

MINUTES OF MEETING OF BOARD OF DIRECTORS
July 20, 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 Meeting Room, Kroger Store, 19300 West Lake Houston Parkway, Humble, Texas on July 20, 2006 at 6:00 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. Director Wilkinson 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. 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 three 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 June 15, 2006, 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 June 15, 2006, as presented.

The President thanked Director House and Director Wilkinson for coordinating with Kroger and the Atascocita Library to reserve the meeting rooms.

Director Stine requested that a draft of the minutes be distributed to the Board members within one week after the meeting is held.

2. **Receive comments from the public.** The President recognized Ms. Cashion, who stated that she has a few comments on the District’s website. Director Hughes stated that he is the Director that coordinates with the website and requested that Ms. Cashion speak to him after the Board meeting.

The President recognized Mr. Henderson, who thanked the Board for holding the monthly Board meetings in the District in the evening.

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."

Director Stine noted that the operating budget comparison for fiscal year ending May 31, 2007 does not reflect any revenue for the Strategic Partnership Agreement ("SPA"). Ms. Kelly stated that she will revise the budget to reflect the appropriate SPA revenue for the month. Director Stine also noted that the maintenance tax revenues should be budgeted for the months in which the revenue is received (December/January).

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 accept the Bookkeeper's Report, to approve the Investment Report, and to authorize payment of check numbers 5335 through 5389 from the Operating Account, all as listed in the Bookkeeper's Report.

4. **Approve amended budget for fiscal year ending May 31, 2007.** The Board reviewed the amended budget, a copy of which is attached to the Bookkeeper's Report. Discussion ensued regarding the emergency force main repairs (\$794,301.20). Ms. Kelly noted that such amount has been included in the amended budget. Ms. Zapletal stated that because the force main is shared with Harris County MUD Nos. 151 and 153, the District's pro-rata share of such cost will be 56.8%. Ms. Zapletal stated that, for budgeting purposes, the District's share of the repair costs will be no more than \$600,000. Ms. Kelly stated that she will make the necessary corrections to the amended budget and present it to the Board for approval at the next meeting.

5. **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 June 2006 and the delinquent tax attorney's report, copies of which are attached hereto as Exhibit "D." Mr. Pawlak noted that 96.3% of the District's 2005 taxes had been collected as of June 30, 2006.

Mr. Pawlak reported that the District's 2006 preliminary taxable value is \$382,259,519 and that the District's 2005 taxable value was approximately \$381,100,000. Discussion ensued. Mr. Pawlak noted that he will not receive any more updates on the taxable value until HCAD has submitted the 2006 certified tax rolls, at which time his office will verify that all the new development in the District is on the tax roll.

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 Tax Assessor and Collector's Report and to authorize payment of check numbers 1082 through 1086 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

6. **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 99.43% of the water pumped was billed for the month ending June 23, 2006.

In response to a question, Mr. Mensik stated that he will obtain proposals from electricity providers for the Board's review at the next meeting.

Director Wilkinson entered the meeting at this time.

Mr. Mensik reviewed with the Board two bids from Escalante Construction, Inc. for the painting of the District's water plants (including buildings and piping), copies of which are attached hereto as Exhibit "F." Mr. Mensik stated that the cost to repaint water plant no. one is \$11,939.47 and the cost to repaint water plant no. two is \$4,889.50. Upon motion by Director Stine, seconded by Director Wilkinson, after full discussion and the question being put to the Board, the Board voted unanimously to approve the bid from Escalante Construction, Inc. to repaint water plant no. one at a cost of \$11,939.47. 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 bid from Escalante Construction, Inc. to repaint water plant no. two at a cost of \$4,889.50.

Mr. Mensik requested approval to install exhaust fans in the water plant no. two control building at a cost of \$1,450.00. 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 installation of exhaust fans in the water plant no. two control building at a cost of \$1,450.00.

In response to a question, Mr. Mensik reported that he has posted signs along F.M. 1960 East informing drivers of the sanitary sewer force main repairs that will affect traffic along F.M. 1960 East.

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

7. 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.

8. 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 "G."

Ms. Zapletal reported that an updated Capital Projects Summary was provided to the website for posting today.

Ms. Zapletal reported that Brown & Gay received notification that the Harris County Public Infrastructure Department will be slip-lining an existing storm sewer outfall into Lake Houston. Ms. Zapletal noted that the segment in question is located at 20512 Atascocita Shores Drive. Ms. Zapletal noted that the District does not have any utilities in the vicinity of the construction area. Discussion ensued. Director Hughes requested that Ms. Zapletal prepare a statement regarding such work for posting on the District's website.

Ms. Zapletal presented to and reviewed with the Board Pay Estimate No. Three from Insituform Technologies in the amount of \$273,670.22 in connection with phase three of the sanitary sewer rehabilitation. Ms. Zapletal noted that the pay estimate includes payment for 3,970 linear feet (“LF”) of 8-inch cured-in-place-pipe (“CIPP”), 597 LF of 10-inch CIPP and 12,958 LF of 12-inch CIPP, and 1,634 LF of 15-inch CIPP.

Ms. Zapletal presented to and reviewed with the Board Pay Estimate No. Two and Final from G&N Enterprises in the amount of \$3,998.00 in connection with construction of the shared lift station with Harris County MUD No. 151. Ms. Zapletal reported that the pay estimate includes payment for the release of retainage. Ms. Zapletal stated that Brown & Gay is waiting for the contractor to sign the final pay estimate this week before advising the bookkeeper to release the check.

Upon motion by Director Wilkinson, seconded by Director House, after full discussion and the question being put to the Board, the Board voted unanimously to approve Pay Estimate No. Three in the amount of \$273,670.22 in connection with phase three of the sanitary sewer rehabilitation, to approve Pay Estimate No. Two and Final in the amount of \$3,998.00 in connection with the shared lift station, and to authorize payment of same.

Ms. Zapletal reported on the status of construction plan review and approval.

9. **Review and authorize capacity commitments.** Ms. Zapletal stated that the District has not received any capacity commitment requests in the last month.

10. **Review and take any action in connection with monthly meeting location.** Ms. Cogburn stated that the August Board meeting will also be held in the meeting room at Kroger and the September and October Board meetings will be held at the library. Director House noted that the library can be reserved by the District 90 days in advance on a month-to-month basis with the exception of June and July. Director House stated that he will verify the availability of the library for District meetings on an ongoing basis.

11. **Discuss and take any action in connection with District communications.** Discussion ensued regarding the District’s website. Ms. Christensen noted that the District has an ongoing contract with The Texas Network for the website, but never entered into a contract with Barbara Payne. Director Stine noted that his name is spelled incorrectly on the website. It was also noted that the contact e-mail addresses for the Directors should be updated with the new Directors. Director Stine stated that the Director’s Election information can now be taken off of the website. Ms. Cashion requested that a copy of the District’s budget be posted on the District’s website. Discussion ensued regarding the posting of the District’s budget on the website. It was the consensus of the Board to add a page to the District’s website for the budget stating that a copy of the most recent budget will be e-mailed upon request.

Discussion ensued. It was the consensus of the Board to request Ms. Payne’s presence at the next Board meeting to discuss a more comprehensive website/communications plan for the District.

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 August 17, 2006.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)