

MINUTES OF MEETING OF BOARD OF DIRECTORS  
March 29, 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 special session, open to the public, at the Atascocita Country Club, 20114 Pinehurst, Humble, Texas at 5:00 p.m. on March 29, 2006; whereupon the roll was called of the directors, to-wit:

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

All members of the Board were present except Director Johnson. Also attending all or parts of the meeting were Ms. Sheila Stedman of Myrtle Cruz, Inc., bookkeeper for the District; Ms. Michelle Guerrero 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; Mr. Martin Willhoite of the Atascocita Observer Newspaper; Ms. Jana Cogburn and Ms. Carla Christensen of Fulbright & Jaworski L.L.P. (“*F&J*”), attorneys for the District; 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 February 16, 2006, previously distributed to the Board, were presented for approval. Upon motion by Director Berger, seconded by Director Hughes, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting of February 16, 2006, as presented.

2. **Receive comments from the public.** The Vice President recognized Mr. Jack Henderson, who requested that the names of the candidates for the election be included in the next water bill.

The Vice President recognized Mr. Don House, who stated that he is a candidate running for Director of the Board in the upcoming election.

The Vice President recognized Mr. Ed Willrodt, who requested that the Board consider funding recreational facilities for the Atascocita Marina.

The Vice President recognized Mr. Jim deMasi, who presented to and reviewed with the Board a summary of the suggested upgrades for the Atascocita Marina, a copy of which is attached hereto as Exhibit "C."

The Vice President recognized Mr. Tim Stine, who stated that he is a candidate running for Director of the Board in the upcoming election. Mr. Stine noted that he previously served on the Atascocita CIA Board and has been a resident of the community for 26 years.

**3. Review Bookkeeper's Report and Investment Report.** The President recognized Ms. Stedman, who presented to and reviewed with the Board the Bookkeeper's Report and Investment Report, copies of which are attached hereto as Exhibit "D."

In response to a question from Director Wilkinson, Ms. Stedman noted that a check has been prepared for payment to AJOB in the amount of \$431,055.57 in connection with the wastewater treatment plant expansion.

Ms. Stedman presented to the Board a draft budget for fiscal year ending May 31, 2007, a copy of which is attached hereto as Exhibit "E."

Upon motion by Director Hughes, 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 5194 through 5232 from the Operating Account and check numbers 5038 and 5039 from the Capital Projects Account, all as listed in the Bookkeeper's Report.

**4. Review Tax Collector's Report and authorize payment of certain bills.** The President recognized Ms. Guerrero, who presented to and reviewed with the Board the Tax Assessor and Collector's Report for February 2006, a copy of which is attached hereto as Exhibit "F." Ms. Guerrero noted that 90.8% of the District's 2005 taxes had been collected as of February 28, 2006 and 91.6% of the District's 2005 taxes had been collected as of March 29, 2006. Upon motion by Director Haney, seconded by Director Hughes, 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 1045 through 1051 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 95.10% of the water pumped was billed for the month ending February 23, 2006. Mr. Mensik reported that the water accountability was lower than normal this month due to water main breaks within the District.

Mr. Mensik reported that ST continues to televise the sanitary sewer lines in the District, but has been delayed due to sand build-up in the lines.

Mr. Mensik reported that the resident at 8022 Club Point Drive has requested that the Board consider waiving the sewer charges on her recent water bill for filling her pool with water. Discussion ensued.

Mr. Mensik reported that the resident at 8127 Rebawood has requested that the Board consider waiving the sewer charges on his recent water bill (\$1,882) due to a substantial hot water heater leak. Discussion ensued.

Upon motion by Director Hughes, seconded by Director Berger, after full discussion and the question being put to the Board, the Board voted unanimously to waive the sewer charges on the recent water bills of the residents at 8127 Rebawood and 8022 Club Point Drive.

Mr. Mensik reported that ST performed an audit of the District's accounts and found that the Kings River Village Community Association's (the "Association") meter was originally installed as a commercial meter in 2002. Mr. Mensik stated that the District owes the Association a credit of \$2,280.00 for sewer charges. Mr. Mensik stated that the Association has requested that a check be written to the Association for such amount.

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 approve the Operations Report, to authorize termination of service to delinquent accounts, and to authorize payment to the Association in the amount of \$2,280.00.

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

**7. Engineer's Report.** Ms. Zapletal reported that the construction plans for the Capital One have been reviewed and comments provided to Texas Engineering and Mapping. Ms. Zapletal stated that Capitol One's engineer has requested verification that the District requires the installation of the left-turn lane from northbound West Lake Houston Parkway as part of the access easement agreement. Ms. Zapletal stated that Capitol One's engineer will begin working on the final construction plans for Harris County's review and approval upon notification by the District.

Ms. Zapletal stated that final approval has been granted for Johnny Carino's Italian Restaurant (Atascocita Commons Reserve A; 7069 FM 1960 East).

Ms. Zapletal stated that the fire line plans have been provided and final approval has been granted in connection with Applebee's Restaurant (Atascocita Commons Reserve D; 6925 FM 1960 East).

Ms. Zapletal stated that final approval has been granted for Atascocita Commons, Phase II.

Ms. Zapletal stated that final approval has been granted for Christian Brothers Automotive (Atascocita Town Center Section One; Atascocita Road).

Ms. Zapletal reported that the engineer for Denny's Restaurant has provided Brown & Gay with construction plans. Ms. Zapletal reported that a representative for the shopping center owner contacted Brown & Gay to request assistance with locating existing sanitary sewer facilities within the center. Ms. Zapletal stated that Brown & Gay informed Ms.

Rhonda McDaniel that the District does not have copies of the private utilities on the site. Ms. Zapletal noted that, if approved by the Board, ST could assist with locating the existing lines and backcharge Denny's for any associated fees. It was the consensus of the Board that ST not assist with locating the private sanitary sewer lines for Denny's.

Ms. Zapletal reported that Brewer & Escalante has requested and been provided with plans for the existing utilities in the vicinity of the Wells Fargo tract (FM 1960 East in front of HEB). Ms. Zapletal also stated that the surveyor has been provided with electronic images of the plans. Ms. Zapletal noted that no request for capacity has been received.

Ms. Zapletal reported that a developer is investigating the construction of townhomes on acreage at FM 1960 East and Atascocita Shores Drive and may visit with the Board in the near future to present their ideas and goals.

Ms. Zapletal reported that Brown & Gay has provided the Atascocita Joint Operations Board with the attached letter stating that the District does not anticipate the need for additional wastewater treatment capacity to support buildout projections.

Ms. Zapletal reported that the check payable to Repipe Texas signed at last month's meeting for retainage in connection with phase two of the sanitary sewer line rehabilitation can be released to the contractor. Ms. Zapletal stated that contractor has signed the final pay estimate, a copy of the signature sheet is attached the Engineer's Report.

Ms. Zapletal reported that Notice to Proceed was issued on February 20, 2006 to Insituform Technologies in connection with phase three of the sanitary sewer rehabilitation. Ms. Zapletal reported that Insituform is well underway with construction on this project. Ms. Zapletal reported that the contractor has completed approximately 1,593 linear feet of 8" and 10" pipe rehabilitation in Pinehurst of Atascocita Section Seven and approximately 6,300 linear feet of 8" pipe rehabilitation in Pinehurst of Atascocita Section One. Ms. Zapletal reported that the total scope of the project includes 28,869 linear feet of 8" through 18" CIPP rehabilitation. Ms. Zapletal noted that Insituform will be repairing a driveway in Section Seven that has settled due to infiltration. Ms. Zapletal stated that the contractor has invited the Directors to visit the construction sites at any time to experience the rehabilitation process.

Ms. Zapletal reported that Brown & Gay applied to the TCEQ for emergency project approval for coating the interior of the Ground Storage Tank ("GST") and Hydro-Pneumatic Tank ("HPT") at water plant no. one. Ms. Zapletal that Brown & Gay solicited bids from four contractors and received three bids. Ms. Zapletal stated that the bids were opened on March 27<sup>th</sup> and Universal Coating Specialists was the low bidder in the amount of \$32,450.00, a copy of the bid tabulation is attached to the Engineer's Report. Ms. Zapletal stated that, based on previous work experience, Brown & Gay recommends award of the contract to Universal Coating Specialists pending verification of their bonds and insurance by F&J.

Ms. Zapletal reported that ST has provided 1,871 linear feet of video footage from the televising of the sanitary sewer mains to Brown & Gay after the last meeting. Ms. Zapletal stated that the segments televised were 15" and 30" diameter pipe within Pines of Atascocita Sections One and Two. Ms. Zapletal state that Brown & Gay estimates the cost for rehabilitation

of the deficiencies (priorities two and three) in these particular lines to be approximately \$129,363 for the 15" pipe and \$68,120 for the 30" pipe. Ms. Zapletal stated that the 30" pipe is a shared main with Harris County MUD No. 153, and therefore costs for any rehabilitation would also be shared. A summary of the video footage and the cost estimate are attached to the Engineer's Report.

Ms. Zapletal reported that Brown & Gay has prepared a draft letter regarding the various investigations and recommendations on metering the existing water interconnections. Ms. Zapletal stated that additional items have been added to the letter to address the interconnections with Harris County MUD No. 152. Ms. Zapletal requested that the Directors review the letter, a copy of which is attached hereto as Exhibit "I," and provide comments or questions in the next couple of weeks. Ms. Zapletal stated that Brown & Gay would like to prepare further correspondence addressed to Harris County MUD No. 152 for distribution prior to their April meeting.

Upon motion by Director Hughes, seconded by Director Berger, after full discussion and the question being put to the Board, the Board voted unanimously to award the contract for the coating of the GST and HPT to the low bidder, Universal Coating Specialists, for \$32,450.00.

**8. Review and authorize capacity commitments.** Ms. Zapletal presented to and reviewed with the Board a letter from RG Miller Engineers informing Brown & Gay that the water and wastewater capacity commitment approved on February 16, 2006 should be in the name of Trammel Crow (the developer) rather than Transwestern (the property owner). Ms. Zapletal stated that this is name change only and there were no revisions to the capacities requested.

Ms. Zapletal presented to and reviewed with the Board a letter from CEI Engineering Associates (CEI) requesting a capacity commitment letter for an On The Border Restaurant to be constructed at FM 1960 East just west of the Wachovia Bank. Ms. Zapletal noted that CEI estimates the demands of the restaurant to be 5,000 gpd of water and wastewater capacity.

Ms. Zapletal presented to and reviewed with the Board a letter from Texas Engineering and Mapping ("TEAM") informing Brown & Gay that the water and wastewater capacity commitment approved on January 19, 2006 should be in the name of Capital One rather than Hibernia Bank. Ms. Zapletal noted that this is a name change only and there were no revisions to the capacities requested.

Upon motion by Director Hughes, seconded by Director Berger, after full discussion and the question being put to the Board, the Board voted unanimously to authorize issuance of a capacity commitment letter to CEI for One The Border Restaurant and to authorize revised capacity commitment letters for RG Miller Engineers (Trammell Crow) and TEAM (Capitol One Bank).

**9. 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 reviewed with the Board Pay Estimate No. One from G&N Enterprises in the amount of

\$35,982.00, a copy of which is attached to the Engineer's Report. Ms. Zapletal stated that the balance of the contract, which is to be paid on the final pay estimate, will be retainage only. Ms. Zapletal reported that the contractor has completed work at the lift station, and the TCEQ inspection will be held on Wednesday, April 19, 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 approve Pay Estimate No. One in the amount of \$35,982.00 and to authorize payment of same to G&N Enterprises.

10. **Discuss and take action in connection with Directors Election.** In response to a question, Ms. Cogburn stated that voting on May 13, 2006 will be held from 7 a.m. to 7 p.m.

11. **Discuss and take any action in connection with District communications.** Director Hughes noted that minutes of Board meetings will be posted on the District's website after they have been approved by the Board of Directors.

12. **Other matters.** The President introduced Mr. Joe Huberty to the Board. Mr. Huberty stated that he is running for Position One on the Humble ISD School Board.

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 April 20, 2006.

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President, Board of Directors

ATTEST:

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Secretary, Board of Directors

(DISTRICT SEAL)