

MINUTES OF MEETING OF BOARD OF DIRECTORS
November 16, 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 Harris County Library (Atascocita Branch), 19520 Pinehurst Trails Drive, Humble, Texas on November 16, 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 except Director Stine. 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. (“*Brown & Gay*”), engineer for the District; Ms. Nikki Wynn of Payne Communications; Ms. Alicia Angst 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 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 October 19, 2006, previously distributed to the Board, were presented for approval. 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 minutes of the meeting of October 19, 2006, as presented.

2. **Receive comments from the public.** The President recognized Mr. Brinkley, who reviewed with the Board a letter regarding his claim that chemicals being used by Insituform Technologies, Inc. during construction projects are damaging and killing numerous trees, a copy of which is attached hereto as Exhibit “C.” Mr. Brinkley stated that he made a claim with Insituform Technologies, Inc. for reimbursement in connection with the removal of the dead trees in his back yard. Mr. Brinkley stated that Insituform Technologies, Inc. denied such claim. Discussion ensued. Mr. Brinkley noted that the cost of the tree removal was \$350.00. Mr. Brinkley requested that the Board assist him in coordinating with Insituform

Technologies, Inc. to get the company to pay to remove any dead trees that result from the chemicals being used by Insituform Technologies, Inc. It was the consensus of the Board that Director Hughes coordinate with the District's engineer and further investigate such matter.

The President recognized Mr. Henderson, who requested that the District make the District's budget available to interested residents as discussed at a meeting in July 2006. 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 to the bookkeeper.

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 "D." 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 accept the Bookkeeper's Report, to approve the Investment Report, and to authorize payment of check numbers 5476 through 5531 from the Operating Account.

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 October 2006 and the delinquent tax attorney report, copies of which are attached hereto as Exhibit "E." Mr. Pawlak noted that 98.08% of the District's 2005 taxes had been collected as of October 31, 2006. 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 1104 through 1108 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. Richardson, who presented to and reviewed with the Board the Operations Report, a copy of which is attached hereto as Exhibit "F." Mr. Richardson reported that 99.47% of the water pumped was billed for the month ending October 24, 2006.

Mr. Richardson requested permission to turn seven accounts totaling \$470.77 over to collections and to write off three accounts totaling \$35.42. Discussion ensued regarding delinquent accounts.

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 Operations Report, to authorize termination of service to delinquent accounts, to authorize ST to turn seven accounts totaling \$470.77 over to collections and to write off three accounts totaling \$35.42, and to adopt a policy authorizing ST to write off any delinquent account totaling less than \$25.00.

6. **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.

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

Construction Plan Review:

- a. Retail space on Atascocita Road (1.0827 acres): Nothing new for this meeting.
- b. Wells Fargo (FM 1960 East in front of HEB): Wells Fargo will be submitting the recorded water meter easement and revised plans in January after the lease agreement for the land is signed.
- c. Residential/commercial construction at FM 1960 East and Atascocita Shores Drive: Nothing new for this meeting.
- d. Proposed office building north of FM 1960 East and Atascocita Shores Drive: Nothing new for this meeting.
- e. Proposed Tuscan Village on the NE and NW corners of FM 1960 East and Atascocita Shores Drive: Nothing new for this meeting.

Sanitary Sewer Rehabilitation – Phase III:

Pay Estimate No. Six from Insituform Technologies in the amount of \$2,501.28 has been reviewed and is approved for payment. The pay estimate includes payment for construction televising, testing rehabilitated manholes, and adjustments for overpayments on liner quantities. A preliminary inspection was conducted on Friday, November 10, 2006. Brown & Gay has requested that the contractor seal the connections between the liner and the manholes as written in the contract specifications.

Emergency Rehabilitation of 18-Inch Sanitary Sewer Force Main:

Brown & Gay noticed some wrinkles in the interior liner in some segments of pipe. Although this does not impact the structural integrity of the pipe, Brown & Gay has requested an additional extended warranty for the work. Brown & Gay is working with Insituform Technologies and Ms. Cogburn on the warranty's language.

Pay Estimate No. Three from Insituform Technologies in the amount of \$201,046.23 has been reviewed and is approved for payment. The shares of this pay estimate are as follows: HCMUD 132 = \$114,194.26, HCMUD 151 = \$25,130.78, and HCMUD 153 = \$61,721.19. Each district shall pay its own share directly to the contractor. The pay estimate includes payment for 848 LF of non-potable pressure pipe lining, end seals, spool connections, and Change Order No. One items (heavy cleaning, CenterPoint fees, new bends in the pipe, and extra pit items).

For the connection to the existing outfall manhole, Insituform Technologies made an open-cut installation of new pipe for a length of 52 LF. The items associated with this construction, including replacement of asphalt, totaled \$26,501.00. Risers for two air release valves were also added to the scope. These items are presented in Change Order No. Two in the amount of \$28,459.00 for approval.

During attempts to make the final tie-in at the lift station, Insituform Technologies discovered that a segment of the 18-inch gravity sewer serving the District and HCMUD 151 was missing the top of pipe. The contractor submitted items for Change Order No.

Three totaling \$33,035.00 to replace the 18-inch pipe and a drop connection to the manhole. Because of the location of the repair, portions of the existing concrete fence were required to be removed. The District has two options in the replacement of this section of the fence: (1) utilize the change order cost item for a temporary 8-foot wooden fence and have the generator contractor (C.F. McDonald Electric) construct the permanent concrete fence along with his fence construction or (2) ask Insituform to replace this portion of the fence with a concrete section made to match the fence proposed by C.F. McDonald Electric. Brown & Gay recommends option 1 to allow completion of the force main project and allow the generator contractor to be able to begin working at the lift station site. It was the consensus of the Board that Brown & Gay coordinate with the contractor regarding the replacement of the fence.

Installation of Natural Gas Generators at Water Plants and Lift Stations:

The Notice to Proceed for the project was issued for Monday, October 23, 2006. The original contract amount is \$941,636.50. Brown & Gay has received and approved several submittals to date, including submittals for the generators, paint color (with assistance by Severn Trent for color selection), electrical gear, and automatic transfer switches. A sample of the concrete panel fence is available at tonight's meeting.

Upon motion by Director Wilkinson, seconded by Director Haney, after full discussion and the question being put to the Board, the Board voted unanimously to approve Pay Estimate No. Six from Insituform Technologies in connection with phase three of the sanitary sewer rehabilitation in the amount of \$2,501.28 and authorize payment of same, to approve Pay Estimate No. Three from Insituform Technologies in the amount of \$201,046.23 in connection with the emergency force main repairs and authorize payment of the District's share of this pay estimate (\$114,194.26), to approve Change Order No. Two from Insituform Technologies in connection with the emergency force main repairs in the amount of \$28,459.00, and to approve Change Order No. Three from Insituform Technologies in connection with the emergency force main repairs in the amount of \$33,035.00.

8. **Review and authorize capacity commitments.** Ms. Zapletal presented to and reviewed with the Board a request for capacity commitment from Kona Interest Group, Inc. on behalf of J&K Interests for a capacity to serve the Chateau at Pinehurst Apartments on FM 1960 East near Pinehurst Trail Drive. Ms. Zapletal reported that the estimated usage for the 200-unit complex is 53,990 gpd of water capacity and 44,990 gpd of wastewater capacity. Ms. Zapletal reported that the District has sufficient water capacity to serve the project and, with the pooled wastewater treatment plant capacity, also has sufficient wastewater treatment capacity to serve the project. Upon motion by Director Wilkinson, seconded by Director Haney, after full discussion and the question being put to the Board, the Board voted unanimously to authorize issuance of a capacity commitment letter to Kona Interest Group, Inc. on behalf of J&K Interests for the Chateau at Pinehurst Apartments.

9. **Discuss and take any action in connection with drainage issues in Kings River Estates, Section 4.** Ms. Zapletal reported that Brown & Gay is currently conducting a topographical survey at a nearby tract and will survey the site upon completion of that work.

10. **Discuss and take any action in connection with renewal of District Insurance (expires January 24, 2007).** Discussion ensued regarding whether the Board should request

proposals for insurance coverage or just a renewal proposal. It was the consensus of the Board to request a renewal proposal from the District's current carrier, Anco Wessendorff, and to request proposals from AquaSurance and Harco Insurance Services (TML). In response to a question, the Board stated that they would like representatives from each of the insurance companies to attend the next Board meeting to present and review their proposal.

11. **Discuss and take any necessary action in connection with implementation of Ringtail database and Extranet web site for District.** Ms. Cogburn reported that F&J is currently working on uploading water district documents to an electronic database. Ms. Cogburn also reported that F&J is working on creating "extranet" for interested water districts. Ms. Cogburn stated that F&J will be holding a presentation on the new applications and invited the Board and consultants to attend either of the presentations (being held on November 29, 2006 and December 7, 2006 at 11:30 a.m.).

12. **Discuss and take any action in connection with District Communications.** The President recognized Ms. Wynn, who reported on the topics for the various newsletter articles for the District's first newsletter. Ms. Wynn stated that the first newsletter is approximately 80% complete. Ms. Wynn stated that it would be a good idea to publish a letter from the Directors in the first newsletter. Director Hughes stated that he will coordinate with Ms. Wynn and the Directors regarding drafting such letter. Director House requested that topics such as "organic gardening" and "online bill paying" be included in the newsletter.

13. **Other matters.** Ms. Cogburn presented to and reviewed with the Board a letter from the Houston Northwest Chamber of Commerce and a proposed Resolution Requesting the City of Houston to amend the Strategic Partnership Agreement with the District to include provisions of the City of Houston Building Code (covering sign regulations) and the provisions of the City of Houston Ordinance 2003-738 (covering fireworks sales and discharge), a copy of which is attached hereto as Exhibit "H." No action was taken in connection with the letter.

Ms. Cogburn reported that the District has received a census request. It was the consensus of the Board to have F&J complete and submit such census request to the Department of Commerce.

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 December 21, 2006.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)