

MINUTES OF MEETING OF BOARD OF DIRECTORS
November 15, 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 on November 15, 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 Directors Hughes and Haney. Also attending all or parts of the meeting were Mr. Michael Keefe of Bob Leared Interests, tax assessor and collector for the District; Ms. Fredia Conley 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; Ms. Nikki Wynn of Payne Communications; 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 October 18, 2007, previously distributed to the Board, were presented for approval. Director Wilkinson noted one typographical error. 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 October 18, 2007, as corrected.

2. **Receive comments from the public.** There were no comments from members of the public at this time.

3. **Public Hearing on Tax Rate.** The Vice President opened the hearing on the proposed 2007 tax rate. There were no comments on the tax rate from the public.

4. **Adopt Order Setting Tax Rate and Levying Tax For 2007.** The Board reviewed the Order Setting Tax Rate and Levying Tax for 2007, a copy of which is attached hereto as Exhibit “B.” 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 adopt the

Order Setting Tax Rate and Levying Tax for 2007, thereby levying a tax rate of \$0.35 per \$100 assessed valuation (\$.25 for debt service and \$0.10 for operations and maintenance).

In response to a question, Mr. Keefe noted that the Notice of Public Hearing was published in the local newspaper.

5. **Review Bookkeeper's Report and Investment Report.** Ms. Conley presented to and reviewed with the Board the Bookkeeper's Report for the month ending November 15, 2007 and the Investment Report, copies of which are attached hereto as Exhibit "C." Ms. Conley noted that the summary page now reflects the debt service fund and operating fund reserves. Director Stine requested that the summary page also reflect the District's net funds available.

Discussion ensued regarding the recent invoice from Suez for electricity usage at the West Lake Houston Parkway facility. Ms. Conley stated that she will determine the reason for the discrepancy in the recent bills for such facility. Mr. Mensik stated that the inconsistency in such bills may be due to the "lead plant" being changed from month to 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 November 2007, to approve the Investment Report, and to authorize payment of check numbers 5881 through 5897 from the Operating Account, all as listed in the Bookkeeper's Report.

6. **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 October 2007 and the delinquent tax attorney report, copies of which are attached hereto as Exhibit "D." Mr. Keefe noted that 98.03% of the District's 2006 taxes had been collected as of October 31, 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 Report and to authorize payment of check numbers 1225 through 1228 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

7. **Operations Report and Billing and Collections Report.** Mr. Mensik presented to and reviewed with the Board the Operations Reports for October 2007, a copy of which is attached hereto as Exhibit "E." Mr. Mensik reported that 99.84% of the water pumped was billed for the month ending October 27, 2007.

Mr. Mensik reported that the water accountability was lower than normal last month due to the timing of the reading of meters.

Mr. Mensik reported that the valve survey has been completed and a report with recommendations will be presented at the next meeting.

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 Operations Report and to authorize termination to delinquent accounts.

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 the District has not received a request for a capacity commitment since Brown & Gay provided requested information in May and December 2006. To date, 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.
- c. Atascocita Commons Phase II Expansion: The plans for Amegy Bank (7025 FM 1960 E) and for Dress Barn, Famous Footwear, and TJ Maxx (7015, 7021, and 7055 FM 1960 E) have been approved.
- d. McDonald's reconstruction: The construction plans were revised to show the installation of the sampling well downstream of the grease trap. The plans have been approved.
- e. Chateaux at Pinehurst Apartments: Brown & Gay has not received updated construction plans or a letter from the City of Houston and Harris County stating that the original signatures from 2003 are acceptable to those agencies. Brown & Gay had a conference call with the developer and the architect on October 30, 2007 to discuss the need for documentation of approval by the City of Houston and Harris County of the use of the 2003-approved construction plans. Brown & Gay also instructed the gentlemen that the capacity commitment would need to be renewed after November 16, 2007. BGE recommends that the developer be required to provide Brown & Gay and ST video inspections of the existing sanitary sewer mains to confirm the condition of the original construction prior to connecting to the District's sanitary sewer system.

ACTION ITEM

- f. Atascocita Shores Personal Warehouse (formerly known as Premises Personal Warehouse) at 19940 Atascocita Shores Drive (south of SW corner of FM 1960 East): Nothing new.
- g. Residential/commercial construction at FM 1960 East & Atascocita Shores Drive: Nothing new to report.
- h. Proposed office building north of FM 1960 East and Atascocita Shores Drive: Nothing new to report.

- i. Proposed Tuscan Village on the NE and NW corners of FM 1960 East and Atascocita Shores Drive: Nothing new to report.

Atascocita Joint Operations Board (DRAFT General Report):

Brown & Gay continues to maintain a compilation of ESFC for each district. The current compilation through October indicates an average daily flow of 4.252 mgd. Rainfall for the month totaled 8.1 inches. BGE has approved Pay Estimate No. 22 from LEM Construction in the amount of \$258,457.14. The total payments through Pay Estimate No. 22 represent 96% of the revised total contract. Brown & Gay submitted the application to renew the WWTP discharge permit to the TCEQ on May 10, 2007. The permit is now under EPA review and Brown & Gay is waiting for the TCEQ to issue the final permit. Mr. David Borengasser with HCMUD 494 has inquired about purchasing capacity from the WWTP and Brown & Gay has received the following responses. The final decision regarding the sale of capacity from the WWTP has not yet been made.

- MUD 46, MUD 106 and MUD 132 do not have excess capacity to sell;
- MUD 109 has excess capacity of 235,000 gpd;
- MUD 153 has excess capacity of 323,300 gpd;
- MUD 151 has excess capacity of 150,000 gpd;
- MUD 152 does have excess capacity but is still reviewing their number to determine the final amount.

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 Engineer's Report and to authorize the engineer to inform the Chateaux at Pinehurst Apartments that televising of the private sanitary sewer lines will be required prior to connection to the District's system.

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 the one cost estimate received from contractors for the site work has been forwarded to Director House for review.

11. **Discuss and take any action in connection with implementation of GIS System.** Ms. Zapletal reported that Brown & Gay presented the concepts behind the proposal for development of a geographic information system ("GIS") of the District's utility lines to Director Stine and Mr. Mensik on October 25, 2007. Ms. Zapletal requested the Board's consideration and approval of the attached Job Assignment Proposal to perform the work on an hourly basis (as time is incurred) in an amount that is projected not to exceed \$125,000, a copy of which is attached to the Engineer's Report. Ms. Zapletal stated that the proposal includes survey of facility locations using GPS equipment. Ms. Zapletal noted that the project should be completed within six to seven months after the start date. 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 Job Assignment Proposal and to authorize Brown & Gay to proceed with development of a GIS for the District.

Director Stine noted that the GIS is not included in the current budget. Discussion ensued. It was the consensus of the Board that such project be funded with capital project funds. Ms. Cogburn noted that TCEQ approval of use of surplus capital project funds is not necessary since the GIS is an enhancement to the District's current facilities.

12. **Renew District Insurance (expires January 24, 2008), including indemnification of Directors.** 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.

13. **Discuss and take any action in connection with District communications.** Ms. Wynn reported that she will coordinate with Directors Hughes and Wilkinson on the proposed articles for the next quarterly newsletter.

14. **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 December 20, 2007.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)