

MINUTES OF MEETING OF BOARD OF DIRECTORS
June 15, 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 Atascocita Country Club, 20114 Pinehurst, Humble, Texas on June 15, 2006 at 5:00 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. Bob Leared 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; Mr. Martin Willhoite of the Atascocita Observer Newspaper; and numerous residents of the District. A sign-in sheet is attached hereto as Exhibit “A.”

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 “B”, and the following business was transacted:

1. **Minutes.** Proposed minutes of the meeting of May 18, 2006, previously distributed to the Board, were presented for approval. Upon motion by Director House, 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 May 18, 2006, as presented.

2. **Receive comments from the public.** The President recognized Ms. Willrodt, who requested that the Board consider funding improvements to the Atascocita Yacht Club. Ms. Willrodt noted that she understands that the Yacht Club is currently private and therefore the District is not allowed to expend funds on private facilities. Ms. Willrodt inquired what the Yacht Club could do in order to receive funds from the District for improvements. It was the consensus of the Board for Ms. Willrodt to contact the District’s attorney regarding such matter.

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 “D.” 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 accept the Bookkeeper's Report, to approve the Investment Report, and to authorize payment of check numbers 5317 through 5338 from the Operating Account, all as listed in the Bookkeeper's Report.

4. **Review Tax Collector's Report and authorize payment of certain bills.** The President recognized Mr. Leared, who presented to and reviewed with the Board the Tax Assessor and Collector's Report for May 2006, a copy of which is attached hereto as Exhibit "E." Mr. Leared noted that 92.98% of the District's 2005 taxes had been collected as of May 31, 2006, and 95.4% of the taxes had been collected as of the meeting date. Mr. Leared reported that delinquent notices have been mailed to all delinquent tax accounts.

Mr. Leared reviewed with the Board a letter from Glenn and Rhonda Hobbs, residents of the District, requesting that the Board approve a payment plan for paying their 2005 taxes (\$787.50) over a 30-day period, a copy of which is attached hereto as Exhibit "E." Upon motion by Director House, seconded by Director Stine, after full discussion and the question being put to the Board, the Board voted unanimously to authorize Mr. and Mrs. Hobbs to pay their taxes over a 30-day period (by July 31).

Mr. Leared reviewed with the Board a letter from David Handley, a resident of the District, informing the Board that he never received a 2005 tax statement and will be submitting evidence of such and requesting a refund of the delinquent charges assessed due to late payment, a copy of which is attached hereto as Exhibit "F."

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 approve the Tax Assessor and Collector's Report and to authorize payment of check numbers 1071 through 1081 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

5. **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 "G." Mr. Mensik reported that 95.49% of the water pumped was billed for the month ending April 25, 2006.

Mr. Mensik reported that starting on Wednesday, May 31, 2006 there were three breaks in the 18-inch sanitary sewer force main along FM 1960 over a three-day period. Mr. Mensik stated that the line is an older line that was rusting in certain sections. Mr. Mensik stated that approximately 600,000 gallons of raw sewage moves through the line every day. Mr. Mensik estimated that approximately 15,000-20,000 gallons of sewage overflowed from the breaks. Mr. Mensik stated that the total cost to date for all three repairs, including by-pass pumping, is \$63,273.17. Extensive discussion ensued. Mr. Mensik stated that he has been coordinating with the District's engineer in an effort to proceed with emergency rehabilitation of the line.

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 Operations Report and to authorize termination of service to delinquent accounts.

6. **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.

7. **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 "H."

Ms. Zapletal reported that the contractor is estimating a June completion for phase three of the sanitary sewer line rehabilitation. Ms. Zapletal reported that a final TCEQ inspection may be conducted before the July Board meeting. Ms. Zapletal presented to and reviewed with the Board Pay Estimate No. Two from Insituform Technologies for \$76,923.43 in connection with phase three of the sanitary sewer rehabilitation, a copy of which is attached to the Engineer's Report. Ms. Zapletal noted that the pay estimate includes payment for 2,364 linear feet ("LF") of 8-inch cured-in-place-pipe ("CIPP"), 374 LF of 10-inch CIPP and 1,261 LF of heavy cleaning.

Ms. Zapletal presented to and reviewed with the Board Pay Estimate No. One and Final from Universal Coating Specialists in the amount of \$32,450.00 in connection with the Water Plant No. One Ground Storage Tank ("GST") and Hydro-Pneumatic Tank ("HPT") improvements, a copy of which is attached to the Engineer's Report.

Ms. Zapletal reported that Brown & Gay needs the bookkeeper to coordinate with CenterPoint Energy to have the natural gas services installed at the water plants and lift stations as part of the project to install natural gas generators at such facilities. Ms. Zapletal stated that Brown & Gay is providing service location maps and contact information to the bookkeeper. Ms. Zapletal stated that Brown & Gay recommends that the Board authorize signing of a check to keep on hand for payment to CenterPoint Energy before the next Board meeting.

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 Pay Estimate No. Two in the amount of \$76,923.43 in connection with phase three of the sanitary sewer rehabilitation, to approve Pay Estimate No. One and Final in the amount of \$32,450.00 in connection with the Water Plant No. One GST and HPT improvements, and to authorize a check to CenterPoint Energy for the natural gas generators and to authorize payment of same.

Ms. Zapletal presented to and reviewed with the Board the bid tabulation from Insituform for the emergency repairs to the 18-inch force main on FM 1960, a copy of which is attached hereto as Exhibit "I." Ms. Zapletal reported that the base bid from Insituform for rehabilitation of the line is \$794,301.20. Ms. Zapletal noted that Brown & Gay also obtained a supplemental bid from Insituform for \$220,375.00 for directional drilling across the Harris County Flood Control ditch channel if it is necessary during the emergency repairs. Ms. Zapletal stated that Brown & Gay does not anticipate that the directional drilling will be necessary, but wanted to have the bid ready if such drilling was deemed necessary on an emergency basis. Ms. Zapletal reported that Insituform can mobilize on the site within seven to ten days. Ms. Zapletal reported that Brown & Gay has contacted the TCEQ to obtain approval of the repairs on an emergency basis. Discussion ensued regarding the bid price for the bypass pumping and required trucks. Director Haney requested that Ms. Zapletal contact Insituform regarding the bid for bypass pumping. 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 accept the proposal from Insituform for the rehabilitation of the 18-inch force main along FM 1960 and to authorize Brown & Gay to issue a Notice to Proceed, subject to receipt of approval from the TCEQ for the repairs to be completed on an emergency basis. It was the consensus of the Board to have Ms. Zapletal coordinate with and provide Mr. Willhoite with information regarding the rehabilitation and any traffic impediments that might result for publication in The Observer.

8. **Review and authorize capacity commitments.** Ms. Zapletal stated that the District has not received any capacity commitment requests since the last Board meeting.

9. **Approve and authorize execution of an Interlocal Agreement with Harris Galveston Coastal Subsidence District for Waterwise Program.** The Board reviewed a proposed Interlocal Contract, a copy of which is attached hereto as Exhibit "J." Upon motion by Director Stine, seconded by Director House, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution of an Interlocal Agreement with Harris Galveston Coastal Subsidence District for the Waterwise Program.

10. **Review request from residents of the District and take action in connection with same.** The Board reviewed a letter signed by eight residents of the District requesting that the Board consider holding the monthly Board meetings within the District boundaries, a copy of which is attached hereto as Exhibit "K." It was noted that the Atascocita Country Club is not within the District boundaries. Discussion ensued regarding possible locations for the monthly Board meetings. It was the consensus of the Board to have Director House contact the library regarding the availability of the library for District meetings on the third Thursday of every month.

11. **Discuss and take any action in connection with District communications.** Ms. Zapletal noted that she has updated the summary of capital projects and will provide such updated version to the website for posting. Ms. Zapletal also noted that she will provide the website with updates in connection with the rehabilitation of the 18-inch force main along FM 1960.

In response to a question from Director Hughes, Ms. Christensen stated that she will contact Barbara Payne regarding the District's contract with The Texas Network and the expiration of such contact. Director Hughes noted that the website has not been updated with the names of the new directors after numerous requests.

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 20, 2006.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)