

MINUTES OF MEETING OF BOARD OF DIRECTORS
August 17, 2006

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 Meeting Room, Kroger Store, 19300 West Lake Houston Parkway, Humble, Texas on August 17, 2006 at 6:00 p.m.; whereupon the roll was called of the directors, to-wit:

Ray Hughes, President
Marie Wilkinson, Vice President
Bobby Haney, Secretary
Don House, Assistant Secretary
Tim Stine, Assistant Secretary

All members of the Board were present. 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. Jana Cogburn and Ms. Carla Christensen of Fulbright & Jaworski L.L.P. (“*F&J*”), attorneys for the District; Ms. Barbara Payne and Ms. Nikki Wynn of Payne Communications; Mr. Martin Willhoite of the Atascocita Observer Newspaper; and Ms. MaryAnn Cashion, a resident of the District.

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 July 20, 2006, previously distributed to the Board, were presented for approval. Director Stine requested that item number one of the minutes be revised to reflect that he was the Director that requested that a draft of the minutes be distributed to the Board members within one week after the meeting is held. Upon motion by Director Wilkinson, seconded by Director Haney, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting of July 20, 2006, as corrected.

2. **Receive comments from the public.** There were no comments from the public.

3. **Review Bookkeeper’s Report and Investment Report.** The 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 “B.” Upon motion by Director Haney, 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, to approve the

Investment Report, and to authorize payment of check numbers 5390 through 5408 from the Operating Account, all as listed in the Bookkeeper's Report.

4. **Approve amended budget for fiscal year ending May 31, 2007.** The Board reviewed the amended budget, a copy of which is attached to the Bookkeeper's Report. Extensive discussion ensued regarding the funds in the capital projects account. It was the consensus of the Board to have Ms. Zapletal coordinate with the District's bookkeeper and auditor to determine the amount of uncommitted funds in the capital projects account. Approval of the amended budget was deferred until the next Board meeting.

5. **Review Tax Collector's Report and authorize payment of certain bills.** The President recognized Mr. Pawlak, who presented to and reviewed with the Board the Tax Assessor and Collector's Report for July 2006 and the delinquent tax attorney's report, copies of which are attached hereto as Exhibit "C." Mr. Pawlak noted that 96.7% of the District's 2005 taxes had been collected as of July 31, 2006. Mr. Pawlak reported that the Harris County Appraisal District has indicated that the District's 2006 tax roll should be certified by August 31, 2006. 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 Tax Assessor and Collector's Report and to authorize payment of check numbers 1087 through 1091 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

6. **Operations Report and Billing and Collections Report.** The President recognized Mr. Mensik, who presented to and reviewed with the Board the Operations Report, a copy of which is attached hereto as Exhibit "D." Mr. Mensik reported that 98.97% of the water pumped was billed for the month ending July 25, 2006.

Director Stine stated that he received an email from a resident on Indian Cove Court notifying him the water filters and clothes that were in the washer at his residence were damaged due to flushing of the lines. Director Stine stated that such resident was upset that he was not notified in advance of the water line flushing. Mr. Mensik stated that in the future ST will make a better effort to inform all residents that may be affected by any scheduled line flushing.

Mr. Mensik requested permission to send to collections three accounts totaling \$168.57. Upon motion by Director Haney, seconded by Director Stine, after full discussion and the question being put to the Board, the Board voted unanimously to send to collections three accounts totaling \$168.57.

Mr. Mensik reported that the Board previously authorized a payment plan for a resident. Mr. Mensik stated that such resident's balance is currently \$2,361.97 and that no payment has been made since May 10, 2006. It was the consensus of the Board to have Mr. Mensik make one final attempt to contact the resident before water service is terminated.

Mr. Mensik reported that the radiator at the lift station's generator needs to be replaced and the water heater and other related equipment at the water plant's generator needs to be replaced. Mr. Mensik stated that the replacement of the radiator at the lift station will cost \$5,196.96 and the replacement of the water heater at the water plant will cost \$3,936.00. Upon motion by Director Wilkinson, seconded by Director Haney, after full discussion and the

question being put to the Board, the Board voted unanimously to authorize the replacement of the generator radiator at the lift station for a cost of \$5,196.96 and to authorize the replacement of the generator water heater and related equipment at the water plant at a cost of \$3,936.00.

Upon motion by Director Wilkinson, seconded by Director House, 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.

7. **Discuss and take any action regarding engaging a new electricity provider.** Mr. Mensik stated that he is in the process of obtaining proposals from electricity providers for the Board's review at the next meeting.

8. **Status report and take any action in connection with collection of builder damages (Margaret Poissant).** There was nothing to report on this item at this time.

9. **Engineer's Report.** Ms. Zapletal presented to and reviewed with the Board the Engineer's Report, a copy of which follows is substantially the form it was presented:

The construction notices for (1) the force main rehabilitation work and (2) for the Harris County Public Infrastructure Department's work at 20512 Atascocita Shores Drive have been posted to the website and emailed to Mr. Willhoite.

Construction Plan Review:

- a. Gurdy's Express Car Wash (Atascocita Road): The engineer and owner are proposing changes to the utility layout to utilize a private waterline. The revised plans will be approved prior to construction.
- b. On The Border Restaurant (FM 1960 East): Brown & Gay is waiting for a copy of the recorded water meter easement that was submitted to the Harris County Clerk's Office for recordation on July 11th. CEI Engineering is aware that the plat will be required prior to connections being allowed.
- c. Atascocita Commons: ST notified Brown & Gay that a segment of the private sanitary sewer line required jetting to remove a blockage this week. Television investigation revealed two major sags in the main. The main is also having difficulty with grease buildups. The owner and engineer have been contacted to correct the problem.
- d. Retail space on Atascocita Road (1.0827 acres): Nothing new for this meeting.
- e. Wells Fargo (FM 1960 East in front of HEB): Preliminary construction plans have been received and reviewed. The response letter is being drafted.
- f. Residential/commercial construction at FM 1960 East and Atascocita Shores Drive: Nothing new for this meeting.

- g. Proposed office building north of FM 1960 East and Atascocita Shores Drive: BROWN & GAY is reviewing capacity availability for the tract. Utility drawings have been provided to the engineer, Halff Associates.
- h. Proposed Tuscan Village on the NE and NW corners of FM 1960 East and Atascocita Shores Drive: Brown & Gay is reviewing capacity availability for a town home development alternative for these tracts. The original owner previously presented a development concept including town homes and commercial retail.

Sanitary Sewer Rehabilitation – Phase III:

Pay Estimate No. Four from Insituform Technologies was received today. The pay estimate will be processed for payment at the September meeting.

Cleaning & Televising of Sanitary Sewer Mains:

Severn Trent has been televising the remaining sewers and will be submitting video footage to Brown & Gay.

Installation of Natural Gas Generators at Water Plants and Lift Stations:

The plans have been signed by Harris County. Brown & Gay will present construction bids in September.

Emergency Force Main Repairs:

The performance and payment bonds have been reviewed and approved by Fulbright & Jaworski. The preconstruction meeting was held on July 24th. The rehabilitation work began this week, and the contractor expects to be complete soon. Insituform Technologies will be working on the third of eight shots of CIPP tonight.

Upon motion by Director Wilkinson, 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.

10. **Review and authorize capacity commitments.** Ms. Zapletal stated that the District has not received any capacity commitment requests in the last month.

11. **Discuss and take any action in connection with community relations services (Payne Communications).** The President recognized Ms. Payne, who stated that Payne Communications is able to provide the District with the following community relations services at a cost of \$650.00 per month (6 ½ hours of work):

- Postings (agenda, minutes, policies, etc.) on website and follow-up in connection with same
- Attendance at monthly meetings

- Customer satisfaction surveys
- Water conservation page
- Newsletters
- One new article per month (i.e., “hurricane preparedness”)
- Provide monthly activity reports

Ms. Payne stated that she will provide the District’s attorney with a contract by Monday. It was the consensus of the Board to increase the contract to seven hours of work per month. Ms. Payne stated that a seven-hour per month contract will cost \$700.00. Upon motion by Director Wilkinson, seconded by Director House, after full discussion and the question being put to the Board, the Board voted unanimously to engage Payne Communications to perform community relations services and to approve and authorize execution of the contract with Payne Communications, subject to review and approval of the terms of such contract by the District’s attorney.

12. **Discuss and take any action in connection with District communications.**
There was no further discussion on this item at this time.

13. **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 September 21, 2006.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)