

MINUTES OF MEETING OF BOARD OF DIRECTORS
June 19, 2008

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, 77346, on June 19, 2008 at 6:00 p.m.; whereupon the roll was called of the directors, to-wit:

Ray Hughes , President
Tim Stine, Vice President
Bobby Haney, Secretary
Don House, Assistant Secretary
Jerrel Holder, Assistant Secretary

All members of the Board were present. Director Hughes entered the meeting in progress. Also attending all or parts of the meeting were Mr. Michael Keefe and Mr. Chris Kohnke of Bob Leared Interests, tax assessor and collector for the District; Ms. Frieda Conley of Myrtle Cruz, Inc., bookkeeper for the District; Mr. Leroy Mensik of Severn Trent Environmental Services, Inc. (“*ST*”), operator of the District’s facilities; Ms. Amy Zapletal and Mr. John Dreahn of Brown & Gay Engineers, Inc. (“*Brown & Gay*”), engineer for the District; Ms. Marie Wilkinson, a resident of the District; Ms. Heather de la Garza 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*”.

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. **Minutes.** Proposed minutes of the meeting of May 15, 2008, previously distributed to the Board, were presented for approval. Upon motion by Director Haney, seconded by Director House, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting of May 15, 2008, as presented.

2. **Ratify action taken at May 15, 2008 Board meeting in connection with approval of Consumer Confidence Report.** Upon motion by Director Haney, seconded by Director House, after full discussion and the question being put to the Board, the Board voted unanimously to ratify action taken at May 15, 2008 Board meeting in connection with approval of Consumer Confidence Report.

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

4. **Adopt Resolution Honoring Marie Wilkinson.** The Vice President read the Resolution Honoring Marie Wilkinson, a copy of which is attached hereto as Exhibit "C." 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 adopt the Resolution Honoring Marie Wilkinson.

5. **Discuss and take action in connection with letter from Mr. Walter W. Smith regarding 8127 Seventeenth Green.** The Board reviewed the letter and pictures from Mr. Smith, copies of which are attached hereto as Exhibit D." It was noted that Mr. Smith is requesting that the District consider replacing a section of his driveway due to appearance and safety issues that arose subsequent to water line leak repairs performed by ST in 1999. Discussion ensued. In response to a question, Mr. Mensik stated that ST's standard operating procedure when replacing a section of driveway is to backfill the area and compact the dirt with the backhoe. Upon motion by Director Haney, seconded by Director House, after full discussion and the question being put to the Board, the Board voted unanimously to authorize ST to replace the section of driveway at 8127 Seventeenth Green.

Director Hughes entered the meeting at this time.

On behalf of the Board, Director Hughes presented a plaque to Ms. Wilkinson in appreciation for her many years of service to the District.

6. **Review Bookkeeper's Report and Investment Report.** The President recognized Ms. Conley, who presented to and reviewed with the Board the Bookkeeper's Report for the period ending June 19, 2008 and the Investment Report, copies of which are attached hereto as Exhibit "E." Upon motion by Director House, 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 for the period ending June 19, 2008, to approve the Investment Report, and to authorize payment of check numbers 6150 through 6184 from the Operating Account and check number 5075 from the Capital Projects Fund, all as listed in the Bookkeeper's Report.

7. **Review Tax Collector's Report and authorize payment of certain bills.** Mr. Keefe presented to and reviewed with the Board the Tax Assessor and Collector's Report and the delinquent tax attorney's report for May 2008, a copy of which is attached hereto as Exhibit "F." It was noted that 96.28% of the District's 2007 taxes had been collected as of May 31, 2008. Upon motion by Director Stine, seconded by Director Haney, 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 1288 through 1297 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

8. **Operations Report and Billing and Collections Report.** Mr. Mensik presented to and reviewed with the Board the Operations Reports for May 2008, a copy of which is attached hereto as Exhibit "G." Mr. Mensik reported that 94.46% of the water pumped was billed for the month ending May 22, 2008.

Mr. Mensik noted that he is coordinating with ADT regarding the installation of security equipment and lighting at the District's facilities.

Mr. Mensik reported that the TCEQ recently conducted inspections at the District's water plants and determined that the gate fence at water plant no. two is not in compliance. Mr. Mensik noted that the current gate is six feet tall and the TCEQ requires an eight foot tall fence. Upon motion by Director Haney, seconded by Director House, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the District's engineer to add the replacement of the water plant no. two gate fence to the bid documents for the replacement of the concrete fence at water plant no. one.

Upon motion by Director Haney, seconded by Director House, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operations Report.

9. Award contract for replacement of concrete fence at water plant no. one. Ms. Zapletal reported that Director Stine met with Brown & Gay and TBG on June 5, 2008. Ms. Zapletal stated that attached excerpts of the full-size construction plans are attached to the Engineer's Report. Ms. Zapletal noted that the conceptual cost estimate for the project looks to still be in line with the previous estimated figures provided for budgeting purposes. With the Board's approval and confirmation of the brick, Brown & Gay will begin advertising for bids. It was the consensus of the Board that the fence replacement utilize the residential custom brick.

Ms. Zapletal reported that Tolunay-Wong Engineers, Inc. ("TWEI") provided a proposal in the amount of \$3,150.00 for geotechnical investigation and report services for the fence foundations, a copy of which is attached to the Engineer's Report. Should the Board decide to also replace the fence at Water Plant No. 2, TWEI can conduct that geotechnical investigation and report for an additional \$2,250.00.

Upon motion by Director Holder, seconded by Director Stine, after full discussion and the question being put to the Board, the Board voted unanimously to authorize Brown & Gay to advertise for bids (previously authorized) and to approve the proposals from TWEI in the amounts of \$3,150 and \$2,250 for geotechnical investigation and report services in connection with the fence foundations at water plant no. one and water plant no. two.

10. 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," and which follows in substantially the form it was presented:

Construction Plan Review:

- a. Atascocita Commons Phase III: Nothing new regarding Phase III construction. Brown & Gay and ST are awaiting receipt of revised construction plans for Phase III (Target) from RG Miller Engineers. The backflow prevention for the fire line requires additional detail.
- b. Chateaux at Pinehurst Apartments: Brown & Gay has received confirmation from the City of Houston that updated signatures are not required for the construction plans. Brown & Gay is still awaiting confirmation from Harris County. The developer will be required to provide Brown & Gay and ST video inspections of the existing sanitary

sewer mains to confirm the condition of the original construction prior to connecting to the District's sanitary sewer system.

- c. La Quinta Inn & Suites (2.837 AC on Atascocita Road east of Town Center Boulevard): The project's engineer, ICMC Group, Inc., is preparing utility construction plans for 61 guest rooms. No plans have been received to date.
- d. Rowland Interests: Bury+Partners is the project engineer for the development of this property as Atascocita Business Park. No plans have been received to date.
- e. Atascocita Lutheran Church: No plans have been received to date.
- f. Northeast corner of Atascocita Road and Town Center Boulevard: In May, Benchmark Engineering was provided utility and drainage plans in the vicinity of the undeveloped tracts.
- g. Southwest corner of FM 1960 East & Atascocita Shores: In May, Benchmark Engineering was provided utility and drainage plans in the vicinity of the undeveloped tracts.
- h. Atascocita Shores Personal Warehouse: Nothing new.
- i. Residential/commercial construction at FM 1960 East & Atascocita Shores: Nothing new.
- j. Proposed office building north of FM 1960 East and Atascocita Shores Drive: Nothing new.
- k. Proposed Tuscan Village on the NE and NW corners of FM 1960 East and Atascocita Shores Drive: Nothing new.

Future Sanitary Sewer Rehabilitation: With the Board's authorization in May, Brown & Gay prepared the scope of work for rehabilitation of approximately 47,300 LF of 8-inch through 30-inch sanitary sewer, a copy of which is attached to the Engineer's Report. The conceptual estimate of costs for the work ranges between \$1,900,000 and \$2,100,000. For budgeting purposes, this scope of work could be divided into two or three phases of construction. Brown & Gay will not prepare the construction plans until authorized by the Board. Regardless of the scope of work proposed in the current fiscal year, Brown & Gay will provide the District's financial advisors with the estimated costs for their consideration as they calculate the recommended tax rate for 2008.

Discussion ensued regarding previous rehabilitation projects. It was the consensus of the Board that Brown & Gay prepare a comprehensive report regarding undeveloped property in the District and a timeline depicting District's facilities that have been rehabilitated. The Board noted that they would like to table action on this item pending the engineer's discussion with the District's financial advisor.

Atascocita Joint Operations Board: Brown & Gay continues to maintain a compilation of equivalent single family connections for each district. The current compilation through May indicates an average daily flow of 4.49 MGD or 284 gpd per ESFC. Rainfall for the month totaled 6.1 inches.

The application to renew the WWTP discharge permit is now under EPA review but has been delayed because the EPA and TCEQ are currently at odds due to a new testing requirement for bacteria monitoring favored by the EPA. Brown & Gay received a letter dated December 4, 2007 from the TCEQ stating that the current permit will remain in full force and will not expire until the TCEQ takes action on the renewal application and that there will be no penalties due to delays by the EPA.

Website Update of Construction Project Summary for 2008: The website has been updated with the 2008 Summary of Capital Projects through May. Brown & Gay will update the estimated sanitary sewer rehabilitation costs.

11. **Acceptance of water line and fire hydrant easements in connection with Atascocita Commons Phase III.** Ms. Zapletal stated that Brown & Gay is awaiting receipt of the signed easement documents from Trammel Crow.

12. **Review and authorize capacity commitment letters.** Ms. Zapletal reported that Brown & Gay has not received any capacity commitment requests since the last Board meeting.

13. **Discuss and take any action in connection with drainage issues in Kings River Estates, Section 4.** Ms. Zapletal reported that TWEI submitted a proposal in the amount \$3,900.00 for geotechnical investigation and report services for the diversion swale, berm and outfall channel excavation, a copy of which is attached to the Engineer's Report. Brown & Gay recommends authorization of the work by TWEI. Ms. Zapletal reported that TWEI submitted a proposal in the amount \$2,400 for geotechnical investigation and report services for the internal storm sewer improvements in Kings River Estates, Section 4 ("KRE4") along King's Crown Court, a copy of which is attached to the Engineer's Report. Brown & Gay recommends authorization of the work by TWEI. The costs of this report will also be shared by the District (70%) and the KRE4 HOA (30%). The cost for geotechnical engineering services was included in the estimate of costs for the project.

Discussion ensued regarding KRE4 HOA funding 30% of the geotechnical services cost. Ms. Christensen stated that F&J received a letter from KRE4 HOA stating that the special assessment for the owner's 30% contribution for the design costs and engineering has been assessed. Director House stated that 13 of the 17 homeowners voted in favor of the assessment.

Upon motion by Director House, seconded by Director Haney, after full discussion and the question being put to the Board, the Board voted unanimously to approve the proposal from TWEI in the amount of \$3,900 for geotechnical investigation and report services in connection with the diversion swale, berm and outfall channel excavation. It was the consensus of the Board to table action in connection with the internal storm sewer improvements

in KRE4 until such time as the HOA has submitted it's 30% contribution for the design and engineering costs.

Ms. Zapletal reported that Harris County Engineering responded favorably to the detailed drainage calculations and exhibits provided to the County for consideration after the May meeting. With approval of the concept by Harris County, the proposed diversion swale would be constructed behind the western lots and outfall to the existing dual 24-inch pipes and two proposed additional 36-inch pipes crossing Kings River Drive to accommodate the volume of sheetflow. A concern by the homeowners has become the necessary removal of trees and underbrush to accommodate the construction of the berm and swale improvements. Brown & Gay has prepared an option to install the swale outside the limits of the tree line on the golf course and the berm on the rear of the residential lots. The option has not been presented to the golf course for approval. The golf course and the owners of each of the lots will be required to dedicate easements for this construction. Ms. Zapletal stated that she will coordinate a site meeting with the Directors and a golf course representative to walk the tree line and stake area in an effort to minimize the impact in connection with the removal of trees.

Mr. J.D. Cox, a property owner in the outfall channel along Kings River Estates, Section 2, has requested that the outfall channel be converted to a piped outfall and backfilled to eliminate the channel. Mr. Cox reviewed with the Board his request and additional history on his attempts with Harris County Precinct 4 to fill the channel. Ms. Zapletal note that the conversion to piped outfall would add an additional \$135,000 to the estimate of costs for the diversion swale and berm. Mr. Cox stated that he believes that the easement for the outfall channel is not public. Ms. Zapletal noted that a plat recorded in 1998 shows a 55-foot drainage easement in connection with the outfall channel. Discussion ensued regarding proceeding with the outfall channel. Extensive discussion ensued. Upon motion by Director Haney, seconded by Director Holder, after full discussion and the question being put to the Board, the Board voted (Director House abstained) to rescind the previous motion approving the proposal from TWEI in the amount of \$3,900 for geotechnical investigation and report services in connection with the diversion swale, berm and outfall channel excavation until the easement issue has been resolved. It was the consensus of the Board that the District's engineer coordinate with F&J to determine whether the District can legally construct/improve the outfall channel along Kings River Estates, Section 2.

In May, the District requested a 30% deposit by the HOA for KRE4's contribution toward engineering costs. As approved in May, Brown & Gay will continue with preparation of the construction plans for the Option B storm sewer design and will obtain agency approvals necessary to advertise for bids. Upon receipt of the bids, the KRE4 HOA will be required to deposit its share (30%) of the construction costs prior to award of the contract.

14. Discuss and take any action in connection with implementation of GIS System. Ms. Zapletal reported that Brown & Gay completed the remainder of surveying for the GIS in early June. The GIS is currently undergoing quality review. The goal is still to have the database accessible through the private website in July 2008.

Ms. Zapletal reported that data entry continues to be the focus of work on the GIS and will be the most time-intensive part of the project. The field work for the GPS is 85% complete. Brown & Gay will return to survey the balance of facilities (mostly gate valves being raised by ST) that were not easily located in the first two phases of surveying.

15. **Discuss and take any action with delinquent water accounts, including writing off any such accounts.** Ms. Christensen stated that there is no report from Ms. Poissant in connection with the collection of delinquent water accounts.

16. **Discuss and take any action in connection with District communications.** Director Hughes reported that he is coordinating with Ms. Wynn in connection with the proposed article list for the next quarterly newsletter. Ms. Christensen stated that Ms. Barbara Payne is coordinating with the website regarding the preparation of new and relevant information to include on the website.

17. **Reschedule July 17, 2008 Board meeting due to AWBD Conference in San Antonio, Texas.** It was the consensus of the Board to reschedule the next meeting for Thursday, July 10, 2008 at 6:00 p.m. at the Atascocita Country Club.

18. **Executive Session pursuant to Section 551.076, Texas Government Code, as amended, to discuss GIS System and security matters at District facilities.** At 7:05 p.m., the Board convened in executive session pursuant to Section 551.076, Texas Government Code, as amended, to discuss the GIS System and security matters.

The Board reconvened in open session at 7:25 p.m.

19. **Executive Session pursuant to Section 551.071, Texas Government Code, as amended, to discuss litigation.** At 7:25 p.m., the Board convened in executive session pursuant to Section 551.071, Texas Government Code, as amended, to discuss litigation.

The Board reconvened in open session at 7:35 p.m.

20. **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.

* * *

The above and foregoing minutes were passed and approved by the Board of Directors on July 10, 2008.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)