

MINUTES OF MEETING OF BOARD OF DIRECTORS
January 17, 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 January 17, 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. 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; Ms. Nikki Wynn of Payne Communications; 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 December 20, 2007, previously distributed to the Board, were presented for approval. 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 minutes of the meeting of December 20, 2007, as presented.

2. **Receive comments from the public.** Mr. Henderson reported that the lift station site at the corner of Atascocita Shores and Tammaron is not being maintained. It was noted that the District constructed such lift station on the property of the Civic Association for temporary purposes and then turned ownership of the lift station over to the Civic Association. Director Hughes requested that the operator determine the cost to perform the necessary maintenance to get the lift station site back to the original condition.

Mr. Henderson requested that the Board review his letter dated June 7, 2006 regarding recommendations to implement in future elections.

3. **Review Bookkeeper's Report and Investment Report.** Ms. Kelly presented to and reviewed with the Board the Bookkeeper's Report for the period ending January 17, 2008 and the Investment Report, copies of which are attached hereto as Exhibit "C."

Director Stine noted that some of the Excel formulas on the budget statement are incorrect. Ms. Kelly stated that she will ensure that the formulas are corrected.

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 January 17, 2008, to approve the Investment Report, and to authorize payment of check numbers 5944 through 5960 from the Operating Account, all as listed in the Bookkeeper's Report.

4. **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 98.22% of the District's 2006 taxes and 36.96% of the District's 2007 taxes had been collected as of December 31, 2007. Mr. Keefe noted that over 57% of the District's 2007 taxes had been collected as of the meeting date. 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 Tax Assessor and Collector's Report and to authorize payment of check numbers 1234 through 1241 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

5. **Adopt Order Authorizing Exemptions from Taxation (Disabled and 65 Years of Age or Older and Residential Homestead).** Ms. Christensen presented to the Board drafts of the Order Adopting Exemption from Taxation for Individuals who are Disabled or are 65 Years of Age or Older and the Order Adopting a Residential Homestead Tax Exemption. Discussion ensued regarding increasing the exemption amounts. Upon motion by Director Wilkinson, seconded by Director Haney, after full discussion and the question being put to the Board, the Board voted unanimously to Adopt the Orders Authorizing Exemption from taxation, copies of which are attached hereto as Exhibit "E."

6. **Operations Report and Billing and Collections Report.** Mr. Mensik presented to and reviewed with the Board the Operations Reports for December 2007, a copy of which is attached hereto as Exhibit "F." Mr. Mensik reported that 95.26% of the water pumped was billed for the month ending December 26, 2007. In response to a question from Director Wilkinson, Mr. Mensik stated that he will research the reason for the lower than normal water accountability for December 2007.

Mr. Mensik reported that he is in the process of obtaining cost estimates for the repairs of the concrete fence at water plant no. one. It was the consensus of the Board for Mr. Mensik to obtain cost estimates for replacing the concrete fence with a concrete fence.

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.

7. **Approve and authorize execution of Contract with Margaret Poissant for Collection of Delinquent Water Accounts.** Ms. Christensen reviewed with the Board a proposed contract for legal services with Margaret Poissant for collection of old water accounts, a copy of which is attached hereto as Exhibit “G.” Discussion ensued. Upon motion by Director Wilkinson, seconded by Director Haney, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution of the contract with Margaret Poissant.

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 “H,” and which follows in substantially the form it was presented:

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.
- b. Atascocita Commons Phase IV Pad Site (Comerica Bank on 0.9058 AC): Brown & Gay received preliminary plans for the Comerica Bank from Kimley-Horn and Associates, Inc. this week. Minor comments were noted and the review letter will be sent today.
- 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. Atascocita Shores Personal Warehouse: Nothing new.
- f. Residential/commercial construction at FM 1960 East & Atascocita Shores: Nothing new.
- g. Proposed office building north of FM 1960 East and Atascocita Shores Drive: Nothing new.
- h. 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 December indicates an average daily flow of 4.13 mgd. Rainfall for the month totaled 2.55 inches. Pay Estimate No. 23 in the amount of \$176,738.03 from

LEM Construction has been processed by Brown & Gay. The remaining balance in the current contract is \$851,814.90 out of the current contract amount of \$10,173,281.75. 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 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.

The joint wastewater treatment plant Board recommended at their meeting on December 17, 2007 that the four districts interested in selling capacity to HCMUD 494 share in the sale based on a percent of ownership as follows:

	<u>Average Daily Flow</u>
MUD 109:	144,300 gpd
MUD 151:	76,900 gpd
MUD 152:	93,400 gpd
MUD 153:	<u>115,400 gpd</u>
TOTAL:	430,000 gpd

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.

9. **Review and authorize capacity commitment letters.** Ms. Zapletal reported that no requests for capacity commitment letters have been received in the last month.

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 was forwarded to Director House in November 2007 for review. Discussion ensued regarding this project. Director House stated that 17 lots within Kings River Estates, Section Four are affected by the drainage issues, but 34 lots are not affected. Discussion ensued regarding the source of funding for the project. Director Hughes inquired whether the District can legally pay for the site work. It was the consensus of the Board to further discuss such matter at the next Board meeting once it is known whether the District can legally fund any of the project.

11. **Discuss and take any action in connection with implementation of GIS System.** Ms. Zapletal reported that Brown & Gay has created the storm sewer utility section and has completed 15% of the data population for the lines. Ms. Zapletal noted that the parcel information is 60% populated and approximately 95% of the lines and points for utilities (water, sanitary sewer, and storm sewer) have been drawn to help identify missing information and approximately where to find it. Ms. Zapletal stated that Brown & Gay will be returning to the neighborhoods next week to pick up the balance of facilities that were not easily located in phase I of surveying and to access backyards for the sanitary sewer manholes. Ms. Zapletal stated that because of the extent of water valves to be located after ST's work, Brown & Gay will survey those in the future after all adjustments are complete.

12. **Adopt Order Calling Directors Election.** Ms. Christensen presented to and reviewed with the Board a draft of the Order Calling Directors Election, a copy of which is attached hereto as Exhibit "I." Ms. Christensen 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. Ms. Christensen stated that the approximate cost of the equipment and services from Diebold is \$4,500. Discussion ensued regarding appointing the election officials. In response to a question, Mr. Henderson and Ms. Cashion stated that they will not be available to serve as election officials. Ms. Cashion stated that if she is still a resident of the District at the time of the election she is willing to serve as an election clerk. No action was taken on this item.

Discussion ensued regarding posting election details on the District's website. It was the consensus of the Board to have the links to the Secretary of State's election law calendar, Application for Place on Ballot and the Texas Ethics Commission's Appointment of Campaign Treasurer posted on the District's website as soon as possible and to have the Order Calling Directors Election posted on the website once adopted. The Board directed Mr. Mensik to include a statement on the next water bills informing residents of the upcoming election and directing interested persons to the District's website for additional details.

13. **Discuss and take any action in connection with District communications.** Ms. Wynn reported that she has been coordinating with Director Wilkinson on the proposed articles for the next quarterly newsletter. It was the consensus of the Board to include a statement in the next newsletter informing residents of the upcoming election and directing interested persons to the District's website for additional details.

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 February 21, 2008.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)