

HC 132 Orig. min

HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 132

21 December 2009

STATE OF TEXAS §
COUNTY OF HARRIS §

The Board of Directors of Harris County Water Control and Improvement District No. 132 met in special 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 December 2009, at 5:30 p.m. The roll was called of the duly constituted officers and members of the Board, to-wit:

Thomas Mancini	President
T. Gary Toll	Vice President
William R. Papp	Secretary
Mary Bonetati	Assistant Secretary
Cindy Daniel	Assistant Secretary

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

Also present were Maria Parker of Coats, Rose, Yale, Ryman & Lee, P.C., the District's Attorneys ("Attorney;") Tom Matkin 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 meeting was called to order at 5:45 p.m. by President Mancini, who announced all business to appropriately come before the Board at this time would be considered.

REPORT ON STATUS OF DBLIVE PROGAM AND AUTHORIZE ACTION RELATED THERETO

The President recognized Dir. Papp, who informed the Board that the meeting with the DbLive sprinkler program participants has been rescheduled for January 27, 2010 at 7:00 p.m. at the new Cypresswood Clubhouse. The Director stated that Ms. Payne has spoken with Mr. Fairey of DbLive, who, along with the "Wise Guys" plumbers and director Al Rendl of the North Harris County Regional Water Authority ("Authority") will be present at such meeting.

REVIEW AND APPROVE MINUTES OF MEETINGS OF MAY 6, 2009, JUNE 3, 2009, JULY 1, 2009, NOVEMBER 4, 2009, NOVEMBER 23, 2009, and DECEMBER 2, 2009

The Board then considered review and approval of prior minutes. Upon motion duly made and seconded by Dirs. Papp and Daniel, respectively, the Board voted unanimously to approve the minutes of the November 23, 2009 meeting. After consideration, the Board tabled approval of the other cited minutes at this time, motion having been made by Dir. Papp, seconded by Dir. Daniel, and unanimously carried.

REVIEW AND APPROVE TAX ASSESSOR/COLLECTOR'S REPORT, INCLUDING:

Approval of Report and Payment of Bills from Tax Account:

The President next called upon Ms. Ahlschlager for discussion of the Tax Assessor-Collector's report for November 2009, a copy of which, electronically mailed to Directors prior to the meeting, is attached to these minutes as a part hereof for all purposes. Ms. Ahlschlager presented checks numbered 2305 through 2309 inclusive from the tax account for consideration and approval by the Board. She informed the Board that she wrote three (3) blank checks to Harris County Central Appraisal District ("HCAD") after her report was mailed out, to avoid certain late fees associated with such bills.

Report on Status Of Tax Collections, Authorize Termination Of Water Service To Delinquent Tax Accounts, Authorize Tax Assessor/Collector To Move Uncollectible Delinquent Personal Property Accounts To Uncollectible Tax Roll, And Authorize Filing Of Suit To Foreclose Tax Lien On Delinquent Accounts:

Ms. Ahlschlager noted that tax collections for 2009 stand at 6.86%, compared to the 2008 tax collections of 2.02% at this time last year. She then reviewed with the Board the Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue") Delinquent Tax Report, a copy of which is attached hereto as a part hereof. The Perdue report identified which accounts have now been paid in full and which accounts continue to be pursued through legal channels for collection. The Tax Assessor/Collector was asked to print out for the Board's review the statements of certain accounts remaining delinquent at this time.

After discussion, upon motion duly made and seconded by Dirs. Papp and Daniel, respectively, the question being put to the Board, the Board voted in accord to approve the Tax Assessor/Collector's report and payment of the bills presented in connection therewith.

BOOKKEEPER'S REPORT

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

The President recognized Ms. Schmidt, whose Bookkeeper's report, a copy of which is attached to and considered a part of these minutes, was disseminated to the Board prior to the meeting. The Bookkeeper noted that this month's share of the chloramines disinfection system project with Cypresswood Utility District ("CUD") totaled \$247.50. She then informed the Board that she has been having continuing problems with credit card payments at Sterling Bank. Dir. Papp asked if the District could acquire an American Express® card. The Attorney noted that fewer establishments accept American Express®, which could be a problem for the District. The Bookkeeper then presented checks for consideration and approval by the Board. Dir. Papp motioned to approve the Bookkeeper's report, Investment report, and the checks presented in connection therewith, as presented. Dir. Daniel seconded, after which the Board voted its unanimous consent.

Approve budget for fiscal year ending December 31, 2010

Ms. Schmidt then informed the Board that she had worked out certain details with Mr. Ammel for incorporation into the draft budget. Water Plant utilities' expenses and Authority fees were amended based upon her discussion with Mr. Ammel, she informed the Board. The chloramine conversion project figures, originally \$260,000, with only \$25,000 being spent during this fiscal year, were reduced. Three (3) items relating to the Water Conservation Garden were combined in the Budget but broken out for monthly meetings for review by the Board, it was decided. The Budget will again be a deficit Budget this year due to carrying over some of the chloramine conversion project expenses, Ms. Schmidt advised the Board. Any work done on the project between this time and December 31, 2009 will be accrued into the 2009 fiscal year's records, the Bookkeeper stated. Ms. Schmidt stated that she estimates the District's portion of the complete chloramine disinfection system project at \$205,000. After discussion, upon motion duly made by Dir. Papp, seconded by Dir. Daniel, and unanimously carried, the Board adopted the Budget for fiscal year ending December 31, 2010.

CONSIDER AND ACT UPON OPERATOR'S REPORT

Next the President recognized Mr. Ammel, whose Operator's report, a copy of which is attached hereto and considered a part hereof, was made available to the Board prior to the meeting. The Operator informed the Board that the only significant repair was the line break on Cypress Lake, repaired at a cost of \$1,587.32.

The Operator then discussed the request by the Falcon Ridge Apartments to have its late fees removed from their bill, since they told the Operator it had been mailed timely. Discussion ensued, after which the Board, upon Dir. Papp's motion, duly seconded by Dir. Daniel, voted unanimously to issue a \$427.07 credit to the apartments' bill.

Authorization of Repairs to Water Supply System and Wastewater Collection System

Mr. Ammel stated that his company would begin installing the additional valves authorized in November by the Board after the holidays, in January 2010. He and the Engineer discussed with the Board the valves ordered for the project.

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

Sixty-eight (68) service accounts were identified in the Operator's report for termination for nonpayment of water and sewer bills. No customer attended the meeting to discuss the status of his delinquent account, it was noted. Dir. Papp moved to approve the Operator's report and terminate service to the cited accounts, in accordance with the District's Rate Order. Dir. Bonetati seconded, and the Board approved the motion by unanimous vote.

Authorize Operator to Write off Uncollectible Delinquent Water Accounts

This matter was not addressed by the Operator.

CONSIDER AND ACT ON ENGINEER'S REPORT

Review repair and maintenance projects within the District

The President then recognized Mr. Matkin for the Engineer's report for the month, a copy of which is attached hereto and considered a part hereof for all purposes. The Engineer furthered the discussion of valve replacement with the Board, referring to his report attachment "Water Isolation Valve Evaluation". The Engineer stated that he is still reviewing the plans, which were fashioned after investigation done by the Operator. His estimate to install 17 various-sized insertion valves within the District, not including excavation costs, was \$96,500, it was noted. Pricing for the valves actually varies according to quantity ordered, the Engineer stated. Also the cost for insertion valves is greater than installing regular valves, the Operator noted. But it does avoid having to cut off service to a large number of customers, which must be done during the installation of regular valves, he added.

Authorize Engineer to prepare plans and specifications for District facilities

The Engineer then reviewed with the Board his drawing of the area within the District that has been incurring residential drainage problems. He referred to the various contours of the ground in the vicinity. The Engineer also stated that he had been conferring with the District's Attorney regarding easement issues. Restoring surface drainage with the construction of a swale is probably the best cause of action, Mr. Matkin advised the Board. First easement paperwork must be drawn up, then affected residential signatures acquired, and finally the easements will be filed in the real property records, the Attorney stated, before any work may proceed. The easements will be granted to the District to facilitate construction of the swale. Once constructed the District will be responsible for maintenance of the swale. The Board asked the President to contact Ms. Lane so that she and the other affected residents might meet to discuss the swale as a solution to the drainage problem. The Board then discussed expenses related to the swale. Dir. Papp moved to accept the Engineer's proposal to construct a swale across the affected properties, as discussed, on a 70/30 financial split of initial costs with the residents, with the District assuming the responsibility to maintain the swale thereafter. Dir. Daniel seconded the motion, which received unanimous support from the Board. The Board asked to have Ms. Lane appear at the regular January Board meeting to further discussion of the matter.

Requests for water and sewer service

There were no new requests for 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

The Engineer then referred to the chloramine conversion project, where the request for 21 additional days to complete the project due to rainy weather was made by the contractor. The primary portion of Pay Estimate No. 2 pertained to the demolition of the building at the CUD plant, Mr. Matkin stated. Dir. Papp motioned approval of the contractor's request for 21 additional days' time [through February 16, 2010] to complete the chloramine disinfection system project. Dir. Daniel seconded, and the Board voted unanimously in favor of the motion.

The Board then referred to a Memo from Gordon Landwermeier of Westador MUD, attached to and considered a part of these minutes. Mr. Landwermeier argues with the pricing of surface water being charged by the Authority versus well water and made certain calculations to explain how his MUD will bill such expenses to its residents. He expressed concern that districts will be under billing if they start off charging the \$1.75 the Authority is billing for water a district draws from its own well, since it is unknown how much water a district will be buying versus pumping from its own well. The Operator informed the Board that the bill going out to District customers in February will account for water used in January and will be charged at \$1.75 per 1,000 gallons plus ten percent (10%) to account for water loss.

The Engineer then discussed with the Board the recent correspondence from the Texas Commission on Environmental Quality ("TCEQ"). The Engineer explained that the letter advises that the TCEQ approves the District's interconnect and all the rest of the District's water and wastewater system, except the well. The TCEQ letter requires the District to run a 36-hour load test in order to approve the well, he added. Mr. Ammel suggested that perhaps the test could be run on a 4-hour basis to show the stability of the well. Additionally he felt that certain chemical tests performed by the TCEQ years ago might satisfy the TCEQ.

The Engineer then discussed with the Board his review of Dir. Toll's drawing presented at last month's regular meeting. He estimated the pump could collect 11,000 gallons per month at a cost of less than \$25,000. He also felt the system would not require the 2 pumps shown in Dir. Toll's drawing. The Engineer felt that a swale could move some of the water to the native grasses without having to be pumped. No action was taken.

CONSIDER AND ACT ON ATTORNEY'S REPORT

The President recognized the Attorney, who informed the Board that she needed signatures related to the District's Audit.

Discuss Emergency Preparedness Plan

The Attorney then discussed the requirements of Senate Bill 361 to have an Emergency Preparedness Plan ("the Plan") approved by the District and filed with the TCEQ on March 1, 2010. After consideration, upon motion duly made by Dir. Daniel and seconded by Dir. Bonetati, the Board voted unanimously to authorize preparation of the Plan by the Engineer for consideration by the Board at the January meeting.

CONSIDER AND ACT ON REPORT FROM PAYNE COMMUNICATIONS

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

The matter was deferred at this time.

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

There was no update on this matter.

Report on status of butterfly vine project and compost project

The matter was deferred to a future meeting.

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 at this time.

Review correspondence sent by the District

There was no correspondence sent by the District this month.

Joint Powers Authority ("PJPA")

No report was offered at this time.

Report on meeting of North Harris County Regional Water Authority

This matter was tabled.

CITING NO FURTHER BUSINESS TO COME BEFORE THE BOARD AT THIS TIME,
Dir. Papp's motion to adjourn at 7:35 p.m., duly seconded by Dir. Daniel, carried without dissent.

PASSED AND APPROVED

January 18, 2010
Date

Bill Papp
Bill Papp
Secretary of the Board of Directors