

MINUTES OF MEETING OF BOARD OF DIRECTORS
May 17, 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 May 17, 2012 at 6:00 p.m.; whereupon the roll was called of the Board, to-wit:

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

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, Mr. Rico Rodriguez, and Mr. Rodney Heisch 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; Mr. Joe Mattingly of Champions Hydro-Lawn; 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 April 19, 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 April 19, 2012, as presented.

2. **Receive comments from the public.** The President recognized Ms. Rose, who inquired on the status of service to the former golf course property and the status of the Splash Houston development. Director Stine reported that the Board has not received any recent communication from QLS/Lifetime Fitness or Mr. Joe Stunja, but the former golf course property is on schedule to be annexed by the end of year. 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 May 17, 2012 and the Investment Report, copies of which are attached hereto as Exhibit "B." 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 accept the Bookkeeper's Report for the period ending May 17, 2012, to approve the Investment Report, and to authorize payment of check numbers 7749 through 7791 from the Operating Account, all as listed in the Bookkeeper's Report.

In response to a previous question from Director Holder, Ms. Conley reported that the District is saving approximately \$125.00 per month by having the Bookkeeper's Reports emailed.

Director Stine stated that the stale dated checks issued in connection with escheated funds (for developer's deposits) should be posted to a separate, miscellaneous account instead of the water revenue account.

4. **Adopt budget for fiscal year ending May 31, 2013.** Director Stine reviewed with the Board the budget for fiscal year ending May 31, 2013, a copy of which is attached hereto as Exhibit "C." Director Stine stated that he received input from the Board and consultants and revised the budget in accordance with such input. 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 adopt the budget for fiscal year ending May 31, 2013.

5. **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 April 2012, a copy of which is attached hereto as Exhibit "D." Mr. Keefe noted that 97.9% of the District's 2011 taxes had been collected as of April 30, 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 and to authorize payment of check numbers 1718 through 1720 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

6. **Operations Report and Billing and Collections Report.** Mr. Jones presented to and reviewed with the Board the Operations Report for April 2012, a copy of which is attached hereto as Exhibit "E." Mr. Jones reported that 103.71% of the water pumped was billed for the month ending April 20, 2012.

Mr. Jones reported that there are 125 customers on the delinquent list for the month.

Mr. Jones reviewed with the Board a memorandum from ST in connection with the Operator's annual report on the identity theft protection program, a copy of which is attached to the Operator's Report.

Mr. Jones requested permission to turn over two accounts in the aggregate amount of \$149.39 to collections.

Director Stine reported that there has not been any clean-up activity by Pinehurst Trail Holdings on the former golf course drainage ditch property. Director Stine reported that the Harris County Health Department issued an Order to have the piles of trash removed from the drainage ditch property within 30 days, but the trash piles have not yet been removed. Director Stine noted that any resident can file a complaint with Harris County at Http://www.hcphe.org/eph/nn_complaint.htm.

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 Operations Report, to authorize termination of service to the delinquent accounts, and to authorize ST to turn over two accounts in the aggregate amount of \$149.39 to collections.

7. Approve Consumer Confidence Report. Mr. Jones reported that the final test results have not yet been received from the TCEQ. 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 distribution of the 2011 Consumer Confidence Report, a copy of which is attached hereto as Exhibit "F," subject to final review of the Consumer Confidence Report by Director Lentz.

8. 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 has reviewed and approved the plans.

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):

Brown & Gay has not received any communication from Pinehurst Trail Holdings or Mr. Bauer in the last month.

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 is scheduled for May 17, 2012 at 9:30 a.m. Items with extended warranties will be re-inspected at the appropriate time in the future.

Water Plant Expansion (Schier Construction):

The new Ground Storage Tank ("GST") at Water Plant No. 2 (West Lake Houston Parkway) has been filled. The contractor is coordinating with subcontractors' schedules for the Hydro-Pneumatic Tank ("HPT") control modifications at Water Plant No. 1 (Rebawood). Brown & Gay has asked the contractor to be ready for the TCEQ inspection in May 2012.

Pay Estimate No. 14 in the amount of \$900.00 has been reviewed and is recommended for approval and payment. This estimate includes payment for sterilization of the new GST at Water Plant No. 2. Funds totaling 10% of the completed work have been withheld from payments to date (\$159,214).

ST coordinated an inspection by Preventive Services for the existing GST tank this month and will inspect the HPT in the fall.

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.

Mr. Mattingly presented to and reviewed with the Board the maintenance report, a copy of which is attached hereto as Exhibit "H." Champions Hydro-Lawn completed the mowing and overseeding work on May 15, 2012 pursuant to the maintenance schedule.

Ms. Zapletal introduced the new District engineering representative, Mr. Rodriguez.

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 Engineer's Report, and to approve and authorize payment of Pay Estimate No. 14 in the amount of \$900.00 in connection with the water plant expansion.

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

10. **Discuss and take necessary action in connection with providing water service to Atascocita Country Club and take necessary action in connection with annexation of such property.** Director Stine reported that there are two potential buyers for 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.

11. **Discuss and take any action in connection with District communications.** Ms. Wynn reported that the quarterly newsletter has been distributed. Ms. Wynn noted that the next newsletter is planned for late summer or early fall. Ms. Wynn stated that she will have the CCR posted on the website.

12. **Other matters.** Director House stated that he is coordinating with the District's electricity broker regarding the District's electricity contract that expires in September 2012.

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 June 21, 2012.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

