

10/13/08 Omg. min

COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 132

17 November 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 17th day of November 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 Noel Barfoot of McCall, Gibson & Company, PLLC, the District's Auditor ("Auditor;") 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.")

President Shannon called the meeting of the Board of Directors to order at 5:32 p.m. He recognized Dir. Papp, who moved to interrupt the agenda order, to recognize Mr. Barfoot, the Auditor. Dir. Toll seconded, upon which the Board voted its unanimous consent.

ENGAGE AUDITOR

Mr. Barfoot stated that he had come before the Board to present his firm's engagement letter. This time the firm is asking for two (2) years' commitment, with no change in fee structure, he noted. After discussion, upon motion duly made by Dir. Mancini, seconded by Dir. Papp, and unanimously carried, the Board approved the two-year contract with McCall, Gibson & Company to serve as the District's auditor for fiscal years 2008 and 2009.

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

REVIEW AND APPROVE MINUTES OF MEETINGS OF OCTOBER 06, 2008 AND OCTOBER 20, 2008

The Board next considered review and approval of prior minutes. Upon motion duly made

and seconded by Dirs. Papp and Mancini, respectively, the Board voted unanimously to approve the minutes of the October 06, 2008 and October 20, 2008 meetings.

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

Approval of Report and Payment of Bills from Tax Account:

Ms. Ahlschlager was then called upon by the President for discussion of the monthly Tax Assessor's report. Noting that her report, attached hereto and considered a part hereof, had been made available previously for the Board's review, Ms. Ahlschlager presented checks from the Tax Account for consideration and payment. She asked to have stop payment placed on those checks that have not cleared in six (6) months' time.

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 that a few tax payments had been made on the tax levy for 2008, but only 2.29%. She noted that there still remains \$12 million in value under protest at Harris County Central Appraisal District ("HCAD.") The Board then reviewed the Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue, Brandon") report on tax delinquencies within the District. Ms. Ahlschlager informed the Board that six (6) accounts had paid their balances in full, and that the Santana Williams account holder had been notified that his request for waiver of penalty and interest had been denied on legal grounds and that Perdue, Brandon was pursuing litigation for tax collection. A lawsuit has been filed against the property owner on Annawood, as well, Ms. Ahlschlager reported. Dir. Toll motioned approval of the Tax Assessor's report, approval to pay bills and stop payment on those checks requested by the Tax Assessor/Collector. Dir. Mancini 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 Operator's report, a copy of which is attached hereto and considered a part hereof, made available to the Board prior to the meeting. The Operator discussed matters related to damage caused by Hurricane Ike and FEMA reimbursement. MUDs are eligible for certain expense reimbursement, FEMA decided, and the Operator stated that he would compile a list of items for consideration of reimbursement. The District is two (2) months into the Harris-Galveston Coastal Subsidence District ("Subsidence District") permit, the Operator stated, noting that accountability looks good. A main break directed flow straight into the storm sewer, he stated, adding that repair had been undertaken. The Operator added that new directors of Cypresswood Utility District ("CUD") are planning a walk-through of the Mantana Plant and Ponderosa Joint Powers Authority ("PJPA,") and he invited any Director of the District to join them. The Operator informed the Board that he is reviewing plans of a sports bar to be located at the old Carlos Restaurant.

Authorization of Repairs to Water Supply System and Wastewater Collection System

Mr. Ammel then reported that regarding the sanitary sewer point repairs, he has begun reviewing the videos and should be making the necessary repairs in December.

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 has hung doorknockers as requested by the Board. He then reported to the Board the seventy-two (72) 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 service terminations as presented. Dir. Daniel seconded the motion, which received unanimous support from the Board.

BOOKKEEPER'S REPORT

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

President Shannon then recognized Ms. Schmidt for the Bookkeeper's report, attached hereto and considered a part hereof, for the month. She reported that ANCO McDonald did send an additional bill for \$1,900 to cover the premiums for the additional coverage the Board had requested. To avoid incurring any late charges by the Texas Network, the Board could pay annually, Ms. Schmidt noted. The Budget will be adopted next month, the Bookkeeper advised. She asked the Board to consider whether to put the conversion to natural gas for the generator in the Budget. Dir. Papp motioned to approve the Bookkeeper's report as presented. Dir. Toll seconded, after which the Board voted its unanimous consent.

Ms. Schmidt asked the Board if they wished to withdraw money from TexPool and place it in certificates of deposit ("CDs.") She discussed with the Board the new rules and regulations allowing for deposits up to \$250,000 to be insured by FDIC. Upon motion duly made by Dir. Papp, seconded by Dir. Daniel, and unanimously carried, the Board authorized the Bookkeeper to invest, for 180 days at 2.85-3.50% interest yield, up to \$500,000, with no more than \$250,000 at any one bank to avoid the requirement for pledging collateral.

CONSIDER AND ACT ON ENGINEER'S REPORT

Review repair and maintenance projects within the District

President Shannon recognized Mr. Adam, whose Engineer's report, attached hereto and considered a part hereof, was disseminated to the Board prior to the meeting for discussion at this time. The Engineer stated that he would review the Capano consent letter and discuss the easement matter and plans for the butterfly vine with the Attorney. He noted that he has yet to receive a response from Centerpoint ® on the issue.

The Engineer stated that he must evaluate the screen issue on the well by taking it down at a cost of approximately \$10,000. It has not been scrutinized in about eight (8) years, the Engineer

noted. While there is plenty of submergence, the capacity may be reduced by 10%. The matter is not urgent, and the Board could wait up to a year to make the modifications, Mr. Adam stated.

Authorize Engineer to prepare plans and specifications for District facilities

The Engineer stated that he recommends bidding the ground storage tank modifications at this time, noting that the Board could consider awarding the contract at its December meeting, with plans to go forward with the project in January 2009.

The Engineer stated that he had attended a meeting with CUD's engineer on the chloramines conversion matter and it was determined that the Mantana site would be the primary plant, with all the testing equipment.

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.

ATTORNEY'S REPORT

The President then recognized Ms. Parker for the Attorney's report. She informed the Board that she was in receipt of a memo from Compass Bank regarding its collateralization policy. She agreed to forward the documents to Dir. Toll and the Bookkeeper, who noted that the District currently has no money invested at this bank. The memo required District signature, the Attorney noted. After discussion, upon motion duly made and seconded by Dirs. Papp and Mancini, respectively, the Board voted 4-1 to approve the letter to Compass Bank. Director Toll voted against such motion.

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

The Attorney stated that there has been no communication with Mr. Fairey of DbLive.

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

It was noted that the Board plans a meeting the first week of December to go over garden modifications with Ms. Payne and Ms. Fraser. Ms. Payne is trying to get hold of Doug Goodwin, whose input is important in the garden planning according to Ms. Fraser, Dir. Papp reported. Ms. Payne informed Dir. Papp that the State Irrigators have asked to use the mobile lab. They felt that the sprinkler system installed on site was overkill, he added. Mosquito abatement is a matter to be discussed at the special meeting, Dir. Papp added. Ms. Fraser apparently supports the mosquito misting, which would not harm the butterfly vine, he added.

Dir. Toll stated that the garden is very messy, and he feels that those working to modify the garden are not cleaning up afterwards. His memo regarding the garden, copy of which is attached hereto and considered a part hereof, should be forwarded to Ms. Payne, the Board agreed.

Discuss newsletter and take necessary action related thereto

There was no discussion of the newsletter.

Report on status of butterfly vine project and compost project

There was no discussion of the butterfly vine.

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

As requested, Ms. Payne had drafted a letter, reviewed and approved by the Attorney, dealing with the matter of dog droppings, which was sent to the resident whose home abuts the garden. Dir. Toll noted that the resident was upset and felt that others should have also received a letter asking them to better maintain the garden's cleanliness after dog visits.

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

No report was given.

Report on meeting of North Harris County Regional Water Authority

This matter was deferred.

THE PRESIDENT ASKED FOR A MOTION TO ADJOURN, AS THERE WAS NO OTHER BUSINESS TO CONDUCT AT THIS TIME. Dir. Mancini's motion, seconded by Dir. Daniel, to adjourn the meeting at 7:17 p.m., carried by common consent.

PASSED AND APPROVED

December 15, 2008
Date

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