

HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 132

MINUTES OF MEETING OF
June 20, 2011

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 20th day of June 2011, 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. Daniel, thus constituting a quorum.

Also present were Maria Parker of SANFORD KUHL HAGAN KUGLE PARKER KAHN, LLP, the District's Attorneys ("Attorney"); Dano Lozano and Tom Matkin of AEI Engineering, Inc., the District's Engineer ("Engineer"); Eric Thiry and Ben Connelley of Environmental Development Partners ("EDP"), the District's Operator ("Operator"); Cindy Engelbert of Wheeler & Associates, Inc., the District's Tax Assessor/Collector ("Tax Assessor/Collector"); Carol Fraser with Head, Inc.; Cindy Schmidt, the District's Bookkeeper ("Bookkeeper"); and Sherry Allard, the District's Recording Secretary ("Recording Secretary").

President Mancini called the meeting to order at 5:35 p.m., and the following business was transacted.

CONSIDER AND ACT UPON FINANCIAL ADVISOR'S REPORT, INCLUDING AUTHORIZING THE ISSUANCE OF BONDS

After review, Dir. Papp's motion, seconded by Dir. Bonetati, to defer acting upon the Financial Advisor's report, received unanimous consent by the Board.

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

Approval of Report and Payment of Bills from Tax Account

The President recognized Ms. Engelbert to present the May 2011 Tax Assessor-Collector's report, a copy of which, previously made available to the Board, is attached hereto as a part hereof. During her presentation of checks for approval by the Board, she noted that check number 270 represented payment for the third quarter Harris County Appraisal District ("HCAD") assessment.

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. Engelbert then informed the Board that 2010 taxes are 97.55% collected, compared to the 2009 tax collections of 90.64% at this same time last year. She then discussed Perdue, Brandon, Fielder, Collins & Mott, L.L.P. (“Perdue’s”) delinquent tax report. Ms. Engelbert stated that the Spivey Auto Group, Inc. account is awaiting a trial date for nonpayment of delinquent taxes.

Dir. Papp motioned approval of the Tax Assessor/Collector’s report. Dir. Toll seconded the motion, which garnered unanimous support from the Board.

Ms. Engelbert informed the Board that the preliminary tax rolls from HCAD showed the District’s taxable value, with the inclusion of personal property, of \$111,380 852.

REVIEW AND APPROVE MINUTES OF MEETINGS OF MAY 11, 2011 AND MAY 16, 2011

Approval of past minutes was given next consideration by the Board. After review and motion made by Dir. Papp, seconded by Dir. Bonetati, the Board voted unanimously to approve the minutes of the May 11, 2011 meeting as corrected. After review, the Board, upon motion made by Dir. Toll, seconded by Dir. Bonetati, voted unanimously to approve as amended, the minutes of the May 16, 2011 meeting.

REVIEW AND APPROVE BOOKKEEPER’S REPORT

Approval of report, payment of bills from the Operating Account

The President then recognized Ms. Schmidt, who discussed with the Board her Bookkeeping report, a copy of which was availed the Board prior to the meeting and is attached to these minutes as a part hereof. Ms. Schmidt presented checks numbered 2636 through 2567 for the Board’s approval. She informed the Board that Lowe’s had declined to offer the District a builder’s account credit card. The President stated that his recent visit with a gentleman at Lowe’s reflected a different response, and he encouraged Ms. Schmidt to check into the matter again.

Dir. Papp, upon being recognized by the President, stated that he had spoken with an accountant at McCall Gibson Swedlund Barfoot PLLC, the District’s Auditor, about capital versus repair designation of joint expenditures. The accountant agreed that payment of non-capital items is based upon usage. New construction is a capital expenditure, they concurred.

Take necessary action on Depository Pledge Agreement

No action.

Approve Investment report

Ms. Schmidt reviewed the current Investment Report with the Board.

Dir. Papp motioned approval of the Bookkeeper's report. Dir. Bonetati seconded, and the Board voted unanimously in favor of the motion.

CONSIDER AND ACT UPON OPERATOR'S REPORT

Mr. Thiry was next recognized by the President for discussion of the District's operations during May 2011. A copy of his report, attached hereto as a part of these minutes, was electronically mailed to Directors prior to the meeting. The accountability ratio was reported at 97.1% for May and 93.8% for the year. Owing to the hot weather and lack of rainfall, the Operator stated that there could be as many as two to three (2-3) water main breaks per day. His staff remains quite vigilant at this time of year, he added. There have been a few more District water quality complaints than normally, the Operator stated.

The Operator was asked to determine the cause for the disparity in the billing amounts versus collections from residents of the North Harris County Regional Water Authority ("RWA") water.

Authorization of Repairs to Water Supply System and Wastewater Collection System

Mr. Thiry reported that the Cypresswood Utility District ("CUD") well pump has been successfully replaced. The costs owed by the District will be determined upon final invoice from the contractor and what amount of CUD's insurance coverage, if any, is applicable to the repair.

The Operator reported that the #1 ground storage tank ("GST") has a leak at the bottom seam. Upon removal from service, the well [floor] is being cleaned for proper evaluation.

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

The Operator next presented the Board with the list of accounts to be terminated for nonpayment. It was noted that no customer appeared at the meeting to discuss the nature of his/her delinquency with the Board. Dir. Papp motioned approval of the 54 service account terminations presented by the Operator. Dir. Toll seconded, and the Board voted unanimously in favor of the motion.

Authorize Operator to Write off Uncollectible Delinquent Water Accounts

No action.

CONSIDER AND ACT ON ENGINEER'S REPORT

The President recognized Messrs. Lozano and Matkin for the Engineer's report, a copy of which was electronically mailed to the Board before the meeting and is attached hereto as a part hereof for all purposes. Mr. Lozano reported that the North Harris County Regional Water Authority ("RWA") surface water take-point line is approximately 95% complete. RWA's advertising for bids should occur toward the end of July, he added.

Approve repair and maintenance projects within the District

The sanitary sewer rehabilitation bids were opened on June 14, 2011, Mr. Lozano stated. The low bidder was Insituform Technologies, Inc. ("Insituform"), he noted. The Engineer reviewed all aspects of the bid, including project alternates, with the Board. After discussion, upon motion duly made and seconded by Dirs. Toll and Bonetati, respectively, the Board voted unanimously to award the sanitary sewer rehabilitation project to Insituform to include the base plus five (5) alternates.

The Board asked the Engineer to rework the proposed bond application with the additional costs included.

The Engineer informed the Board that Hovis was on site today to review and complete the survey on trees in the Copano easement of the Garden.

Authorize Engineer to prepare plans and specifications for District facilities

The Engineer informed the Board that the 210,000-gallon GST was found to be leaking at the June 15, 2011 inspection. Repairs may be extensive, Mr. Lozano stated, and as costly as replacing the tank. It is important to act quickly, considering the imminent construction of the RWA line, Mr. Matkin noted. The Board stated its preference for Option C, *i.e.* to remove and replace the 210,000-gallon tank with a glass-lined bolted steel tank of the same size. The Engineer stated that he would contact the Texas Commission on Environmental Quality ("TCEQ") regarding the need for emergency replacement of the tank, thereby foregoing the need to advertise, etc. Dir. Papp motioned authorization for the District Engineers to go forward with plans to replace the tank as discussed. Dir. Toll seconded the motion, which garnered unanimous support from the Board.

Approve Requests for water and sewer service

No action.

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

Mr. Lozano stated that the 10,000-gallon hydropneumatic tank rehabilitation is complete to the satisfaction of the engineers involved. Pay Estimates #1 and #2 from Universal Coating Specialists, LLC are presented for approval and payment, he noted. Such Pay Estimates were approved with payment of the bills, it was noted.

After discussion, upon motion duly made and seconded by Dirs. Papp and Toll, respectively, the question being put to the Board, the Board voted in accord to approve the Engineer's report as presented.

CONSIDER AND ACT ON ATTORNEY'S REPORT

Discuss Strategic Partnership Agreement ("SPA") and take action related thereto

The President then recognized Ms. Parker, who stated that she had received a note from the City of Houston regarding the District's SPA. A list of businesses in the area were provided and need to be reviewed for accuracy, she stated.

Annual Review Of Emergency Preparedness Plan

No action.

Approve Resolution Establishing Intent to Reimburse Operating Account from Bond Proceeds

The Attorney stated that the bond application will be updated with projects approved at this meeting.

Texas Water Quality Report for 2011 (the "Consumer Confidence Report")

Mr. Thiry informed the Board that the Texas Water Quality Report for 2011 was finalized and ready to mail to District customers, as required by law. After review, Dir. Papp's motion, seconded by Dir. Toll, to approve the Consumer Confidence Report for customer mail out, received unanimous consent by the Board.

Legislative Update

No action.

CONSIDER AND ACT ON REPORT RELATING TO "WATER CONSERVATION DEMONSTRATION AND RESEARCH CENTER" ("CENTER")

Discuss Water Conservation And Demonstration Center, Customer Communication and take necessary action in connection therewith

The Attorney discussed Exhibit B of the Copano Easement Agreement with the District. She feels that perhaps a meeting with officials of Copano might ensure that Copano is fully apprised of landscape and other activities by the District near the easement. The President stated that he feels there has been no encroachment against the Easement Agreement by the District.

Report on status of and take action on butterfly vine project, Sustainable Site and DbLive Program

The President informed the Board that in his telephone conversation with Ms. Huey, he told her to attend the Garden meeting in July and bring her work to date. Ms. Fraser, recognized by Pres. Mancini, stated that she asked Ms. Huey to make an accurate map of the Garden, not exaggerated for aesthetics.

Ms. Fraser reported that she has had installed 4" of edging near the easement and located the posts in the ground. She and Ms. Pomfret feel that next to the fence is the best place for the compost bins. She would like to have the rain barrels and a new water source near the bins, she noted. There will be teaching space there, as well, she added. Water is also needed for the Nurse Log, Ms. Fraser stated.

Ms. Fraser discussed the site map and location of the easement in connection with placement of plants and amenities.

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

Review correspondence addressed to the Board

No action.

Review correspondence sent by the District

No action.

Joint Powers Authority ("PJPA")

No action.

Report on meeting of North Harris County Regional Water Authority

No action.

THE PRESIDENT, NOTING THERE WAS NO OTHER BUSINESS to come before the Board, asked for a motion to adjourn. Dir. Bonetati's motion, seconded by Dir. Toll, to approve adjournment at 8:52 p.m., carried without disagreement.

PASSED AND APPROVED

Date



Bill Papp
Secretary of the Board of Directors