

MINUTES OF MEETING OF BOARD OF DIRECTORS
March 22, 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 special session, open to the public, at the Atascocita Library, 19520 Pinehurst Trails Drive, Humble, Texas 77346 on March 22, 2007 at 5:30 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. Michael Keefe 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. Kathy Parks of The Tribune Newspaper; and Ms. Carla Christensen of Fulbright & Jaworski L.L.P. (“*F&J*”), attorneys for 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 February 15, 2007, previously distributed to the Board, were presented for approval. 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 minutes of the meeting of February 15, 2007, 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.”

Ms. Kelly requested input from the District Operator and Engineer for the budget for fiscal year ending May 31, 2008.

Ms. Kelly stated that Sterling Bank plans to begin charging the District \$50 to return each check that only has two of the three required Director signatures. It was the consensus of the Board to retain the Sterling Bank account unless problems occur with checks being returned.

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 accept the Bookkeeper's Report, to approve the Investment Report, and to authorize payment of check numbers 5613 through 5644 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 Report for February 2007, a copy of which is attached hereto as Exhibit "D." Mr. Keefe noted that 93.3% of the District's 2006 taxes had been collected as of February 28, 2007. 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 1141 through 1147 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. 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 96.13% of the water pumped was billed for the month ending February 22, 2007.

Mr. Mensik presented to and reviewed with the Board an estimate for a fire hydrant and valve survey and repairs, a copy of which is attached hereto as Exhibit "F." Mr. Mensik stated that the survey and repairs will cost approximately \$49,850.00.

Mr. Mensik reported that he received a call from the resident at 20115 Atascocita Shores regarding the condition of the drainage ditch and pond behind her house. Discussion ensued regarding whether Harris County Flood Control District ("HCFCD") maintains such drainage ditch. Ms. Zapletal reported that Brown & Gay contacted HCFCD to determine whether it is the County's responsibility to maintain the ditch and to request maintenance of the drainage ditch. Ms. Zapletal reported that HCFCD is researching the matter. Mr. Mensik stated that he will inform the resident that the District is coordinating with HCFCD to have the necessary repairs made at the drainage ditch.

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 Operations Report and to authorize ST to proceed with a fire hydrant and valve survey and necessary repairs as outlined in the fire hydrant and valve survey presented.

6. Status report and take any action in connection with collection of builder damages (Margaret Poissant). Ms. Christensen reported that Ms. Poissant obtained a default judgment against Tri-City Turnkey Services in June 2006 in connection with builder damages owed to the District. Ms. Christensen stated that Ms. Poissant has requested the Board's approval to proceed with obtaining (1) an abstract judgment in Harris County (\$20) and in any county in which the company or named individual defendant may own property and (2) a writ of execution from the court. 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 authorize Ms. Poissant to proceed with obtaining an abstract judgment and writ of execution.

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 to report.
- b. Wells Fargo (FM 1960 East in front of HEB): Brewer & Escalante Engineers (BEE) has provided final, approved plans signed by Harris County. BEE is still working with Wells Fargo and the owner of the land, Amreit, to obtain the water meter easement. Brown & Gay will be coordinating with BEE and ST on approval of taps.
- c. 8-Acre Tract north of Wachovia on FM 1960 East: Nothing new to report.
- d. Residential/commercial construction at FM 1960 East and Atascocita Shores Drive: Nothing new to report.
- e. Proposed office building north of FM 1960 East and Atascocita Shores Drive: Nothing new to report.
- f. Proposed Tuscan Village on the NE and NW corners of FM 1960 East and Atascocita Shores Drive: Nothing new to report.

Drainage Channel Maintenance Research:

The resident at 20115 Atascocita Shores Drive recently contacted ST asking about the maintenance of the drainage ditch and pond located behind her house. In an effort to determine the entity responsible for maintenance, Brown & Gay has contacted HCFCD. Brown & Gay will update the Board on the status of HCFCD's research.

Sanitary Sewer Rehabilitation – Phase III:

Pay Estimate No. Eight and Final from Insituform Technologies in the amount of \$46,126.65 is submitted for Board approval. This pay estimate included payment for the release of retainage.

Emergency Rehabilitation of 18-Inch Sanitary Sewer Force Main:

Brown & Gay is waiting for the extended warranty for the project before approving the final pay estimate from Insituform Technologies.

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

The Notice to Proceed for the project was issued on Monday, October 23, 2006. The original contract amount was \$941,636.50. Pay Estimate No. Three from C.F. McDonald Electric, Inc. in the amount of \$175,230.00 has been reviewed and is recommended for approval and payment. The pay estimate includes payment for the automatic transfer switches at Water Plant No. One

and Lift Station No. One, the generator at Water Plant No. Two, and partial completion of conduit at Lift Station No. One.

The contractor is currently waiting for gas service to the sites from CenterPoint Energy to connect the generators. CenterPoint Energy has been paid for the service connection fees. The personnel at CenterPoint Energy turned all information over to the engineering department for preparation of construction work orders. The work orders will leave engineering and go directly to CenterPoint Energy's contractor for installation. Brown & Gay's representative will be coordinating with CenterPoint to meet at the sites.

Brown & Gay has reviewed Change Order No. One in the amount of \$7,860.00 and recommends approval by the Board. Change Order No. One adds payment for the replacement of the fence that was previously removed for the emergency force main rehabilitation.

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 Pay Estimate No. Eight and Final in the amount of \$46,126.65 in connection with phase three of the sanitary sewer rehabilitation, to approve Pay Estimate No. Three in the amount of \$175,230.00 in connection with the installation of natural gas generators at the water plants and lift stations, and to authorize Change Order No. One in the amount of \$7,860 for replacement of the fence removed in connection with the emergency force main rehabilitation.

8. **Review and authorize capacity commitment letters.** Ms. Zapletal reported that Rowland Interests, LP has requested renewal of their capacity commitment letter which expired last month. Ms. Zapletal stated that such capacity will serve the Kingwood Sports Complex on West Lake Houston Parkway. 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 renewal of the capacity commitment for the Kingwood Sports Complex.

9. **Discuss and take any action in connection with drainage issues in Kings River Estates, Section 4.** Ms. Zapletal reported that the field survey work has been completed and Brown & Gay is comparing the internal Kings River Estates field survey information to the original construction plans.

10. **Discuss and take any action in connection with District communications.** Director Hughes reported that he is coordinating with Ms. Wynn regarding the second newsletter.

11. **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 April 19, 2007.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)