

MINUTES OF MEETING OF BOARD OF DIRECTORS
January 18, 2007

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 January 18, 2007, 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 Wilkinson. 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. 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 December 21, 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 December 21, 2006, as presented.
2. **Receive comments from the public.** There were no comments from the public at this time.
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 Stine, 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 5561 through 5584 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 December 2006 and the delinquent tax attorney report, copies of which are attached hereto as Exhibit "D." Mr. Pawlak noted that 52.1% of the District's 2006 taxes have been collected as of December 31, 2006. Upon motion by Director Stine, seconded by Director House, 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 1114 through 1127 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

5. **Adopt Order Authorizing Exemptions from Taxation (Disabled and 65 Years of Age or Older and Residential Homestead).** Ms. Cogburn presented to the Board the Order Adopting Exemption from Taxation for Individuals who are Disabled or are 65 Years of Age or Older and the Order Adopting a Residential Homestead Tax Exemption, copies of which are attached hereto as Exhibit "E." It was the consensus of the Board to maintain the exemption amounts at \$30,000 (for disabled and over 65 years of age) and 20% of the appraised value (for homestead). 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 Adopt the Orders Authorizing Exemption from taxation.

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 "F." Mr. Mensik reported that 93.81% of the water pumped was billed for the month ending December 23, 2006.

In response to a question, Mr. Mensik noted that the water accountability was lower than normal due to water line breaks.

Mr. Mensik reviewed with the Board a letter from the Lakeshore Villas Apartments requesting a waiver of late fees totaling \$1,043.04. Discussion ensued. It was the consensus of the Board to deny such request.

Director Hughes requested that Mr. Mensik investigate a broken fire hydrant on Atascocita Shores near the daycare center.

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 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.** The Board reviewed 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): Brewer & Escalante Engineers is in the process of preparing their water meter easement. BGE will not release taps until the recorded water meter easement and Harris County signature approval of the plans are received.
- c. 8-Acre Tract north of Wachovia on FM 1960 East: Nothing new for this meeting.
- d. Residential/commercial construction at FM 1960 East and Atascocita Shores Drive: Nothing new for this meeting.
- e. Proposed office building north of FM 1960 East and Atascocita Shores Drive: Nothing new for this meeting.
- f. 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. Seven in the amount of \$46,126.65 from Insituform Technologies has been reviewed and is recommended for approval and payment. The pay estimate includes payment for the reduction of the retainage. Funds totaling \$46,126.65 still remain on retainage.

The TCEQ inspection was conducted on Friday, January 5th and some punchlist items were noted. Due to the weather this week, the re-inspection that was going to be scheduled before the Board meeting was not conducted. The contractor informed Brown & Gay that they have reimbursed Mr. Brinkley for the \$350.00 payment for the tree removal at 8007 Hurst Forest. BGE contacted Mr. Brinkley, and he confirmed that the project manager with Insituform Technologies hand-delivered the reimbursement check.

Emergency Rehabilitation of 18-Inch Sanitary Sewer Force Main:

Pay Estimate No. Five and Final from Insituform Technologies has been received and is currently under review. The pay estimate should be approved for presentation in February. This project has been certified as complete. The Engineer's Certificate of Completion is attached to the Engineer's Report .

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. C.F. McDonald Electric, Inc. has been working to install the new automatic transfer switches at the facilities. A pay estimate was submitted since the last Board meeting.

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 Pay Estimate No. Seven from Insituform Technologies in the amount of \$46,126.65 in connection with phase three of the sanitary sewer rehabilitation.

9. **Review and authorize capacity commitments.** It was noted that no capacity commitment requests have been received since the last Board meeting.

10. **Discuss and take any action in connection with drainage issues in Kings River Estates, Section 4.** It was noted that Brown & Gay will schedule an on-site meeting with Director House at the time that surveyors can get to the properties without damaging side-yards and backyards after poor weather conditions. Any potential solutions that may be evident in the field can then be specifically surveyed.

11. **Discuss and take any action in connection with renewal of District Insurance (expires January 24, 2007).** Director Stine presented to and reviewed with the Board a summary of the insurance proposals submitted, a copy of which is attached hereto as Exhibit "H." Director Stine stated that Anco McDonald has agreed to lower the Directors and Officers Liability premium from \$5,500 to \$3,360. The Board reviewed the revised insurance proposals submitted by Anco McDonald Waterworks, Harco Insurance Services, and AquaSurance, copies of which are attached hereto as Exhibit "I." Upon motion by Director Stine, seconded by Director House, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution of the insurance proposal with Anco McDonald Waterworks.

12. **Discuss and take any action regarding authorizing external users for the Ringtail Database and Extranet.** The Board reviewed a list of proposed authorized users for the District's Ringtail database and extranet, a copy of which was previously distributed to the Board. 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 proposed list of authorized users for Ringtail and the Extranet.

13. **Discuss and take any action in connection with District Communications.** The President recognized Ms. Wynn, who presented to and reviewed with the Board an outline of proposed topics for the next District newsletter, a copy of which is attached hereto as Exhibit "J." Discussion ensued regarding adding an in-depth article regarding the illegal disposal of substances such as leaves, grass clippings, and oil in the storm sewer and the associated penalties/fines. Director Stine noted that the November 2006 minutes have not been posted on the website and the e-blast feature is not working. Director Hughes requested that Ms. Wynn report on the amount of "hits" the District's website receives each month.

14. **Other matters.** Discussion regarding an alternate meeting location for the February, May, June, July and August Board meetings since the library is not available. It was the consensus of the Board to meet at the Atascocita Country Club for the February, May, June, July and August Board meetings.

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 February 15, 2007.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)