

MINUTES OF MEETING OF BOARD OF DIRECTORS
March 13, 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 March 13, 2008 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 for 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. Frieda 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 of Brown & Gay Engineers, Inc., engineer for the District; Mr. Locke Braly, a developer of land in the District; Ms. Nikki Wynn of Payne Communications; 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 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 “B”, and the following business was transacted:

1. **Minutes.** Proposed minutes of the meeting of February 21, 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 February 21, 2008, as presented.
2. **Receive comments from the public.** There were no comments from the public at this time.
3. **Discuss and take any action in connection with District Beautification Committee recommendations.** No members of the Beautification Committee were in attendance at the meeting.
4. **Review Bookkeeper’s Report and Investment Report.** Ms. Conley presented to and reviewed with the Board the Bookkeeper’s Report for the period ending March 13, 2008 and the Investment Report, copies of which are attached hereto as Exhibit “C.”

In response to a request from Director Stine, Ms. Conley stated that she will email the Directors which month the February 2008 Strategic Partnership Revenue (\$89,512) represents.

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 the period ending March 13, 2008, to approve the Investment Report, and to authorize payment of check numbers 5995 through 6015 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 February 2008, a copy of which is attached hereto as Exhibit "D." It was noted that 98.48% of the District's 2006 taxes and 94.07% of the District's 2007 taxes had been collected as of February 29, 2008. 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 1252 through 1270 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

6. Operations Report and Billing and Collections Report. Mr. Mensik presented to and reviewed with the Board the Operations Reports for February 2008, a copy of which is attached hereto as Exhibit "E." Mr. Mensik reported that 99.45% of the water pumped was billed for the month ending February 21, 2008. Mr. Mensik noted that the previous lower than normal water accountability was due to a meter malfunction at an apartment complex.

Mr. Mensik reported that the two manholes (at 7200 Atascocita Road and at Sunny Shores and Country Club) that need to be sealed due to a leak at the invert were not included in the recent rehabilitation and are no longer under warranty.

Mr. Mensik reported that he contacted the phone company regarding the phone equipment located at the District's former temporary lift station site at the corner of Atascocita Shores and Tammaron. Mr. Mensik stated that the phone company stated that repairs would be made by the phone company, if necessary, after the necessary demolition and restoration has been performed at the lift station site.

Mr. Mensik reported that there is a large area of ground covered with landscaping within the District's water line easement located at the corner of Rebawood and Fawn Hollow. Mr. Mensik stated that a valve was located under such landscaping and flowers. Mr. Mensik stated that it is necessary for the District's operator to have access to the valve. Discussion ensued. It was the consensus of the Board that Mr. Mensik inform the resident that such landscaping must be removed from the easement within two weeks after current blooming is concluded or the District's operator will remove it in order to have access to the valve.

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 Operations Report and to authorize termination to delinquent accounts.

7. **Authorize Engineer to advertise for bids for replacement of concrete fence at water plant no. one.** Ms. Zapletal reported that Brown & Gay is coordinating with TBG Partners (“TBG”), who will provide a landscaping and fence exhibit and details. Ms. Zapletal stated that TBG and Brown & Gay will combine construction observation duties and TBG will approve the contractor’s submittals pursuant to the contract specifications. Ms. Zapletal requested the Board’s authorization to proceed with advertising for construction bids prior to next month’s meeting upon receipt of the exhibits and details from TBG and review/approval by Director Stine. 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 advertise for construction bids for the replacements of the concrete fence at water plant no. one, subject to receipt of the exhibits and details from TBG and review/approval of the exhibits and details by Director Stine.

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:

Ms. Zapletal reported that the repairs at 8411 Rebawood are no longer within the one-year warranty period so Brown & Gay had ST televise the mains upstream and downstream of the manhole, as necessary to inspect the condition of the CIPP and the manhole. Ms. Zapletal noted that the televising confirmed that no infiltration is getting into the manhole. Ms. Zapletal stated that the ground immediately adjacent to the manhole appears to be naturally settling.

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 Brown & Gay 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 and have had no response.
- 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: Brown & Gay received a phone call on March 12, 2008 from Interfield Group, the engineer for the project, who stated he visited with the City of Houston and Harris County who both stated that the original signatures from 2003 will be acceptable to those agencies since the underground utilities were constructed. Brown & Gay reiterated the need for written documentation of approval by the City of Houston and Harris County of the use of the 2003-approved

construction plans. Brown & Gay has not yet received a request to renew the capacity commitment that expired November 16, 2007. 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): ICMC Group, Inc. is preparing utility construction plans for 61 guest rooms for potential submittal to Harris County and Brown & Gay in April or May.
- f. Rowland Interests: Mike Rowland, owner of the property west of Water Plant No. 2, informed BGE that Bury+Partners is beginning engineering work for the development of his property as Atascocita Dance & Gym. Since last year, Mr. Rowland has purchased an additional two acres and will be expanding his plans for the property. Bury+Partners will submit for capacity renewal after confirming the estimated capacity demands for the expanded site.
- g. Atascocita Shores Personal Warehouse: 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 does not yet have the draft March report from AJOB. The final TCEQ inspection was conducted on Friday, February 29, 2008 and no punchlist items were noted. 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. Director Wilkinson noted that February 29, 2008 is the date that the District's percent ownership in the wastewater treatment plant decreased.

AJOB is currently studying costs for wastewater treatment plants to determine the appropriate purchase price per gallon for the 430,000 gallons of treatment requested by HCMUD 494.

9. **Review and authorize capacity commitment letters.** Ms. Zapletal reported that Brown & Gay has not received any capacity commitment requests since the last meeting.

10. **Discuss and take any action in connection with drainage issues in Kings River Estates, Section 4.** Ms. Zapletal stated that to investigate an additional drainage outfall for relief of flooding, Brown & Gay requested the drainage area map and construction plans in the area of Texas Laurel Drive and Upper Lake Drive from the engineer for Harris County MUD

No. 151 but they have not yet been made available. Ms. Zapletal stated that Brown & Gay received the processed survey data for this area this morning to compare with the construction plans. Ms. Zapletal noted that once the conceptual design of the storm sewer along Kings River Court is complete, a meeting with Harris County will be scheduled to discuss the proposed drainage changes and potential maintenance acceptance by the County and the cost estimate will be prepared. Discussion ensued regarding the contract for construction of the underground drainage facilities and construction of the berm. Director House noted that the construction contracts should be separate projects, with the District taking responsibility for the drainage facilities and the golf course taking responsibility for the proposed berm.

11. **Discuss and take any action in connection with implementation of GIS System.** Ms. Zapletal noted that the data entry continues to be the focus of work on the GIS and will be the most time-intensive part of the project. 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. 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.

12. **Discuss and take necessary action in connection with Directors Election.** Ms. Christensen noted that the deadline for filing an Application for a Place on the Ballot was 5:00 p.m. on Monday, March 10, 2008 and the deadline for write-in candidates is 5:00 p.m. on Monday, March 17, 2008. In response to a question, Ms. Christensen stated that one Application for Place on the Ballot was received in addition to the three incumbents. Ms. Christensen noted that the Board will need to discuss and adopt election procedures regarding the announcement of the results of the May 10, 2008 election at the next Board meeting.

13. **Discuss and take any action in connection with District communications.** Ms. Wynn reported that the quarterly newsletter is almost finalized and should be distributed within two weeks.

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 April 17, 2008.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)