

MINUTES OF MEETING OF BOARD OF DIRECTORS
December 15, 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 Atascocita Country Club, 20114 Pinehurst, Humble, Texas at 7:00 p.m. on December 15, 2005 at 6:00 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
Charlie Berger, Assistant Secretary

All members of the Board were present except Director Johnson. Director Hughes 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. Fred Richardson 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 six 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 November 17, 2005, previously distributed to the Board, were presented for approval. 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 the minutes of the meeting of November 17, 2005, as presented.

2. **Receive comments from the public.** Ms. Mary Ann Cashion reported that the Harris County Library (Atascocita Branch) has agreed to allow the District to utilize the library as a polling location for both early and regular voting in connection with the May 13, 2006 Directors Election, if necessary. Ms. Cashion stated that, at this time, she will not be able to secure voting judges or clerks for the election. Ms. Cashion stated that the District should take into consideration the Americans with Disability Act when selecting a polling location. Ms. Cashion noted that the Election Code allows municipal utility districts to contract with other political subdivisions for the use of a public building for elections.

Director Hughes entered the meeting at this time. Discussion ensued regarding the upcoming election.

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 "C." 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 Bookkeeper's Report, to approve the Investment Report, and to authorize payment of check numbers 5104 through 5125 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. Pawlak, who presented to and reviewed with the Board the Tax Assessor and Collector's Report for November 2005, a copy of which is attached hereto as Exhibit "D." Mr. Pawlak noted that 98.833% of the District's 2004 taxes had been collected as of November 30, 2005. 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 Tax Assessor and Collector's Report and to authorize payment of check numbers 1018 through 1023 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

Mr. Pawlak inquired whether the Board would like to have an aerial photograph of the District taken (including disk) at a cost of approximately \$500. 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 authorize payment for an aerial photograph of the District.

5. **Operations Report and Billing and Collections Report.** The President recognized Mr. Richardson, who presented to and reviewed with the Board the Operations Report, a copy of which is attached hereto as Exhibit "E." Mr. Richardson reported that 99.49% of the water pumped was billed for the month ending November 23, 2005.

In response to a request from Director Hughes, Mr. Richardson stated that he will determine the reason that the fire hydrant at 20323 Allegro Shores was replaced.

Mr. Richardson requested permission to turn three accounts totaling \$332.59 over to collections and to write off two accounts totaling \$11.87.

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 ST to turn three accounts totaling \$332.59 over to collections and to write off two accounts totaling \$11.87.

6. **Approve and authorize execution of Professional Services Contract with Severn Trent Environmental Services.** Mr. Richardson presented to and reviewed with the Board a revised Schedule of Standard Rates, a copy of which is attached hereto as Exhibit "F." Mr. Richardson stated that ST is requesting that the Board authorize such amendment to the contract. It was the consensus of the Board to defer such item until the next Board meeting.

7. **Status report and take any action in connection with collection of builder damages (Margaret Poissant).** Ms. Christensen stated that she will contact Ms. Poissant and inquire about the status of the collection of the builder damages.

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

Ms. Zapletal reported that the owner of the Hibernia Bank, Mr. Ardavan Motamedi, has requested an access easement to the water plant no. two driveway. Ms. Zapletal stated that Rowland Interests, Inc. currently has an access easement agreement with the District for this same area. Ms. Zapletal stated that she contacted Ms. Cogburn regarding this matter and has provided Ms. Cogburn's comments to Mr. Ardavan. Ms. Zapletal stated that Mr. Ardavan will need to coordinate with Rowland Interests, Inc. regarding entering into a joint access easement agreement. Ms. Zapletal stated that when the Board receives letters from both Mr. Motamedi and Rowland Interests, Inc. agreeing to the joint use of the access easement (and financing), F&J will begin preparation of the revised access easement agreement.

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 stated that Brown & Gay has not received revised plans.

Ms. Zapletal reported that Brown & Gay has approved the preliminary construction plans for retail space in Atascocita Commons (Reserves A&B) and conditionally approved such plans for construction. Ms. Zapletal noted that the plat of Atascocita Commons is scheduled for recordation in January.

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 plans for the HEB Sushi Bar have been reviewed and approved.

Ms. Zapletal reported that Brown & Gay has received the final construction plans for Wachovia Bank.

Ms. Zapletal reported that Brown & Gay is awaiting construction and plumbing plans for Applebee's Restaurant and Panera Bread to be located in Atascocita Commons (Phase One).

Ms. Zapletal reported that RG Miller Engineers has provided the preliminary construction plans for the trunk facilities to serve Atascocita Commons (Phase Two). Ms. Zapletal stated that Brown & Gay is awaiting revised plans.

Ms. Zapletal reported that the TCEQ performed the pre-purchase inspection of Kings River Estates, Section Five on December 6, 2005 and the deficiencies noted have been corrected. Ms. Zapletal reported that the TCEQ inspector has issued his inspection approval to the Austin office. Ms. Zapletal reported that Brown & Gay will notify the Board upon receipt of the TCEQ's approval to purchase the facilities in Kings River Estates, Section Five.

Ms. Zapletal presented to and reviewed with the Board Pay Estimate No. Four in the amount of \$28,917.90 in connection with Phase Two of the Sanitary Sewer Rehabilitation, a copy of which is attached to the Engineer's Report. Ms. Zapletal reported that all work has been completed in connection with Phase Two. Ms. Zapletal stated that Brown & Gay expects to receive the post-construction video footage for the remainder of the work early next week and a final TCEQ inspection will be scheduled in the near future.

Ms. Zapletal reported that ST will provide video footage to Brown & Gay in connection with the cleaning and televising of the sanitary sewer mains.

Ms. Zapletal reported that Brown and Gay has prepared a preliminary report in connection with the options for installation of generators at the lift station and water plant sites and the associated costs. Ms. Zapletal stated that, upon completion, she will send such report to the Directors for review.

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. Four in the amount of \$28,917.90 in connection with phase two of the sanitary sewer rehabilitation.

9. **Review and authorize capacity commitment letters.** Ms. Zapletal reported that no requests for capacity commitment have been received since the last Board meeting.

10. **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 submittal for the pumps has been approved, but construction activity will likely not begin at the site until closer to the pump delivery date. Ms. Zapletal stated that Brown and Gay is coordinating with G&N Enterprises to schedule the pre-construction meeting soon.

11. **Award contract for Phase Three of Sanitary Sewer Line Rehabilitation.** Ms. Zapletal presented to and reviewed with the Board the bid tabulation for phase three of the sanitary sewer line rehabilitation, a copy of the tabulation is attached to the Engineer's Report. Ms. Zapletal stated that Insituform Technologies, Inc. submitted the low bid in the amount of \$1,028,084.34. Ms. Zapletal stated that the contractor has requested modifications in the indemnification clause under the Supplementary Conditions to the Standard General Conditions as stated in the attached letter dated December 14, 2005. Ms. Zapletal stated that Ms. Cogburn has reviewed and approved the requested modifications. Ms. Zapletal stated that Brown and Gay recommends award of the contract in the proposed amount of \$1,028,084.34 to the low bidder, Insituform Technologies, Inc. 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 phase three of the sanitary sewer line rehabilitation to the low bidder, Insituform Technologies, Inc., in the amount of \$1,028,084.34.

12. **Approve and authorize execution of Amended and Restated Agreement for Third Phase of Atascocita Sanitary Sewer Treatment Plant Expansion.** 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 and authorize execution of the Amended and

Restated Agreement for Third Phase of Atascocita Sanitary Sewer Treatment Plant Expansion, a copy of which is attached hereto as Exhibit "H."

13. **Discuss and take any action in connection with District communications.** Director Hughes reported that there were some glitches with the District website, but they have been corrected by the website host.

In response to a request from Ms. Cashion regarding the possibility of posting financial statements on the District's website, Ms. Cogburn stated that she will research whether posting such information on the website would create any issues under the securities laws.

14. **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 January 19, 2006.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)