

MINUTES OF MEETING OF BOARD OF DIRECTORS
July 19, 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 July 19, 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 Hughes. 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 of Brown & Gay Engineers, Inc., engineer for the District; Ms. Patsy Oliver of The Tribune Newspaper; Mr. Jack Henderson, a resident of the District; and Ms. Jana Cogburn and Ms. Carla Christensen of Fulbright & Jaworski L.L.P. (“*F&J*”), attorneys for the District.

Call to Order. The Vice 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 May 17, 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 May 17, 2007, as presented.

2. **Receive comments from the public.** Mr. Henderson inquired whether the District was part of the North Harris County Regional Water Authority. Director Wilkinson noted that the District joined the West Harris County Regional Water Authority (“WHCRWA”). It was also noted that the District is currently not passing through any of the associated WHCRWA fees to District customers.

3. **Review Bookkeeper’s Report and Investment Report.** Ms. Kelly presented to and reviewed with the Board the Bookkeeper’s Reports for June and July 2007, and the Investment Report, copies of which are attached hereto as Exhibit “B.” 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 Reports for June and July

2007, to approve the Investment Report, and to authorize payment of check numbers 5719 through 5788 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 Mr. Keefe, who presented to and reviewed with the Board the Tax Assessor and Collector's Reports for June and July 2007, and the delinquent tax attorney report, copies of which are attached hereto as Exhibit "C." Mr. Keefe noted that 97% of the District's 2006 taxes had been collected as of July 31, 2007. 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 Tax Assessor and Collector's Reports and to authorize payment of check numbers 1183 through 1196 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

5. **Operations Report and Billing and Collections Report.** Mr. Mensik presented to and reviewed with the Board the Operations Reports for May and June 2007, copies of which are attached hereto as Exhibit "D." Mr. Mensik reported that 98.88% of the water pumped was billed for the month ending May 25, 2007.

Mr. Mensik requested permission to turn one account in the amount of \$49.40 over to collections.

Mr. Mensik recommended that a valve survey be performed. It was the consensus of the Board for ST to prepare and present at the Board's next meeting an estimate of the costs to perform a valve survey. In response to a question from Director Wilkinson, Ms. Zapletal stated that she will coordinate with Director Haney and research the various options and associated costs in connection with implementing a GIS System for the District.

Director Stine noted that the District sign located on Pinehurst Trail Drive is rusted and old and needs to be replaced. Mr. Mensik stated that he will have the sign replaced.

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 Operations Report, to authorize termination to delinquent accounts, and to authorize ST to turn one account in the amount of \$49.40 over to collections.

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

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

Construction Plan Review:

- a. Retail space on Atascocita Road (1.0827 acres): In April, Brown & Gay advised the engineer for the development that a request for a capacity commitment still had not been received. To date, Brown & Gay has not received the request for capacity.

- b. Atascocita Commons Phase III, IV and V: Brown & Gay is awaiting receipt of revised construction plans for Phase III (Target) from RG Miller Engineers. The revised construction plans for Phase IV and V (Kohl's) have been received from RG Miller Engineers and reviewed by Brown & Gay and ST. The approval letter will be provided this week.
- c. Atascocita Shores Personal Warehouse (formerly known as Premises Personal Warehouse) at 19940 Atascocita Shores Drive (south of SW corner of FM 1960 East): BGE 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 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.

Drainage Channel Maintenance Research:

Harris County Flood Control District ("HCFCD") maintenance crews visited the site to assess access for debris removal and determined that they do not have adequate access to approach Unit G103-29-00 upstream of Atascocita Shores. The request for a de-snag operation has been rejected based on access and water levels. With the Board's approval, Brown & Gay will inquire with the HCFCD plan review personnel to ensure that they will approve attempts by the District to perform work necessary within the right-of-way to remove debris and make the necessary repairs to the side slopes. Brown & Gay does not have a preliminary cost estimate at this time but will review and present costs to the Board as the scope of work can be fully determined and estimated. Brown & Gay will also be contacting Texas Parks and Wildlife to obtain direction on the process to remove the beavers that have established dams along the channel. It was the consensus of the Board that Ms. Zapletal continue conversations with HCFCD regarding maintenance of the drainage channel and contact the Texas Parks and Wildlife regarding the beaver dams.

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 revised contract amount, including the change order for the fence at Lift Station No. 1, is \$949,496.50. The TCEQ inspection was conducted on Friday, July 13, 2007. Punchlist items were noted and the contractor will be responsible for completing these items before the project will be certified complete.

Pay Estimate No. Six from C.F. McDonald Electric, Inc. in the amount of \$139,770.00 has been reviewed and is recommended for approval and payment. The pay estimate includes payment for completion of wiring at Water Plant No. 1 and conduit and wiring

at Lift Station No. 1. Ten percent of the amount completed to date remains on retainage (\$88,552.90).

Atascocita Joint Operations Board

The current compilation of flows through June 2007 indicates an average daily flow of 4.158 mgd. Rainfall for the month totaled 4.25 inches. Pay Estimate No. 19 in the amount of \$100,257.59 has been received and is being processed by Brown & Gay for the wastewater treatment plant expansion. The total payments, including the current invoice, represent 86.00% of the revised total contract. Brown & Gay 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 Brown & Gay published the first required notice on June 6, 2007.

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. Six in the amount of \$139,770.00 in connection with the installation of natural gas generators at the water plants and lift stations.

8. **Review and authorize capacity commitment letters.** Ms. Zapletal reported that Brown & Gay received requests from both EWTMCIII, LLC and FMWMCIII, LLC for renewal of their existing capacity commitments to serve On The Border Restaurant and Wachovia Bank on West Lake Houston Parkway. The current Water and Sewer Capacity Commitment Letter for On The Border was approved for 5,000 gallons per day of water supply and 5,000 gallons per day of dry weather flow and wastewater treatment capacity. The current Water and Sewer Capacity Commitment Letter for Wachovia Bank was approved for 571 gallons per day of water supply and 435 gallons per day of dry weather flow and wastewater treatment capacity. The updated commitment letter is needed to complete the plat recordation. 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 authorize issuance of capacity commitment renewals for One the Boarder Restaurant and Wachovia Bank.

9. **Discuss and take any action in connection with drainage issues in Kings River Estates, Section 4.** Ms. Zapletal reported that a contractor will be visiting the site to verify cost estimates for repairs based on the existing site conditions and construction constraints. Ms. Zapletal stated that work on this project is not being billed to the District. Director House requested that Ms. Zapletal contact him when the contractor will be visiting the site.

10. **Approve and authorize execution of an Interlocal Agreement with Harris Galveston Coastal Subsidence District for Waterwise Program.** The Board reviewed a proposed Interlocal Contract, a copy of which is attached hereto as Exhibit "F." 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 and authorize execution of an Interlocal Agreement with Harris Galveston Coastal Subsidence District for the Waterwise Program.

11. **Discuss and take any action in connection with District communications.** The Vice President recognized Ms. Wynn, who reported that she is coordinating with Director Hughes regarding the articles for the next newsletter.

12. **Other matters.** In response to a question from Director Stine, Ms. Zapletal reported that the District has sufficient water well capacity to serve the District's ultimate build-out needs, but the District may need additional water storage capacity (booster pump, hydro-pneumatic tank, ground storage tank, etc.).

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 August 16, 2007.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)