

HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 132

MINUTES OF MEETING OF
June 21, 2010

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 June 2010, 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, thus constituting a quorum.

Also present were resident Cindy Lane; Carol Fraser with Head, Inc.; Liane Promfret, Water Conservation Demonstration and Research Center ("Center") assistant; Maria Parker of Sanford Kuhl Hagan Kugle Parker Kahn, LLP, the District's Attorneys ("Attorney"); Dano Lozano of AEI Engineering, Inc., the District's Engineer ("Engineer"); Mike Ammel, Andy Phelps 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 5:30 p.m., at which time the following business was transacted.

APPROVE ELECTRICAL CONTRACT

The President informed the Board that Acclaim Energy has not yet submitted a proposed contract. The matter was deferred, as there was nothing additional to consider at this time.

REPORT ON STATUS OF DBLIVE PROGAM AND AUTHORIZE ACTION RELATED THERETO

The President recognized Dir. Papp, who stated that he had spent some time with Barbara Payne prior to the recent AWBD conference discussing marketing the sprinkler pilot program to District residents. The Wise Guys have had success with their computer-generated order and tracking system, he added. Dir. Papp noted that Ms. Payne would be attending the next Water Conservation Demonstration and Research Center ("Center") meeting.

REPORT ON SUSTAINABLE SITE PROGRAM AND PROJECT FROM BURDITT LANDSCAPING ("BURDITT")

The President recognized Ms. Fraser, who presented to the Board the official letter awarding the District's Water Conservation Demonstration and Research Center ("Center") as a Sustainable Site Pilot Program. The Board expressed its desire to have the letter framed for display. Ms. Fraser stated that selection as a final Sustainable Site will be based upon evaluation of the Center program. The Board expressed its appreciation to Ms. Fraser for her work on behalf of the District that resulted in the Center's recognition as a Sustainable Site Pilot Program. Dir. Papp suggested that the Board send a letter to the North Harris County Regional Water Authority ("the Authority) thanking them for partnering with the District on this matter. He stated that it would be appropriate to have the President sign and present the letter to the Authority at its next meeting. The Board concurred with Director Papp.

A second bid has been received from Bartlett Tree Service Co. resulting in a savings of \$1,000, Ms. Fraser stated.

REVIEW AND APPROVE MINUTES OF MEETINGS OF MAY 6, 2009, JUNE 3, 2009, JULY 1, 2009, MAY 17, 2010 and JUNE 1, 2010

Approval of past minutes was next considered by the Board. Dir. Papp moved to table approval of the minutes from May 6, 2009, June 3, 2009, July 1, 2009 and July 2, 2009. Dir. Toll seconded, and the Board affirmed. After review and motion made by Dir. Papp, seconded by Dir. Toll, the Board voted unanimously to defer taking action upon the June 1, 2010 minutes. Dir. Papp made a motion to approve the May 17, 2010 meeting minutes as prepared. Dir. Toll seconded, and the Board concurred by unanimous vote.

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

Approval of Report and Payment of Bills from Tax Account:

The President recognized Ms. Ahlschlager for the Tax Assessor/Collector's Report, a copy of which is attached hereto and considered a part hereof for all purposes. Checks numbered 2345, 2346 and 2311 from the tax account were presented for consideration and approval by the Board. After consideration, upon motion duly made and seconded by Dirs. Toll and Papp, respectively, the Board voted unanimously to approve Tax Assessor/Collector's report and disbursements itemized therein as presented.

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:

The Tax Assessor/Collector noted that tax receivables this month were somewhat lower than those at the same time last year. She then discussed the June 21, 2010 Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue") Delinquent Tax Report, included with her written report.

Ms. Ahlschlager then reviewed with the Board the Harris County Appraisal District ("HCAD") 2010 preliminary tax rolls for the District. She noted that the preliminary assessed valuation is \$109,343,165.

REVIEW AND APPROVE BOOKKEEPER'S REPORT

Approval of report, payment of bills from the Operating Account

President Mancini then called upon Ms. Schmidt for the Bookkeeper's report, a copy of which is attached hereto as a part hereof. Ms. Schmidt noted that she had written three (3) additional checks, for AWBD conference reimbursements to Directors, since preparation of her report.

Dir. Papp informed the Board that he spoke with Dennis Reilly of Cypresswood Utility District ("CUD") regarding splitting certain expenditures under the Joint Facilities Contract based on capacity or water usage. The Attorney was asked to review the Joint Facilities Contract to make a determination regarding this matter.

Take necessary action on Depository Pledge Agreement

This matter was deferred, with no action being taken.

Approve Investment report

The Bookkeeper then reviewed the current Investment report with the Board. Dir. Papp moved to approve the Bookkeeper's report, Investment report, and payment of the checks presented. Dir. Toll seconded the motion, which received unanimous support from the Board.

CONSIDER AND ACT UPON OPERATOR'S REPORT

Mr. Ammel was then recognized by the President for the Operator's report, a copy of which is attached to these minutes as a part hereof. The Operator's report was made available to the Board prior to the meeting. Dir. Papp motioned approval of the Operator's report, including terminating those delinquent accounts cited in such report. Dir. Toll seconded the motion, which garnered unanimous support from the Board.

The Operator informed the Board that he would be doing a 'dry run' of the chloramine conversion Tuesday following this meeting. He noted that once converted, the District's accountability is expected to improve due to the type of meter used by the Authority.

Authorization of Repairs to Water Supply System and Wastewater Collection System

The Operator stated that EDP is progressing with piping and control modifications at the Evening Trail Water Plant, to facilitate filling the ground storage tank during non-peak hours to enable meeting peak demand.

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

Sixty (60) service accounts are identified in the Operator's report for termination for nonpayment of bills. No customer attended the meeting to discuss the status of his delinquent account, it was noted.

Authorize Operator to Write off Uncollectible Delinquent Water Accounts

This matter was deferred at this time.

Approve Consumer Confidence Report

Mr. Ammel informed the Board that the Consumer Confidence Reports ("CCRs") were delivered to District customers earlier in the month, as required by the Texas Commission on Environmental Quality ("TCEQ").

CONSIDER AND ACT ON ENGINEER'S REPORT

Review repair and maintenance projects within the District

President Mancini asked Mr. Lozano for the Engineer's report, a copy of which is attached hereto as a part hereof. Mr. Lozano informed the Board that Alsay, Inc. ("Alsay") has installed the bull rock and completed pump tests on Water Well #1. The Engineer reported that Alsay recommends resizing the pump for 500 GPM. The cost estimated for such repair is \$97,096, the Engineer noted. A waiver from the bidding process was requested of the TCEQ, he added. Subsequently, the Engineer spoke with Mr. Rolen, the Authority's chief engineer, and addressed a letter to Mr. Schindewolf, the Authority's general manager, regarding the inability of the District to receive surface water within the next 90 days. Mr. Matkin stressed that, even with the Authority's willingness to supply water to the District, the District would be without a permanent source of water at its plant. It is the District's intention to investigate drilling another well to ensure water for its customers, the Engineer's letter stated.

Authorize Engineer to prepare plans and specifications for District facilities

AEI has begun surveying the back yard lots of the homes on Loring Lane for construction of a drainage swale. A preliminary design of the proposed drainage swale is under way, he added.

Requests for water and sewer service

There were no 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

The Engineer stated that he had received and reviewed Pay Estimate No. 7 in the amount of \$67,498.88 on the chloramine disinfection system project.

CONSIDER AND ACT ON ATTORNEY'S REPORT

The President recognized Ms. Parker for the legal report at this time. She informed the Board that the City of Houston ("the City") is again considering MUDs for Strategic Partnership Agreements ("SPAs"). She stated that she would be putting forth the District's name to obtain a SPA from the City.

Discuss Drainage Issues on Loring Lane and take action related thereto

The President stated that he would like to have this matter resolved as quickly and efficiently as possible. While the residents affected by drainage problems on Loring Lane are agreeable to the Engineer surveying their properties for a solution, there is no assurance that each homeowner will agree to the proposed solution, the Attorney stated. The Engineer stated that even a well-built swale could not prevent an extreme flooding event.

Approve Annual Red Flag Report

Ms. Parker reminded the Board that the District was required to establish an Identity Theft Program. Ms. Parker added that the District is required to review said Program annually. She noted that the Operator has provided written verification that the Program has been implemented, is effective, and no changes are necessary at this time. After discussion, upon motion duly made and seconded by Dirs. Papp and Toll, respectively, the Board voted unanimously to approve the Resolution Regarding Annual Review of Identity Theft Program, a copy of which is on file in the official records of the District.

Approve Water Conservation Policy

The Attorney reported that she had forwarded several policy alternatives to Dir. Papp for consideration and will place the matter on the next Center agenda.

Report on Non-profit Corporation for Demonstration Center

The Attorney discussed with the Board the creation of a non-profit corporation to manage and operate the Center. She agreed to have her colleague contact Directors Papp and Toll on a conference call to further discuss the matter.

Approve Implementation of Emergency Preparedness Plan

Consideration was then given to a proposed Resolution Authorizing Implementation of an Emergency Preparedness Plan. The Attorney informed the Board that the Emergency Preparedness Plan ("the Plan") was approved by the TCEQ.

Upon motion duly made and seconded, the Board voted unanimously to approve said Resolution, a copy of which is on file in the official records of the District.

Approve Contract for Recording Secretary and contracts relating to Demonstration Center

The Attorney advised the Board that she had received Ms. Pomfret's executed contract but still needed the Recording Secretary's.

CONSIDER AND ACT ON REPORT FROM PAYNE COMMUNICATIONS, including:

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

Discussion of this item was deferred.

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

The President recognized Ms. Fraser, who reported that she and others, including Ms. Pomfret and her son, have been working on the Center's garden, but the heat has been impacting their effort. Ms. Fraser stated that after the tree project is completed, things should speed up. In talking with Mr. Goodwin, Ms. Fraser stated that how the project proceeds may change. She stated that she would like to have two food-grade barrels. She then reported general activities in the Center's garden area.

The Board agreed to hold the next Center meeting on July 14, 2010 at 10:30 and include a luncheon, as the meeting will take in the Webinar being held at the same time.

Dir. Papp stated that he would like to have a receptacle installed at the Center for water bottle recycling. The Board then discussed attending the Cypress Creek Greenway Project meeting to be held in Conroe.

Discuss newsletter and take necessary action related thereto

This item was deferred.

Report on status of butterfly vine project and compost project

Ms. Fraser stated that she may downsize the barrels for the composting project.

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

Review correspondence addressed to the Board

This matter was tabled.

Review correspondence sent by the District

There was no correspondence to consider.

Joint Powers Authority ("PJPA")

The President recognized Dir. Papp, who reported that discussion at PJPA centered around how to determine capital versus repair costs.

Report on meeting of North Harris County Regional Water Authority

The President stated that seven (7) districts are having odor and taste problems with the surface water they have begun receiving. Board deferred further discussion of the Authority. Mr. Phelps stated that the Authority is flushing a huge amount of water in an attempt to alleviate those problems.

CITING NO FURTHER BUSINESS TO COME BEFORE THE BOARD AT THIS TIME,
Dir. Papp's motion to adjourn at 7:47 p.m., duly seconded by Dir. Toll, carried without dissent.

PASSED AND APPROVED

July 19, 2010
Date

Bill Papp
Bill Papp
Secretary of the Board of Directors