

MINUTES OF MEETING OF BOARD OF DIRECTORS
September 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 September 15, 2005; whereupon the roll was called of the directors, to-wit:

Marie Wilkinson, President
Ray Hughes, Vice President
Bobby Haney, Assistant Secretary
David Johnson, 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; Ms. Patsy Oliver of the Atascocita Observer Newspaper; Ms. Carla Christensen of Fulbright & Jaworski L.L.P. (“*F&J*”), attorneys for the District; and four 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 “A”, and the following business was transacted:

1. **Minutes.** Proposed minutes of the meeting of August 18, 2005, previously distributed to the Board, were presented for approval. 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 minutes of the meeting of August 18, 2005, as presented.

2. **Receive comments from the public.** Ms. Mary Ann Cashion requested that the Board consider holding the next quarterly District meeting in October due to Thanksgiving and Christmas holidays. Ms. Cashion also requested that the minutes from previous Board meetings be posted on the website more than three days prior to the meeting.

Mr. Jack Henderson inquired whether information is on the District’s website regarding the upcoming Directors election. Director Wilkinson stated that such information has not yet been posted on the website, but will be as soon as the Secretary of State has released its election calendars for 2006. Mr. Henderson thanked the Board for providing information to the residents of the District.

Mr. Tim Mulky thanked the Board for having a website. Mr. Mulky suggested that the Board investigate whether an “e-blast” or “alert” email can be sent to interested residents whenever the website is updated with new information. Mr. Mulky inquired why the Board has not considered holding an election to fill the Board vacancy. Director Wilkinson stated that laws provide for municipal utility districts to appoint a director and that the election process is costly for the District. Discussion ensued regarding qualifications to serve as a director. Director Wilkinson stated that the District will coordinate with its attorney to have the legal qualifications for directors posted on the District website. In response to a question, Director Wilkinson noted that two director terms will expire in May 2006.

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 “C.” 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 accept the Bookkeeper’s Report, to approve the Investment Report, and to authorize payment of check numbers 5008 through 5024 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 Ms. Guerrero, who presented to and reviewed with the Board the Tax Assessor and Collector’s Report for August 2005, a copy of which is attached hereto as Exhibit “D.” Ms. Guerrero noted that 97.56% of the District’s 2004 taxes had been collected as of August 31, 2005. 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 1001 through 1007 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 “E.” Mr. Mensik reported that 99.09% of the water pumped was billed for the month ending August 2005.

Mr. Mensik requested permission to turn one account in the amount of \$173.49 over to collections and to write off two accounts totaling \$4.03.

In response to a question from Ms. Cashion, Ms. Zapletal stated that the District has not had any projects on 17th Green that would have required the replacement of six driveways in a row.

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 one account totaling \$173.49 over to collections and to write off two accounts totaling \$4.03.

6. **Status report and take any action in connection with collection of builder damages (Margaret Poissant).** The Board reviewed the status report from Ms. Poissant in connection with the collection of builder damages, a copy of which is attached hereto as Exhibit “F.” Discussion ensued regarding whether the Board should authorize Ms. Poissant to hire an

investigator in connection with the collections of outstanding invoices from Bryant Brother (\$6.25), Hasta La Pasta (\$5.22), and Tri-City Turnkey Services (\$957.57). It was the consensus of the Board to not hire an investigator in connection with the Bryant Brother or Hasta La Pasta invoices. The Board requested that Ms. Poissant provide a cost estimate for hiring an investigator to assist with the collection of the outstanding \$957.57 from Tri-City Turnkey Services. The Board reviewed the Settlement and Disbursement and Release of Attorney in connection with collection of outstanding builder damages owed by Habitax, a copy of which is attached to the status report. 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 and authorize execution of the Settlement and Disbursement and Release of Attorney, subject to review of such agreement by the District's attorney.

7. **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 no plans have been received for the individual pad sites that are to be developed in connection with Atascocita Commons, Phase One.

Ms. Zapletal reported that plans have been approved for SportClips in the Atascocita Village Shopping Center.

Ms. Zapletal reported that the plans for the private sanitary sewer and storm sewer trunk main for the Market at Lake Houston have been reviewed and approved. Ms. Zapletal stated that no water connections are proposed at this time. Ms. Zapletal noted that no taps will be made to serve any of the pad sites that do not currently have a capacity commitment letter, approved construction plans, and recorded plat.

Ms. Zapletal reported that the preliminary review of the construction plans for Wachovia Bank have been finalized and Brown & Gay is awaiting receipt of the revised construction plans.

Ms. Zapletal reported that Insituform Technologies, Inc. is substantially complete with phase one of the sanitary sewer rehabilitation. Ms. Zapletal reported that Brown & Gay is withholding 10% retainage in connection with the contract until all inspection punch list items are complete. Ms. Zapletal presented to and reviewed with the Board Change Order No. Three in the amount of \$1,928.00 for approval, a copy of which is attached to the Engineer's Report. Ms. Zapletal reported that the final pay estimate will be presented for approval at the next Board meeting.

Ms. Zapletal presented to and reviewed with the Board Pay Estimate No. 1 in the amount of \$131,137.20 from Repipe Texas, Inc. 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 the contractor estimates that the project will be complete before the next Board of Director's meeting.

Ms. Zapletal reported that Brown & Gay has received 11,616 linear feet of video footage from ST in connection with the cleaning and televising of the sanitary sewer lines. Ms. Zapletal stated that Brown & Gay estimates the cost for heavy cleaning and rehabilitation of the deficiencies (priorities one through three) in Pinehurst of Atascocita, Sections Two and Eleven to

be approximately \$377,664. A summary of the video footage and the cost estimate are attached to the Engineer's Report.

Ms. Zapletal reported that Brown & Gay and ST met to visit all seven water system interconnections with the District. Ms. Zapletal stated that the purpose of the field visit was to locate all interconnects and investigate the surrounding area for potential metering that is being required by the TCEQ in connection with the elevated storage variance request. Ms. Zapletal stated that Brown & Gay will utilize the information obtained from the field visits to prepare a cost analysis to measure and record flow data at the interconnections.

Ms. Zapletal reported that Brown & Gay plans to request the Board's authorization to advertise for bids for Phase Three of the Sanitary Sewer Rehabilitation at the October meeting.

Ms. Zapletal reported that the City of Houston and ST have provided comments on the construction plans for the shared lift station with Harris County MUD No. 151 ("lift station no. four"). Ms. Zapletal stated that the contract time for construction will be 120 days. Ms. Zapletal stated that Brown & Gay has included in the bid documents an increase in the liquidated damages to \$750 per day. Ms. Zapletal stated that Brown & Gay requests input from the Board on the early completion incentive for the contract. It was the consensus of the Board to utilize the standard incentive language for this contract and to discuss any changes to future contracts at a later date.

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 Change Order No. Three and authorize payment of \$1,928.00 in connection with Phase One of the Sanitary Sewer Rehabilitation, to approve Pay Estimate No. One and authorize payment of \$131,137.20 in connection with Phase Two of the Sanitary Sewer Rehabilitation, and to approve a contract increase in liquidated damages in connection with the construction of lift station no. four.

8. **Review and authorize capacity commitment letters.** Ms. Zapletal reported that there have been no requests for capacity commitment within the last month.

9. **Discuss and take any action in connection with District communications.** Discussion ensued. In response to a request from Mr. Henderson, the Board agreed to permanently include the District's website address on the District water bills.

In response to a question from Mr. Henderson regarding the strategic partnership agreement revenue, Director Wilkinson stated that the District anticipates receipt of the first revenue check sometime in November. Director Wilkinson also stated that the District intends to reduce its tax rate in anticipation of the tax revenue. Mr. Henderson requested that the Board consider utilizing some of the tax revenues to benefit the entire Atascocita community.

10. **Discussion regarding appointment of new director.** There was no more discussion on this item.

11. **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
October 20, 2005.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)