

MINUTES OF MEETING OF BOARD OF DIRECTORS
February 21, 2008

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 February 21, 2008 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 for Director 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. Beulah Kelly and Ms. Wendi DeVita 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; Mr. Locke Braly, a developer of land in the District; Ms. Jana Cogburn and Ms. Carla Christensen of Fulbright & Jaworski L.L.P. (“*F&J*”), attorneys for the District; and members of the public. 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 January 17, 2008, 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 January 17, 2008, as presented.

2. **Receive comments from the public.** Mr. Henderson inquired on the status of the necessary maintenance of the lift station site at the corner of Atascocita Shores and Tammaron. Director Hughes noted that such item will be discussed under the Operations Report.

3. **Discuss and take any action in connection with request from Atascocita Residents Care Committee regarding the watering of trees in medians in connection with future expansion of FM 1960.** The President recognized Ms. Vicki Enyon. Ms. Enyon requested that the Board consider taking over the irrigation of the trees proposed in the medians of the future expansion of FM 1960. Ms. Enyon stated that TxDot will water the trees for two years after completion of the project, but no longer than two years.

Director Wilkinson entered the meeting at this time.

Discussion ensued. Upon motion by Director Wilkinson, seconded by Director Stine, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the creation of a "District Beautification Committee" to be headed by Ms. Enyon. It was noted that the new committee can meet and make recommendations to the Board on necessary beautification projects for the District.

4. **Review Bookkeeper's Report and Investment Report.** Ms. Kelly presented to and reviewed with the Board the Bookkeeper's Report for the period ending February 21, 2008 and the Investment Report, copies of which are attached hereto as Exhibit "C."

Ms. Kelly noted that Ms. DeVita has corrected the Excel formulas on the budget statement.

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 accept the Bookkeeper's Report for the period ending February 21, 2008, to approve the Investment Report, and to authorize payment of check numbers 5958 through 5994 from the Operating Account, all as listed in the Bookkeeper's Report.

5. **Review Tax Collector's Report and authorize payment of certain bills.** Mr. Keefe presented to and reviewed with the Board the Tax Assessor and Collector's Report and the delinquent tax attorney's report for December 2007, a copy of which is attached hereto as Exhibit "D." It was noted that 98.33% of the District's 2006 taxes and 91.7% of the District's 2007 taxes had been collected as of January 31, 2008. Upon motion by Director House, seconded by Director Wilkinson, 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 1242 through 1251 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

Mr. Keefe reviewed with the Board a letter from SND CO. LLC (account numbers 9900-102-3205 and 9900-083-4788) requesting waiver of penalty and interest assessed on 2004 taxes due to a mistake made by HCAD, a copy of which is attached hereto as Exhibit "E." Upon motion by Director Wilkinson, seconded by Director Stine, after full discussion and the question being put to the Board, the Board voted unanimously to approve the waiver of penalty and interest assessed on 2004 taxes for account numbers 9900-102-3205 and 9900-083-4788.

6. **Adopt Order Authorizing Residential Homestead Exemption.** Ms. Cogburn and Mr. Keefe noted that the maximum residential homestead exemption allowed by law is 20% of the appraised value of residence homesteads. The Board reviewed the revised Order Adopting a Residential Homestead Tax Exemption, a copy of which is attached hereto as Exhibit "F." Upon motion by Director Wilkinson, seconded by Director Stine, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order Authorizing Residential Homestead Tax Exemption in the amount of 20% of the appraised value of residence homesteads.

7. Adopt Resolution Authorizing 20% Additional Penalty on Delinquent Taxes.

Ms. Cogburn presented to and reviewed with the Board the Resolution Authorizing 20% Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11, and 33.08, Tax Code, a copy of which is attached hereto as Exhibit "G." 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 Authorizing 20% Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11, and 33.08, Tax Code.

8. Operations Report and Billing and Collections Report.

Mr. Mensik presented to and reviewed with the Board the Operations Reports for January 2008, a copy of which is attached hereto as Exhibit "H." Mr. Mensik reported that 95.7% of the water pumped was billed for the month ending January, 2008. In response to a question from Director Wilkinson, Mr. Mensik stated that he has not yet been able to determine the reason for the lower than normal water accountability.

Director Hughes reported that there was a recent break-in at one of the District's water plants. Director Hughes noted that at the time of such break-in it was noticed that the security alarm was not functioning and he has learned that it had not been functioning correctly for some time. Mr. Mensik stated that the alarm is still not working and ST has attempted to contact the alarm company numerous times, but has not yet received a response. Discussion ensued. It was the consensus of the Board for ST to obtain proposals for security monitoring and security cameras at the District's facilities.

Director Hughes expressed his concern regarding the amount of graffiti on the water plant fence. Mr. Mensik stated that ST has cleaned the fence and the graffiti has been removed. Mr. Mensik stated that ST will notify the Board members of any future vandalism at the water plant.

Mr. Mensik reported that he obtained a cost estimate of \$5,414 for performing the necessary demolition/restoration to the District's former temporary lift station site at the corner of Atascocita Shores and Tammaron. It was noted that such site was granted to the District in 1976 with the stipulation that when the District no longer needed the site for a lift station, the easement would automatically revert to the original grantor. Through a series of subsequent deeds, the ownership of the site was deeded to Atascocita Management Corporation (the golf course). Director Stine noted that there may be some issues with the phone equipment located on such site. It was the consensus of the Board to have ST to revisit the site and contact the phone company to discuss potential problems with maintenance at the site. The Board noted that once the issues regarding the phone equipment are resolved, a joint meeting between the District and the golf course should be scheduled to discuss the necessary repairs.

Mr. Mensik stated that he obtained three cost estimates for replacing the concrete fence at water plant no. one and the lowest cost estimate is \$63,375. It was noted that such project will need to be advertised for bids. It was the consensus of the Board that the District's engineer prepare plans and specifications for such project.

Mr. Mensik reported that two manholes (at 7200 Atascocita Road and at Sunny Shores and Country Club) need repairs due to a leak at the invert. It was the consensus of the Board for

ST to determine if the manholes were included in recent rehabilitation and covered under warranty.

Discussion ensued regarding the status of the re-location of the beavers at the golf course amenity pond in the drainage channel near Rebawood Drive and Atascocita Shores Drive. It was the consensus of the Board for the new District Beautification Committee to look into a possible resolution for the re-location of the beavers.

Upon motion by Director Wilkinson, 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 termination to delinquent accounts.

9. **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 "I," and which follows in substantially the form it was presented:

Ms. Zapletal reported that the resident at 8411 Rebawood, the location of a manhole replacement in August 2004, notified Brown & Gay that the manhole appears to be subsiding again. Brown & Gay requests authorization to televise the mains upstream and downstream of the manhole as necessary to inspect the condition of the CIPP and the manhole. Director Hughes directed Ms. Zapletal to determine whether such manhole is under warranty prior to televising the associated lines. 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 authorize Brown & Gay to televise the lines (at a cost not to exceed \$2,000), subject to verification that the manhole is not covered under warranty.

Construction Plan Review:

- a. Atascocita Center (1.0827 acres): Comments were returned to the contractor, who has been the point of contact for the project. Taps were not yet allowed but ST discovered an active water connection, which was disconnected. A grease trap and new manhole have also been installed without prior approval of BGE and ST. Brown & Gay and ST have been trying to contact the contractor regarding these connections and to also obtain an update on the status of the revisions to the construction plans.
- b. Atascocita Commons Phase IV Pad Site (Comerica Bank on 0.9058 AC): Brown & Gay returned comments to Kimley-Horn and Associates, Inc. and is awaiting revised plans for approval.
- c. Atascocita Commons Phase III: Nothing new. 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.
- d. Chateaux at Pinehurst Apartments: Nothing new. 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

and one with the original engineer on December 13, 2007 (as acknowledged in the attached letter) 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 but has not received the request for capacity. With the Board's approval in November, the developer will 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.

- e. La Quinta Inn & Suites (2.837 AC on Atascocita Road east of Town Center Boulevard): Brown & Gay received a request this week for existing utility construction plans and a capacity commitment request for 61 guest rooms from ICMC Group, Inc. The construction plans have been made provided as requested. The commitment request is also presented for approval.
- f. Atascocita Shores Personal Warehouse: Nothing new.
- g. Residential/commercial construction at FM 1960 East & Atascocita Shores: Nothing new.
- h. Proposed office building north of FM 1960 East and Atascocita Shores Drive: Nothing new.
- i. Proposed Tuscan Village on the NE and NW corners of FM 1960 East and Atascocita Shores Drive: Nothing new.

Atascocita Joint Operations Board ("AJOB"): Brown & Gay continues to maintain a compilation of ESFC for each district. The current compilation through January indicates an average daily flow of 4.35 mgd. Rainfall for the month totaled 3.8 inches. LEM is preparing Pay Estimate No. 24 for submittal. The remaining balance on the current contract is \$851,814.90 out of the total contract amount of \$10,173,281.75. The final TCEQ inspection is scheduled for Friday, February 29, 2008. The application to renew the WWTP discharge permit is now under EPA review but has been delayed because the EPA and TCEQ are currently at odds due to a new testing requirement for bacteria monitoring favored by the EPA. Brown & Gay received a letter dated December 4, 2007 from the TCEQ stating that the current permit will remain in full force and will not expire until the TCEQ takes action on the renewal application and that there will be no penalties due to delays by the EPA.

AJOB decided at the meeting on December 17, 2007 that the four districts interested in selling capacity to HCMUD 494 will share in the sale based on a percent of ownership. The capacity will be sold as follows:

<u>Average Daily Flow</u>	
HCMUD 109:	144,300 gpd

HCMUD 151:	76,900 gpd
HCMUD 152:	93,400 gpd
HCMUD 153:	<u>115,400 gpd</u>
TOTAL:	430,000 gpd

AJOB is currently studying costs for similar-sized wastewater treatment plants to determine the appropriate purchase price per gallon.

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.

10. **Review and authorize capacity commitment letters.** Ms. Zapletal reported that Brown & Gay received the following capacity commitment request since the last meeting and recommends the Board's authorization:

- a. On behalf of Mr. Hasmukh V. Vasan, ICMC Group, Inc. requests approval a capacity commitment to serve 61 guest rooms within the LaQuinta Inn & Suites on Atascocita Road east of Town Center Boulevard. Per the attached request, the anticipated utility demand is 4,822 gallons per day of water supply and 3,291 of dry weather flow and wastewater treatment capacity. The requested capacity is approximately 10 ESFC.

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 authorize issuance of a capacity commitment letter for LaQuinta Inn & Suites on Atascocita Road.

11. **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 was forwarded to Director House in November 2007 for review. Discussion ensued regarding this project. Director House noted that he met with Mr. Braly and golf course representatives to discuss the ongoing drainage issues within Kings River Estates, Section 4. Director House stated that the golf course is currently considering whether to construct a berm to alleviate its drainage impact on Kings River Estates, Section Four. Mr. Braly stated that he has dirt that he is willing to provide for the project. It was noted that the proposed berm will only alleviate part of the drainage problems in Kings River Estates, Section 4. It was noted that there is currently no underground drainage on the private street in Kings River Estates, Section 4. Director House stated that new (underground) drainage facilities are necessary to resolve the remaining drainage problems. Discussion ensued whether the District can fund the installation of underground drainage on a private street. Ms. Cogburn stated that the District can legally fund the installation of underground drainage facilities that will serve the District, but Harris County may not accept such facilities for maintenance since the street is private. Discussion ensued regarding whether Kings River Estates, Section 4 HOA can assume maintenance of the drainage facilities. It was the consensus of the Board that Brown & Gay obtain a cost estimate for the installation of underground drainage facilities to serve Kings River Estates, Section 4 and contact Harris County to inquire whether the County would accept such facilities for maintenance in the future.

12. **Discuss and take any action in connection with implementation of GIS System.** Ms. Zapletal noted that Brown & Gay is approximately 90% complete with the basemap. The commercial subdivision layers remain to be added. The parcel information has been populated with information from HCAD. The field work for the GPS is 80% complete. Brown & Gay will return to survey the balance of facilities (mostly gate valves being raised by ST) that were not easily located in the first two phases of surveying. Data entry is now the focus of work on the GIS and will be the most time-intensive part of the project. If the gate vales are located and raised in the next months, Brown & Gay would be still able to achieve completion of the GIS by the middle of May.

13. **Adopt Order Calling Directors Election.** Ms. Cogburn presented to and reviewed with the Board a draft of the Order Calling Directors Election, a copy of which is attached hereto as Exhibit "J." Discussion ensued regarding the appointment of election officials. Director Stine noted that Ms. Clarice Marshall is interested. Mr. Henderson stated that he will locate another person, but they may not reside within the District. Ms. Cogburn stated that F&J is recommending that the Board authorize F&J to negotiate a contract with Diebold (Premier Election Solutions) for electronic voting equipment and necessary training, if the District holds the May 10, 2008 election. A copy of the proposed contract with Premier Election Solutions is attached hereto as Exhibit "K." 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 adopt the Order Calling Directors Election, to increase the compensation for the election officials from \$10.00 per hour to \$20.00 per hour and to approve and authorize execution of the contract with Premier Election Solutions for electronic voting equipment, if necessary.

14. **Discuss and take any action in connection with District communications.** Director Wilkinson noted that the quarterly newsletter is almost finalized.

15. **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
March 13, 2008.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)