

MINUTES OF MEETING OF BOARD OF DIRECTORS
November 17, 2005

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 offices of Fulbright & Jaworski L.L.P., 1301 McKinney, Houston, Texas, 77010 on November 17, 2005 at 12:00 p.m.; whereupon the roll was called of the directors, to-wit:

Marie Wilkinson, President
Ray Hughes, Vice President
Bobby Haney, Secretary
David Johnson, Assistant Secretary

All members of the Board were present except Director Wilkinson. Director Johnson entered the meeting in progress. Also attending all or parts of the meeting were Ms. Beulah Kelly of Myrtle Cruz, Inc., bookkeeper for the District; Mr. Ben Pawlak of Bob Leared Interests, tax assessor and collector for the District; Mr. Leroy Mensik of Severn Trent Environmental Services, Inc. (“*ST*”), operator of the District’s facilities; Ms. Amy Zapletal of Brown & Gay Engineers, Inc., engineer for the District; Ms. Anthea Moran of First Southwest Company, financial advisor for the District; Mr. Martin Willhoite of the Atascocita Observer Newspaper; Mr. Charlie Berger, a resident of the District; and Ms. Jana Cogburn and Ms. Carla Christensen of Fulbright & Jaworski L.L.P. (“*F&J*”), attorneys for the District.

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 “B”, and the following business was transacted:

1. **Public Hearing on proposed tax rate.** The Vice President opened the hearing on the proposed 2005 tax rate. There were no comments on the tax rate from the public.

2. **Accept qualifications of new director.** Ms. Christensen noted that Mr. Berger has executed and filed a statement of appointed official and is qualified to serve as a director for Director Armstrong’s unexpired term. Upon motion by Director Hughes, seconded by Director Haney, after full discussion and the question being put to the Board, the Board voted unanimously to accept the qualifications of Mr. Berger and to appoint him to serve the remainder of Director Armstrong’s unexpired term. Mr. Berger then executed his oath of office, qualifying him to serve as a director.

3. **Election of officers.** Upon motion by Director Hughes, seconded by Director Haney, after full discussion and the question being put to the Board, the Board voted unanimously to elect Director Haney as Secretary, Director Berger as Assistant Secretary and to retain the remaining officers as previously elected.

4. **Adopt Order Setting Tax Rate and Levying Tax For 2005.** The Board reviewed the Order Setting Tax Rate and Levying Tax for 2005, a copy of which is attached hereto as Exhibit "B." Upon motion by Director Haney, seconded by Director Berger, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order Setting Tax Rate and Levying Tax for 2005, thereby levying a tax rate of \$0.46 per \$100 assessed valuation (\$.36 for debt service and \$0.10 for operations and maintenance).

The Board reviewed the Amendment to the Amended and Restated District Information Form, a copy of which is attached hereto as Exhibit "C." Upon motion by Director Haney, seconded by Director Berger, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution and filing of the Amended District Information Form in the Harris County Real Property Records.

5. **Minutes.** Proposed minutes of the meeting of October 20, 2005, previously distributed to the Board, were presented for approval. Upon motion by Director Haney, seconded by Director Wilkinson, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting of October 20, 2005, as presented.

6. **Receive comments from the public.** There were no public comments at this time.

7. **Review Bookkeeper's Report and Investment Report.** The Vice President recognized Ms. Kelly, who presented to and reviewed with the Board the Bookkeeper's Report and Investment Report, copies of which are attached hereto as Exhibit "D." Upon motion by Director Haney, seconded by Director Berger, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Bookkeeper's Report, to approve the Investment Report, and to authorize payment of check numbers 5055 through 5103 from the Operating Account, all as listed in the Bookkeeper's Report.

8. **Review Tax Collector's Report and authorize payment of certain bills.** The Vice President recognized Mr. Pawlak, who presented to and reviewed with the Board the Tax Assessor and Collector's Report for October 2005, a copy of which is attached hereto as Exhibit "E." Mr. Pawlak noted that 98.251% of the District's 2004 taxes had been collected as of October 31, 2005. Upon motion by Director Haney, seconded by Director Johnson, 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 1012 through 1017 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

Director Johnson entered the meeting at this time.

9. **Approve Annual Report of Financial Information and Operating Data.** The Board reviewed the Annual Report on Financial Information and Operating Data, a copy of which is attached hereto as Exhibit "F." Ms. Christensen stated that the District is required to file such report with all nationally recognized municipal securities information repositories ("NRMSIRs") and the state information depository pursuant to the bond orders for the District's 2000 and 2003 bond issues. Upon motion by Director Haney, seconded by Director Berger, after

full discussion and the question being put to the Board, the Board voted unanimously to Adopt the Resolution Approving the Annual Report on Financial Information and Operating Data and to authorize the filing of same with all NRMSIRs and the state information depository.

10. **Operations Report and Billing and Collections Report.** The Vice President recognized Mr. Mensik, who presented to and reviewed with the Board the Operations Report, a copy of which is attached hereto as Exhibit "G." Mr. Mensik reported that 99.88% of the water pumped was billed for the month ending October 24, 2005.

Mr. Mensik reported that the Clubs of Kingwood has requested a waiver of late fees assessed on its most recent water bill. It was the consensus of the Board to deny such request.

Mr. Mensik stated that it will cost \$5,608.20 to repair the radiator for the generator at lift station no. one. Mr. Mensik stated that it will cost \$7,320 to replace the generator's fuel tank at lift station no. one. It was the consensus of the Board for Mr. Mensik to coordinate with the District's engineer to obtain cost estimates for the installation of natural gas generators at all four of the District's lift stations.

Upon motion by Director Haney, seconded by Director Berger, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operations Report and to authorize termination of service to delinquent accounts.

11. **Approve and authorize execution of Professional Services Contract with Severn Trent Environmental Services.** This item was deferred until the next Board meeting.

12. **Status report and take any action in connection with collection of builder damages (Margaret Poissant).** There was no status report at this time.

13. **Engineer's Report.** Ms. Zapletal presented to the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "H."

Ms. Zapletal reported that the proposed driveway plans that were received for Hibernia Bank on West Lake Houston Parkway indicate that the driveway is only 32 feet wide. Ms. Zapletal noted that the original plans approved by the Board required a 40 foot driveway entrance to allow for two turning lanes onto West Lake Houston Parkway. Ms. Zapletal reported that Brown & Gay has provided such comment to the architect for Hibernia Bank.

Ms. Zapletal reported that Johnny Carino's Restaurant has provided plans to Brown & Gay for review and Brown & Gay has provided comments on the plans to the engineer for the restaurant.

Ms. Zapletal reported that Brown & Gay has approved the preliminary construction plans for retail space in Atascocita Commons (Reserves A&B).

Ms. Zapletal reported that Brown & Gay has reviewed the preliminary plans for Panda Express. Ms. Zapletal reported that Brown & Gay has requested additional information for final approval.

Ms. Zapletal reported that the TCEQ has issued its Order Approving Issuance of Bonds (dated October 21, 2005). Ms. Zapletal reported that Brown & Gay has conducted a preliminary inspection of the facilities in Kings River Estates, Section Five and the TCEQ's pre-purchase inspection is scheduled for December 9, 2005 at 10:00 a.m. Ms. Zapletal reported that Brown & Gay has submitted the District's application for Release of Escrow Funds in connection with the wastewater treatment plant expansion. Ms. Zapletal stated that the TCEQ has requested a project summary letter. Ms. Zapletal reported the letter was provided to the TCEQ on November 9, 2005.

Ms. Zapletal presented to and reviewed with the Board Pay Estimate No. Seven and Final in the amount of \$39,734.26 in connection with Phase One of the Sanitary Sewer Rehabilitation, a copy of which is attached to the Engineer's Report.

Ms. Zapletal reported that Repipe Texas, Inc. is progressing with phase two of the sanitary sewer line rehabilitation. Ms. Zapletal presented to and reviewed with the Board Pay Estimate No. Three in the amount of \$43,550.10, a copy of which is attached to the Engineer's Report. Ms. Zapletal stated that Brown & Gay has prepared the application for approval of Change Order No. One for submittal to the TCEQ.

Ms. Zapletal reported that Brown & Gay has received video footage of 9,146 linear feet of sewer line from ST in connection with the cleaning and televising of the sanitary sewer lines. Ms. Zapletal stated that Brown & Gay estimates the cost for heavy cleaning and rehabilitation of the deficiencies (priorities one through three) in Pinehurst of Atascocita, Sections Two and Four and Atascocita Villas Section One will be approximately \$220,930.40. A summary of the video footage and the cost estimate are attached to the Engineer's Report.

Ms. Zapletal reported that Brown & Gay has obtained preliminary costs in connection with the installation of natural gas generators. Ms. Zapletal stated that Brown & Gay is in the process of evaluating costs for site improvements and gas connection availability from CenterPoint.

Upon motion by Director Haney, seconded by Director Berger, after full discussion and the question being put to the Board, the Board voted unanimously to approve Pay Estimate No. Seven and Final in the amount of \$39,734.26 in connection with phase one of the sanitary sewer Rehabilitation and Pay Estimate No. Three in the amount of \$43,550.10 in connection with phase two of the sanitary sewer line rehabilitation.

14. Review and authorize capacity commitment letters. Ms. Zapletal presented to and reviewed with the Board a request for capacity commitment from The Pulaski Companies, a copy of such request is attached to the Engineer's Report. Ms. Zapletal reported that the District has sufficient water capacity to serve the project and, with the pooled wastewater treatment plant capacity, also has sufficient wastewater treatment capacity to serve the project. Upon motion by Director Johnson, seconded by Director Haney, after full discussion and the question being put to the Board, the Board voted unanimously to authorize issuance of a capacity commitment letter for The Pulaski Companies for a Mexican Restaurant.

15. **Status report on the installation of an additional pump at the shared lift station with Harris County Municipal Utility District No. 151 (“No. 151”).** Ms. Zapletal reported that the contract bonds and insurance have been reviewed and approved by F&J.

16. **Award contract for Phase Three of Sanitary Sewer Line Rehabilitation.** Ms. Zapletal reported that Harris County has returned the construction plans without comments. Ms. Zapletal stated that bids will be presented at the next Board meeting. Ms. Zapletal reported that Brown & Gay has investigated potential early contract completion incentives and contract bidding styles in accordance with the Board’s request. Ms. Zapletal stated that, based on the nature of the rehabilitation project, Brown & Gay would not recommend implementing new disincentives/incentives in such contract. It was the consensus of the Board for Brown & Gay to proceed with the bidding pursuant to the standard contract completion terms.

17. **Approve Preliminary Official Statement.** Ms. Moran presented to and reviewed with the Board a draft of the Preliminary Official Statement, a copy of which is attached hereto as Exhibit “I.” Upon motion by Director Johnson, seconded by Director Haney, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Preliminary Official Statement.

18. **Authorize financial advisor to bid on bonds.** Ms. Moran presented to and reviewed with the Board an agreement pursuant to which First Southwest Company is authorized to bid on the bonds, a copy of which is attached hereto as Exhibit “J.” Upon motion by Director Johnson, seconded by Director Haney, after full discussion and the question being put to the Board, the Board voted unanimously to authorize First Southwest Company to bid on the District’s bonds and to authorize execution of such agreement.

19. **Discuss and take any action in connection with District communications.** In response to a question, Ms. Christensen stated that she will provide Director Berger’s information to the website administrator.

20. **Discuss and take action in connection with renewal of District Insurance (expires January 2006).** Upon motion by Director Berger, seconded by Director Haney, after full discussion and the question being put to the Board, the Board voted unanimously to obtain a renewal insurance proposal from Anco Wessendorff, the District’s current insurance carrier.

21. **Other matters.** Mr. Pawlak presented to and reviewed with the Board a Resolution Casting Ballot for the Election of a Person to the Board of Directors of the Harris County Appraisal District, a copy of which is attached hereto as Exhibit “J.” Upon motion by Director Johnson, seconded by Director Haney, after full discussion and the question being put to the Board, the Board voted unanimously (Director Hughes abstaining) to adopt the Resolution Casting Ballot for the Election of a Person to the Board of Directors of Harris County Appraisal District, thereby casting a ballot for Glenn E. Peters.

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
December 15, 2005.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)