhibit depicting the property requested for annexation.

9. **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 on ideas for articles in the next quarterly newsletter.

10. **Adopt Order Declaring Unopposed Candidates Elected to Office.** The Board reviewed an Order Declaring Unopposed Candidates Elected to Office, a copy of which is attached hereto as Exhibit "F." Ms. Cogburn informed the Board that the election may be canceled pursuant to the Texas Election Code since the three Board positions are uncontested. 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 Declaring Unopposed Candidates Elected to Office.

Ms. Cogburn noted that Mr. Whitaker has executed and filed a statement of elected official and is qualified to serve as a director for Director Haney's unexpired term. Mr. Whitaker then executed his oath of office, qualifying him to serve.

11. **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 April 19, 2012.



Vice President, Board of Directors

ATTEST:



Asst. Secretary, Board of Directors

(DISTRICT SEAL)

