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COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 132

20 October 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 20th day of October 2008, at 5:30 p.m. The roll was called of the duly constituted officers and members of the Board, to-wit:

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|---------------------|---------------------|
| 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, except Dir. Daniel, thus constituting a quorum.

Also present were Maria S. 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;") Barbara Payne of Payne Communications, the District's media consultant, ("media consultant;") and Sherry Allard, the District's Recording Secretary ("Recording Secretary.")

PUBLIC HEARING ON PROPOSED 2008 TAX RATE

The public hearing was called to order at 5:30 p.m. by President Shannon, who announced that during the hearing, only matters related to the proposed 2008 tax rate would be considered. As there was no one present to discuss the tax rate, the Board moved to close the hearing, upon motion duly made by Dir. Toll, seconded by Dir. Mancini, and unanimously carried.

After discussion, upon motion duly made and seconded by Dirs. Toll and Mancini, respectively, the question being put to the Board, the Board voted in accord to suspend the agenda order to recognize the Attorney.

CONSIDER AND ACT ON ATTORNEY'S REPORT

Adopt Order Setting The Tax Rate For 2008

The President next called upon Ms. Ahlschlager, who informed the Board that the tax rate and hearing information had been duly published in the local newspaper, as directed by the Board.

Based thereupon, and after consideration and motion made by Dir. Papp and seconded by Dir. Mancini, the Board voted unanimously to adopt the Order Setting the Tax Rate for 2008.

The President recognized the Attorney, who reminded the Board that when changes are made to the District's tax rate, an update to the Notice to Sellers and Purchasers is required. Dir. Papp motioned to approve the Amended Notice to Sellers and Purchasers. Dir. Mancini seconded, after which the Board voted its unanimous consent.

Dir. Papp motioned to return to the order of the day. Dir. Mancini seconded, and the Board voted its unanimous approval.

REVIEW AND APPROVE MINUTES OF MEETING OF AUGUST 18, 2008, SEPTEMBER 11, 2008, SEPTEMBER 15, 2008 AND OCTOBER 6, 2008

President Shannon asked that the approval of past minutes be given next consideration. After review, upon motion made by Dir. Toll, seconded by Dir. Mancini, the Board voted unanimously to approve the minutes of the August 18, 2008, September 11, 2008, and September 16, 2008 meetings, as written. Motion by Dir. Toll, with Dir. Mancini seconding, to approve the October 6, 2008 minutes as amended, carried without dissent.

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

Approval of Report and Payment of Bills from Tax Account:

The President recognized Ms. Ahlschlager, who disseminated to, and reviewed with, the Board the Wheeler & Associates' tax report for September 2008.

Report on status of tax collections, authorize termination of water service to delinquent tax accounts and authorizing filing of suit to foreclose tax line on delinquent accounts.

The Tax Assessor/Collector then reported on tax collections, comparing the 98.71% collected to date for 2008 taxes with the 94.95% collected last year for the 2007 taxes. She informed the Board that six (6) accounts paid their balances in full, removing them in effect from the delinquent list. The Roberts, Washington and Higginbotham account holders received doorknockers, she noted. Ms. Ahlschlager verified that Santana Williams, the current owner at 4311 Annawood, has asked to have penalty and interest waived from their delinquent account. The Board noted that the law provides that a taxing jurisdiction may waive penalty and interest in instances where an error was made by the taxing jurisdiction or the appraisal district. Santana Williams did not present any evidence that either the District or the Harris County Appraisal District made an error on his account; accordingly, Mr. Williams' request was denied. Robert Owens, still listed as the owner of property in the District, states that he paid his tax bill on September 16, 2008, but no payment has been received, Ms. Ahlschlager stated. Bradley Morgan lives in Ohio and says his mortgage company should pay, but the tax bill has not been paid. After full discussion, upon motion duly made and seconded by Dirs. Papp and Toll, respectively, the Board voted unanimously to authorize the

Delinquent Tax Attorney to proceed with collection of the delinquent taxes and to terminate water service for those accounts presented by the Tax Assessor/Collector.

At 17803 Tall Cypress, the delinquent account is receiving water service, but the account is listed in a name belonging neither to the owner nor resident. Dir. Toll motioned authorization for the Delinquent Tax Attorney to file suit against such account to collect delinquent taxes and fees. Dir. Papp seconded the motion, which was unanimously supported by the Board.

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

CONSIDER AND ACT ON REPORT FROM PAYNE COMMUNICATIONS

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

There was no discussion pertaining to the website.

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

Pres. Shannon recognized Ms. Payne, who stated that the email she had received from Ms. Fraser was a "mac" document, so she could not route it to the Board. The Board asked if she could convert the document to a "pdf" file, then re-route it. She stated that much work is and has been going on in the garden, especially cleaning of debris. Certain items are being moved in preparation for future plans, she added. She asked the Board to consider holding a special meeting about the garden, realizing how much time the planning would take. A lunchtime meeting would be preferable, she stated and said she would try to work out the details and get back to the Board. The rain barrels are nearly complete, she added. They have yet to be attached to the gutters. The Operator was asked to clean the gutters before the barrels are attached. The land is being graded and leveled in preparation for the placement of the barrels, Ms. Payne stated. Plants have been moved and trimmed, and the windmill is now in the garden, she added. Recently she made a presentation entitled "Texas Wind & Water won the West." Without windmills producing water, the West could never have been developed as it was, she contended. She stated she had been talking with Klein ISD teachers, who are thinking of doing a water camp at the garden site, Ms. Payne informed the Board.

Ms. Payne informed the Board that Hurricane Ike destroyed the facilities of the group that had offered to help with the garden. They will not be able to help now, she stated. When asked, Ms. Payne responded that the garden's grounds are very over watered. She stated that she has asked irrigation specialist Mr. Goodwin, Vice President of Gulf Coast Irrigations, to view the garden, offer the names of their vendors that might partner with us to remove the undesirable items and replace trees were appropriate, and help us determine how best to manage the entire facility.

Ms. Payne added that Mike Ammel might again be asked to narrate a video, this time the 'aftermath of Ike.'

The Board then discussed the continuing problem of dog droppings in the garden where people congregate. Ms. Payne was asked to write a letter to the resident whose house abuts the garden, in an effort to have their dog droppings cleaned with up doggie bags. She was also asked to get signs placed to remind residents of their responsibility to clean up after their pets visit the garden. She reminded the Board that the new mantra for the garden is "repair, restore and renew." When asked about the condition of the pathway, she answered that people are coming this weekend to work.

Discuss newsletter and take necessary action related thereto

There was no discussion of the next newsletter.

Report on status of butterfly vine project and compost project

Ms. Payne stated that the butterfly project plans are going forward, and the milkweed is still accessible. Vines could be still installed quickly and easily, she stated.

Dir. Papp's motion to return to the order of the day, seconded by Dir. Mancini, carried.

BOOKKEEPER'S REPORT

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

Ms. Schmidt was next recognized by the President for the financial report of the District. Her report, copy of which is attached hereto and considered a part hereof, was disseminated to the Board prior to the meeting. Noting her direction from the Board that they anticipated a change in the premium, she had withheld payment of the ANCO McDonald check. Attorney Ms. Parker asked Ms. Schmidt to contact ANCO McDonald and ask them to send a separate bill for the Directors & Officers Liability and Umbrella policies. The Board then discussed the Texas Network bill, stating that the District had been billed an additional 10% fee for late payment. In lieu of Hurricane Ike, the Board thought that the late fee was inappropriate, especially considering the nature of MUD meetings and quorums needed to pay bills, plus the District's perfect payment record. After discussion, upon motion duly made and seconded by Dirs. Toll and Mancini, respectively, the question being put to the Board, the Board voted in accord to approve the Bookkeeper's report, Investment report, and payment of the bills.

The Bookkeeper noted that the Board had reviewed the Budget earlier, and changes were made, by adding chloramines conversion and water tank repairs. Some of the sanitary sewer work may be performed during this fiscal year, Mr. Ammel noted. The blended District's chloramines conversion plants will have different costs because only the largest one will have the automatic equipment, he added. Next year's budget could have a \$250,000 loss when improvements are all included, it was noted. Ms. Schmidt stated that she anticipates a loss of about \$120,000 this year, considering the cost of the emergency generator. Dir. Papp stated that he would like to have a natural gas line installed at this site. Dir. Mancini stated that he would ask PJP if they have a gas

line for their generator. Regarding the Budget, Ms. Schmidt stated that she would take Barbara Payne's bill for work concerning the garden out of communication.

CONSIDER AND ACT UPON OPERATOR'S REPORT

President Shannon asked Mr. Ammel for an operational update at this time. The report, copy of which is attached hereto and considered a part hereof for all purposes, was disseminated to the Board prior to this meeting. He began by sharing some of the costs associated with Hurricane Ike. He noted that Ben was very vigilant during the storm, making sure that the lift station and other fuel needs were met. The first cost was the fuel, followed by damage repairs.

The Operator stated that Mike Kersey is working on a dual fuel generator for Klein MUD. Mr. Connelley was asked to get additional lighting at the WCID #132 lift station site. He informed the Board that he contacted an electrician, who will make modifications related to the screen controller and other improvements needed at the meeting place.

Authorization of Repairs to Water Supply System and Wastewater Collection System

Repairs for damage by the storm have been fairly minor, Mr. Ammel stated. The sanitary sewer videos have not been reviewed to determine the point repairs needed. He did say his company had received some compliments for service during the hurricane. The Board heartily concurred.

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

The Operator stated that he is hanging doorknockers for all delinquent accounts, the payment deadline for which is October 28, 2008. Upon motion duly made by Dir. Papp, seconded by Dir. Toll, and unanimously carried, the Board approved the 91 service account terminations and 3 delinquent tax account terminations.

CONSIDER AND ACT ON ENGINEER'S REPORT

Review repair and maintenance projects within the District

President Shannon recognized Mr. Matkin for the Engineer's report, attached hereto and considered a part hereof, disseminated to the Board prior to the meeting.

Authorize Engineer to prepare plans and specifications for District facilities

Mr. Matkin stated that he is awaiting the Operator's addressing the point repairs before pursuing lining of the sanitary sewer. There is no further news regarding the outfalls to Cypress Creek, the Engineer stated. The Engineer stated that the contract for the ground storage tank modifications was cancelled, and he recommends bidding it during November for consideration at the December meeting, with work to commence in January 2009.

The Engineer stated that the plans for the District's chloramines conversion plants are nearing completion. The Engineer then reviewed with the Board the recent well production tests. The report shows the well to be performing satisfactorily, though producing sand on start-up. The test does show a slight decline (1/9) in the capacity compared to the September 2007 levels, Mr. Matkin noted.

The fence improvements are now complete, the Engineer stated, and he included the pay estimate with his report.

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

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.

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

There was no discussion of this item.

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

No report was given.

Report on meeting of North Harris County Regional Water Authority

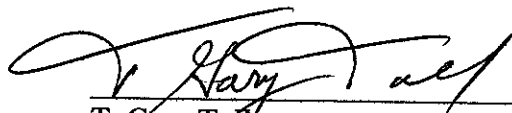
There was no report offered.

CITING NO FURTHER BUSINESS TO COME BEFORE THE BOARD AT THIS TIME,
Dir. Papp's motion to adjourn at 8:05 p.m., duly seconded by Dir. Toll, carried without dissent.

PASSED AND APPROVED

November 17, 2008

Date



T. Gary Toll

Secretary of the Board of Directors