

MINUTES OF MEETING OF BOARD OF DIRECTORS
June 21, 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 June 21, 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 except Director Lentz, who entered the meeting in progress. Also attending all or parts of the meeting were Ms. Brenda McLaughlin 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; Mr. Rico Rodriguez and Mr. Rodney Heisch of Brown & Gay Engineers, Inc. ("*Brown & Gay*"), engineer 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 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 meetings of May 17 and May 26, 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 meetings of May 17 and May 26, 2012, as presented.

2. **Receive comments from the public.** There were no 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 June 21, 2012 and the Investment Report, copies of which are attached hereto as Exhibit "B." Upon motion by Director House, seconded by Director Whitaker, 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 June 21, 2012, to approve the Investment Report, and to authorize payment of check

numbers 7792 through 7825 from the Operating Account, all as listed in the Bookkeeper's Report.

4. **Review Tax Collector's Report and authorize payment of certain bills.** Ms. McLaughlin presented to and reviewed with the Board the Tax Assessor and Collector's Report for the month of May 2012, a copy of which is attached hereto as Exhibit "C." Ms. McLaughlin noted that 98.1% of the District's 2011 taxes had been collected as of May 31, 2012. 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 Tax Assessor and Collector's Report and to authorize payment of check numbers 1721 through 1728 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

Ms. McLaughlin reported that Texas Capital Bank is no longer handling public funds. Ms. McLaughlin stated that the Bob Leared Interests is obtaining the necessary documentation to transfer the District's account to Comerica Bank.

5. **Operations Report and Billing and Collections Report.** Mr. Jones presented to and reviewed with the Board the Operations Report for May 2012, a copy of which is attached hereto as Exhibit "D." Mr. Jones reported that 96.23% of the water pumped was billed for the month ending May 22, 2012.

Mr. Jones reviewed with the Board a letter from Mr. Alphonso Moody, a resident at 7811 17th Green Drive, requesting the Board's consideration for an adjustment to his recent water bill due to a leaking faucet, a copy of the letter is attached to the Operations Report. It was the consensus of the Board to deny such request.

Director Lentz entered the meeting at this time.

Mr. Jones reported that ST can update the District's Asset Management Program inventory at a cost of \$1,000. Discussion ensued.

Mr. Jones reported that the no. three booster pump at water plant no. one stopped working. Mr. Jones reported that a rental pump has been installed. Mr. Jones stated that it will cost \$7,394 to replace the booster pump and \$6,200 to re-build the pump.

Mr. Jones reported the well motor at water plant no. two burned to ground and is not operable. Mr. Jones stated that there is currently a rental motor operating the well and that he is coordinating with the District's insurance company to determine whether the District can make an insurance claim. Mr. Jones stated that the last time the motor burned to ground was in 2009. Mr. Jones stated that it will cost \$20,225 to replace the motor with a one-year warranty or \$23,325 to replace the motor with a motor that has been baked and double dipped and includes a three-year warranty. Discussion ensued regarding the sizing of the well motor. It was the consensus of the Board that Mr. Jones and Mr. Rodriguez coordinate to determine the required size of motor for water plant no. two.

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 Operations Report, to authorize termination of service to the delinquent accounts, to authorize ST to update

the District's Asset Management Program, to authorize the replacement of booster pump no. three at water plant no. one at a cost of \$7,394, and to authorize the replacement of the water plant no. two well motor at a cost of \$23,325.

Mr. Jones reported that ST is receiving a substantial number of alarm calls from the Rebawood water plant (water plant no. one) due to animals. Discussion ensued regarding the District's current alarm/security contract with ADT. It was the consensus of the Board that Director Lentz coordinate with the District's operator and Waste Management regarding the security needs at the District facilities.

6. **Engineer's Report.** Mr. Rodriguez 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:

Community Resource Credit Union (Atascocita Road): Brown & Gay received two sets of plans on June 5, 2012. Brown & Gay has completed our review and will send their engineer a copy of our comments.

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):

F&J was contacted by QLS/Lifetime Fitness ("QLS") and Pinehurst Trail Holdings ("PTH") since the last Board meeting. Both QLS and PTH informed F&J that they would like to proceed with annexation.

Brown & Gay has informed both QLS and PTH of the requirement to plat their property.

A representative of Lifetime Fitness subsequently contacted Brown & Gay seeking information regarding the annexation process. It was communicated to them that the property would have to be platted and they would need to make a capacity request.

Ms. Christensen stated that both QLS and PTH are aware of the necessary annexation deposit.

Storm sewer maintenance review summary:

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

Director Stine requested that Brown & Gay proceed immediately with the request to the HCPID as drainage is about to become a timely topic for the District.

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 has completed the Hydro-Pneumatic Tank ("HPT") control modifications at Water Plant No. 1 (Rebawood). Brown & Gay will schedule a final inspection within the next several weeks.

Pay Estimate No. 15 in the amount of \$18,540.00 has been reviewed and is recommended for approval and payment. This estimate includes payment for modifications to the HPT control modifications at Water Plant No. 1 and final grading site work. Funds totaling 10% of the completed work have been withheld from payments to date (\$161,374).

Atascocita Joint Operations Board ("AJOB"):

A copy of the draft AJOB report is attached to the Engineer's Report.

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.

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, and to approve and authorize payment of Pay Estimate No. 15 in the amount of \$18,540 in connection with the water plant expansion.

7. **Review and authorize capacity commitment letters.** Mr. Rodriguez stated that Brown & Gay received an updated capacity commitment request from Community Resource Credit Union, a copy of which is attached to the Engineer's Report. Mr. Rodriguez reported that Community Resource Credit Union will require 1,206 gpd of water supply and 858 gpd of dry weather flow wastewater treatment plant capacity. 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 authorize a capacity commitment letter for Community Resource Credit Union.

8. **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 is a potential buyer for the former golf course property.

Ms. Cogburn reported that F&J has received the signed letter agreement from PTH and is awaiting receipt of the annexation deposits from QLS and PTH. Discussion ensued regarding requirement to plat the property. It was the consensus of the Board that Ms. Cogburn prepare agreements with PTH and QLS for temporary "out-of-District" water and sewer service for a term not to exceed January 1, 2013, at which time the annexations should be complete.

9. **Discuss and take necessary action in connection with electricity contract (current contract with Liberty Power expires October 1, 2012).** Director House reported that he is coordinating with Eisenbach Consulting regarding the renewal of the District's electricity contract that expires at the end of September 2012. Director House noted that he has received preliminary bid tabulations for a 12, 24, 36, 48, and 60 month contract. Discussion ensued. Upon motion made by Director Holder, seconded by Director Lentz, after full discussion and the question being put to the Board, the Board voted unanimously to authorize Director House to coordinate with Eisenbach Consulting to obtain current pricing and to execute the most advantageous contract.

10. **Authorize filing of required eminent domain documentation with Comptroller to retain condemnation powers.** Ms. Cogburn reviewed with the Board the Required Documentation of Eminent Domain Authority in Texas, a copy of which is attached hereto as Exhibit "F." Ms. Cogburn stated that pursuant to Senate Bill 18 enacted by the 82nd Legislature, such documentation is required to be filed with the Comptroller of Public Accounts by December 31, 2012 in order for the District to retain its condemnation powers. 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 execution and filing of the Required Documentation of Eminent Domain Authority in Texas with the Comptroller.

11. **Discuss and take any action in connection with District communications.** There was no report on District communications at this time.

12. **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 July 12, 2012.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

