

MINUTES OF MEETING OF BOARD OF DIRECTORS
August 16, 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 Atascocita Country Club, 20114 Pinehurst, Humble, Texas 77346 on August 16, 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 Haney. Director Wilkinson entered the meeting in progress. Also attending all or parts of the meeting were Mr. Michael Keefe of Bob Leared Interests, tax assessor and collector for the District; Ms. Beulah Kelly of Myrtle Cruz, Inc., bookkeeper for the District; Mr. Leroy Mensik of Severn Trent Environmental Services, Inc. (“*ST*”), operator of the District’s facilities; Ms. Amy Zapletal and Mr. John Dreahn of Brown & Gay Engineers, Inc., engineer for the District; and Ms. Carla Christensen of Fulbright & Jaworski L.L.P. (“*F&J*”), attorneys for the District.

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 July 19, 2007, previously distributed to the Board, were presented for approval. 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 minutes of the meeting of July 19, 2007, as presented.

2. **Receive comments from the public.** There were no members of the public in attendance.

3. **Review Bookkeeper’s Report and Investment Report.** The Board reviewed the Bookkeeper’s Report for the month ending August 16, 2007 and the Investment Report, copies of which are attached hereto as Exhibit “B.”

Director Stine inquired about the \$54,000 in receipts for connection tap fees. Ms. Zapletal noted that such tap fee is most likely for Atascocita Commons.

Director Stine noted that there was no Strategic Partnership Revenue received from the City of Houston for this month.

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 accept the Bookkeeper's Report for August 2007, to approve the Investment Report, and to authorize payment of check numbers 5789 through 5812 from the Operating Account, all as listed in the Bookkeeper's Report.

4. **Review Investment Policy and accept related party disclosures from Bookkeeper and Investment Officer.** Ms. Christensen presented to the Board the Resolution Reviewing Investment Policy and Making Any Desirable Changes Thereto, a copy of which is attached hereto as Exhibit "C." The Board agreed that no changes to the Investment Policy are needed at this time. 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 adopt the Resolution Reviewing Investment Policy and Making Any Desirable Changes Thereto.

Ms. Kelly stated that she will complete the memorandum disclosing Myrtle Cruz, Inc.'s relationships with any entities or individuals that have sold or seek to sell investments to the District and provide it to F&J.

5. **Review Tax Collector's Report and authorize payment of certain bills.** The President recognized Mr. Keefe, who presented to and reviewed with the Board the Tax Assessor and Collector's Report for July 2007, and the delinquent tax attorney report, copies of which are attached hereto as Exhibit "D." Mr. Keefe noted that 97.3% of the District's 2006 taxes had been collected as of August 30, 2007. Upon motion by Director House, seconded by Director Stine, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Tax Assessor and Collector's Reports and to authorize payment of check numbers 1197 through 1210 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

Director Wilkinson entered the meeting at this time.

6. **Operations Report and Billing and Collections Report.** Mr. Mensik presented to and reviewed with the Board the Operations Reports for July 2007, a copy of which is attached hereto as Exhibit "E." Mr. Mensik reported that 97.86% of the water pumped was billed for the month ending August 4, 2007.

Mr. Mensik requested permission to turn one account in the amount of \$86.79 over to collections and to write off one account in the amount of \$22.31. Director Hughes stated that the Board previously agreed to send all accounts to collections and not to write off any accounts.

Mr. Mensik reported that the valve survey has been completed and there are 380 valves in the District. Mr. Mensik stated that ST estimates that it will cost approximately \$7,600 to locate and determine the condition of all valves in the District. Mr. Mensik stated that once all valves are located, ST will prepare a proposal for repairs of necessary valves.

Mr. Mensik reported that the District received a check in the amount of \$543.75 from the Subsidence District.

Upon motion by Director House, seconded by Director Stine, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operations Report, to authorize termination to delinquent accounts, to authorize ST to locate and determine the condition of District valves, and to authorize ST to turn two accounts in the amounts of \$86.79 and \$22.31 over to collections.

7. **Status report and take any action in connection with collection of builder damages – Tri City Turnkey Services (Margaret Poissant).** Ms. Christensen stated that there was nothing new to report in connection with the builder damages.

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 "F," and which follows in substantially the form it was presented:

Construction Plan Review:

- a. Retail space on Atascocita Road (1.0827 acres): In April 2007, Brown & Gay advised the engineer that we have not received a request for a capacity commitment since Brown & Gay provided the information in May and December 2006. Brown & Gay has not received the request for capacity or construction plans for review.
- b. Atascocita Commons Phase III, IV and V: Brown & Gay and ST are awaiting receipt of revised construction plans for Phase III (Target) from RG Miller Engineers. The backflow prevention for the fire line requires additional detail. The revised construction plans for Phase IV and V (Kohl's) have been received from RG Miller Engineers and reviewed and approved by Brown & Gay and ST.
- c. Atascocita Shores Personal Warehouse (formerly known as Premises Personal Warehouse) at 19940 Atascocita Shores Drive (south of SW corner of FM 1960 East): Brown & Gay received preliminary plans from Cobb, Fendley & Associates, Inc. (CFA) for this development on 4.2285 acres. Brown & Gay has noted minor comments on the plans and will return comments to the engineer next week.
- d. Residential/commercial construction at FM 1960 East & Atascocita Shores Drive: Nothing new.
- e. Proposed office building north of FM 1960 East and Atascocita Shores Drive: Nothing new.
- f. Proposed Tuscan Village on the NE and NW corners of FM 1960 East and Atascocita Shores Drive: Nothing new for this meeting.
- g. McDonald's reconstruction: The construction plans have been reviewed by Brown & Gay. Brown & Gay will be requesting input from ST at the meeting today. A water line easement will be required for the proposed 6" fire line. It is the responsibility of the owner to secure the easement before taps will be allowed.

Drainage Channel Maintenance:

HCFCDD to prepare a preliminary cost estimate and will present costs to the Board so the scope of work can be fully determined and estimated. The Region 4 office of the Texas Parks and Wildlife Department stated that they do not provide direction on the process to remove beavers and their habitats and suggested that a pest-control company be contacted. Brown & Gay hopes to present proposals for the work at the next Board meeting. Discussion ensued. It was the consensus of the Board that Ms. Zapletal have the beaver(s) relocated at the District's expense.

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

The Notice to Proceed for the project was issued for Monday, October 23rd. The revised contract amount, including the change order for the fence at Lift Station No. 1, was \$949,496.50.

Pay Estimate No. Seven from C.F. McDonald Electric, Inc. in the amount of \$5,580.00 has been reviewed and is recommended for approval and payment. The pay estimate includes payment for completion of wiring at Lift Station No. 1.

The punchlist items that were noted at the TCEQ inspection on Friday, July 13th have been completed. The final contract amount was \$891,729.00 due to reductions for supplemental bid items that were not needed for construction. The Engineer's Certificate of Completion is attached for the Board's reference.

Pay Estimate No. Eight & Final in the amount of \$89,172.90 has been reviewed and is recommended for the Board's signature approval on a check in this amount. The pay estimate includes payment for the release of retainage. Brown & Gay requests that the Board approve payment today and sign the check. Brown & Gay requests that the bookkeeper hold this check until receiving Brown & Gay's verification of the final signature from the contractor.

Atascocita Joint Operations Board Update:

Brown & Gay continues to maintain a compilation of ESFC for each district. The current compilation through July 2007 indicates an average daily flow of 4.612 mgd. Rainfall for the month totaled 13.65 inches. Pay Estimate No. 20 is currently being processed by Brown & Gay. The total payments through Pay Estimate No. 19 represent 86.00% of the revised total contract. BGE submitted the application to renew the TCEQ discharge permit for the wastewater treatment plant on May 10, 2007. TCEQ declared the permit application Administratively Complete on May 24, 2007 and BGE published the first required notice on June 6, 2007. Brown & Gay has received a proposal from LEM for adding fuel tanks and pumps to add two additional days of diesel storage (four days total storage) at the wastewater treatment plant. The total estimated construction cost plus engineering fee is \$202,780.00.

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 Pay Estimate No. Seven in the amount of \$5,580.00 and Pay Estimate No. Eight & Final in the amount of \$89,172.90 in connection with the installation of natural gas generators at the water plants.

9. **Review and authorize capacity commitment letters.** Ms. Zapletal reported that Brown & Gay has not received any requests for capacity commitment since the last Board meeting.

10. **Discuss and take any action in connection with drainage issues in Kings River Estates, Section 4.** Ms. Zapletal reported that Brown & Gay has scheduled a site meeting with potential contractors for Tuesday, August 21, 2007. Ms. Zapletal stated that a contractor will be visiting the site to verify cost estimates for repairs based on the existing site conditions and construction constraints.

11. **Discuss and take any action in connection with implementation of GIS System.** Ms. Zapletal reported that Brown & Gay is drafting the proposal for development of a geographic information system (“GIS”) of the District’s utility lines. As part of the proposal process, Brown & Gay recommends that the Board attend an interactive presentation of the options and capabilities available. Ms. Zapletal reported that the GIS could provide support for work order management, asset management, GASB 34 reporting, web hosting of the utility data, and map book generation for filed operators to name a few benefits. Ms. Zapletal stated that she will coordinate with the Directors to schedule a special meeting.

12. **Discuss and take any action in connection with District communications.** The President reported that he is reviewing one more article prior to publication of the next District newsletter.

13. **Other matters.** There were no other matters to come before the Board.

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 September 20, 2007.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)