

COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 132

21 July 2008

STATE OF TEXAS §
COUNTY OF HARRIS §

The Board of Directors of Harris County Water Control and Improvement District No. 132 met in regular session at the designated meeting place of the Board, the Harris County W.C.I.D. No. 132 Water Plant, 4107 Evening Trail, Spring, Texas 77388, on the 21st day of July 2008, at 5:30 p.m. The roll was called of the duly constituted officers and members of the Board, to-wit:

John D. Shannon	President
Thomas Mancini	Vice President
T. Gary Toll	Secretary
William R. Papp	Assistant Secretary
Robert "Bob" Daniel	Assistant Secretary

All members of the Board were present, thus constituting a quorum.

Also present were Barbara Payne of Payne Communications, the District's media consultant, ("media consultant;") Maria S. Parker of Coats, Rose, Yale, Ryman & Lee, P.C., the District's Attorneys ("Attorney;") Mark Adam of AEI Engineering, Inc., the District's Engineer ("Engineer;") Mike Ammel and Ben Connelley of Environmental Development Partners ("EDP;") the District's Operator ("Operator;") Sara Ahlschlager of Wheeler & Associates, Inc., the District's Tax Assessor/Collector ("Tax Assessor/Collector;") Cindy Schmidt, the District's Bookkeeper ("Bookkeeper;") and Sherry Allard, the District's Recording Secretary ("Recording Secretary.")

The President opened the meeting in accordance with law at 6:35 p.m. and welcomed all guests present.

REVIEW AND APPROVE MINUTES OF MEETING OF JUNE 16, 2008

The President asked that the approval of past minutes be given first consideration. After review, upon motion made by Dir. Papp and seconded by Dir. Daniel, the Board voted unanimously to approve the minutes of the June 16, 2008 meeting as written.

REVIEW AND APPROVE TAX ASSESSOR/COLLECTOR'S REPORT

President Shannon then recognized Ms. Ahlschlager for the Tax Assessor/Collector's report for the month.

Approval of Report and Payment of Bills from Tax Account

The report, a copy of which is attached to these minutes as a part hereof, includes a delinquent taxpayer report from Perdue, Brandon, et al, the District's Delinquent Tax Attorney. Ms. Ahlschlager offered the monthly checks from the tax account to the Board for approval.

Report on Status of Tax Collections, Authorize Termination of Water Service To Delinquent Tax Accounts, and Authorize Filing Of Suit To Foreclose Tax Lien On Delinquent Accounts

The Tax Assessor/Collector stated that taxpayers had been duly warned of additional penalties assessed on taxes remaining delinquent after June 30, 2008. No account warranted termination of service for cause, Ms. Ahlschlager stated. Dir. Papp wondered if a recently opened bar could be using personal property belonging to the previous owner, and if so, what would be the appropriate action, if any, to take. The Director then asked whether the facility [formerly Carlos' Restaurant] had requested an inspection by the Operator, as required. After discussion, upon motion duly made and seconded by Dirs. Papp and Toll, respectively, the Board voted unanimously to approve the Tax Assessor/Collector's report and payment of the bills.

BOOKKEEPER'S REPORT

Approval of report, payment of bills from the Operating Account, Depository Pledge Agreement and Investment report

The President then asked Ms. Schmidt for a financial update of the District. A copy of her report for June 2008, disseminated to the Board before the meeting, is attached hereto as a part hereof. She stated that there was nothing unusual to report and noted that she was preparing three (3) expense checks for Directors for their recent AWBD conference attendance, post preparation of her written report. She received a letter from Amegy Bank, updating their files and seeking verification for authorizing interbank and wire transfers by the Bookkeeper. She did note payment of the annual well permit fee and preparation of the unclaimed property report to be sent to the State this fall. She then reviewed with the Board the current Investment report. Dir. Papp then motioned approval of the Bookkeeper's report, Investment report, and Bookkeeper authorization to make interbank and wire transfers at Amegy Bank. Dir. Toll seconded, and the Board voted unanimously in favor of the motion.

CONSIDER AND ACT UPON OPERATOR'S REPORT

President Shannon then recognized Mr. Ammel for the June 2008 Operator's report, copy of which, disseminated previously to the Directors, is attached to, and considered a part of, these minutes. The Operator reported that several repairs were made during the month, including two (2) main breaks attributable to the dry weather. He then addressed the matter of trash collection. Securing such contract requires a joint contract with Cypresswood Utility District ("CUD") and Klein Public Utility District ("Klein"), as well as receiving consent from homeowners and affected homeowners associations ("HOAs"). A proposed contract with Republic Waste had been forward to the Attorney for review, Mr. Ammel informed the Board. The Board agreed to contact the HOAs to receive a copy of their agreements indicating trash services and rates currently in effect.

The Operator informed the Board that a leak repair was made several months ago at the Chevron station, when a pipe had burst. Their consumption had increased from a monthly average of 7,000 to 9,000 gallons to 37,000+ gallons and finally to more than 70,000 gallons. Chevron is now asking for some mitigation for that excessive usage. After discussion, Dir. Papp motioned to reduce Chevron's sewer bill by \$150 for the lost water. Dir. Daniel seconded, and the Board voted unanimously in favor of the motion. Mr. Ammel stated that Chevron would like to have the lost portion of water billed at a lower rate than normal excessive usage. Upon consideration, Dir. Papp moved to authorize charging the lost water at the lower rate rather than the excessive usage rate. Dir. Mancini seconded the motion, which received unanimous support from the Board.

Dir. Mancini then addressed underground leaks in general. Pres. Shannon stated that new computer-driven correlators are quite accurate in identifying a leak's location. It was noted that auditory equipment is currently used to detect leaks.

Authorization for Operator to Terminate Water and Sewer Service to Certain Delinquent Accounts For Non-Payment of Water and Sewer Bills

The Operator next reported to the Board fifty-four (54) delinquent accounts whose service is to be terminated in accordance with the District's Rate Order. No customer was present to discuss the status of his/her account delinquency, it was noted. Dir. Papp moved to approve the Operator's report and service disconnections as presented. Dir. Toll seconded the motion, which received unanimous support from the Board.

Authorization of Repairs to Water Supply System and Wastewater Collection System

There were no additional repairs to consider.

Approve Consumer Confidence Report

The Operator reported that a copy of the Consumer Confidence Report ("CCR") was duly delivered on June 25, 2008 to the Texas Commission on Environmental Quality ("TCEQ").

Dir. Papp moved to interrupt the agenda order to recognize the media consultant. Dir. Mancini seconded, upon which the Board voted its unanimous consent.

CONSIDER AND ACT ON REPORT FROM PAYNE COMMUNICATIONS

Ms. Payne was next recognized by the President for discussion of the District's media program and landscape garden plans. She informed the Board that its letter to Mr. Schindewolf of the North Harris County Regional Water Authority ("Authority") was very welcome and that the Authority's manager has written a response to the Board.

Discuss status of website and customer communication and take action related thereto

Ms. Payne informed the Board that she was the keynote speaker at the Texas Water Conservation Association of Galveston last month where she discussed communicating water issues and their effects upon the economy with all generations. Communication requires differing approaches, as interests vary greatly with age, she stated. She said that some of the focused messages are being well received by respective age groups and suggested the District's participation in a focus group aimed at the economic impact of water. No action was taken.

Discuss landscape garden, customer communication and take necessary action in connection therewith

Ms. Payne then addressed activities relating to the garden. She stated she had received a note from Ms. Fraser on June 19th regarding the garden's drainage and re-planting. Ms. Fraser had stated that the plants donated by the District were thriving in their new location at the Pearl Fincher Museum. Currently the garden's beds are being mulched, and repairs and maintenance are being undertaken, Ms. Payne informed the Board.

Ms. Payne then discussed the presence of dogs at the garden. Apparently one individual working in the garden expressed concern about the presence of unleashed dogs, as well as the possible impact of dog droppings to the source water, if any. The Board asked Ms. Payne to obtain and install a permanent doggie center with bags for customer use and post notice of no dogs being unleashed on site. The Board asked the Attorney to forward to Ms. Payne any rules for garden usage that she may have.

Ms. Payne informed the Board that her assistant had found and was installing industrial-strength rollers to the compost bin bottoms. When the Operator informed the Board that compost bins are required to be located 150' from a water well, the Board directed that he seek a variance for such requirement. Ms. Payne is seeking a pad for the relocation of the compost bins [must be on a permeable surface], her assistant is building a stand for the rain barrels, and the shed is being relocated.

Discuss newsletter and take necessary action related thereto

There was no discussion about the newsletter.

Report on status of butterfly vine project and compost project

On June 22, 2008 the butterfly way station was delivered to Engineer Mr. Adam's office, Ms. Payne reported. The Engineer stated that he notified both Reliant Energy and Capano of its receipt.

Dir. Papp moved to reinstate the agenda order. Upon Dir. Toll's second, the Board voted unanimously in agreement.

CONSIDER AND ACT ON ENGINEER'S REPORT

Review repair and maintenance projects within the District

President Shannon then asked Mr. Adam for an engineering update. The Engineer's report, written copy of which, made available to Directors prior to the meeting, is attached hereto and considered a part hereof for all purposes.

Authorize Engineer to prepare plans and specifications for District facilities

The Engineer stated that he has been prioritizing sanitary sewer repairs and would confer with the Operator on the matter.

He then stated that he had sent to CenterPoint® and Capano information regarding drilling location for the fence posts. As requested, the Engineer solicited additional proposals for fencing and discussed them (contained in the written Engineer's report) with the Directors. With a base of \$7,360.75, the low bidder was Southland Fence & Supply Co. An option for installing new line posts came in at \$1,812, Mr. Adam noted. Dir. Mancini motioned acceptance of the Southland Fence & Supply Co. proposal with the two (2) supplemental items, subject to insurance verification and detail clarification by the Engineer; and further, to authorize, if Southland Fence & Supply Co. does not meet the Engineer's final approval, the award of the contract to Texas Fence. Dir. Toll seconded the motion, which gained unanimous support from the Board. Prior to the installation of the fence, the Operator was asked to notify Protection I of the removal and relocation of the alarm sensors.

Requests for water and sewer service

There were no new requests for water and sewer service.

Consider and approve pay estimates and change orders relating to contracts for the repair of the water supply system and sanitary sewer collection system

There was nothing new to discuss at this time.

Report on emergency generator and take necessary action related thereto

There was no discussion in this regard.

CONSIDER AND ACT ON ATTORNEY'S REPORT

The President then called upon Attorney Ms. Parker to discuss legal issues involving the District. The Attorney reported that the May 13, 2008 minutes had been corrected and were awaiting signature. Texas State Bank, with which the District has a collateral pledge agreement, will no longer be using the Federal Home Loan Bank of Dallas, and are now affiliated with the Custodian Bank of Atlanta. After discussion, upon motion duly made and seconded by Dirs. Papp and Mancini, respectively, the Board voted unanimously to approve the banking change.

Approve DbLive Program and take all necessary actions related thereto, including approval of expenditure of funds and entering into contracts

Upon being recognized, Dir. Mancini stated that he has had no response from, or contact with, Mr. Fairey of DbLive since last reported.

SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE BOARD OF DIRECTORS, INCLUDING:

Review correspondence addressed to the Board

There was no correspondence to consider.

Review correspondence sent by the District

The Board discussed earlier the letter from Mr. Schindewolf of the Authority.

Report on meeting of Ponderosa Joint Powers Authority ("PJPA")

The matter was tabled.

Report on meeting of North Harris County Regional Water Authority

The President asked Dir. Mancini to report on recent Authority activities. He reported that Al Rendl suggested that all MUDs get their applications for chloramines conversion plants into the TCEQ as soon as possible. Mr. Adam stated he would get together with CUD's engineer to discuss the blended system.

There are new irrigation rules coming out of the TCEQ, Dir. Mancini reported. Mr. Schindewolf then discussed the Authority bonds that were downgraded to below an A rating and 2005 bonds that were recently re-rated to below a AAA rating, Dir. Mancini stated. This requires that the Authority put up an additional \$1.5 million note to offset the rating changes. To fund this, the Authority has determined to levy an additional \$.10 per 1000 gallons pumped to customer pumpage fees. The next bond application is \$261 million, less \$40 million funded by MUDs. The Authority is hoping for 4.87% interest rate.

ABSENT ANY FURTHER BUSINESS TO CONDUCT AT THIS TIME, the President asked for a motion to adjourn. Dir. Papp's motion, seconded by Dir. Mancini, to adjourn the meeting at 7:30 p.m., carried by common consent.

PASSED AND APPROVED

August 18, 2008
Date

T. Gary Toll
T. Gary Toll
Secretary of the Board of Directors