

HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 132

19 October 2009

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 19th day of October 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

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

Also present were Marshall Schoth, AquaSurance, LLC; Dan McDonald, ANCO McDonald Waterworks Insurance Services ("ANCO"); Cindy Daniel, candidate to fill the Board vacancy; 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"); Eric Thiry 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"); Carol Fraser, landscapist; Farrar Stockton, butterfly expert; and Sherry Allard, the District's Recording Secretary ("Recording Secretary").

The meeting was called to order at 5:37 p.m. by President Mancini, who announced all business to appropriately come before the Board at this time would be considered

PUBLIC HEARING ON PROPOSED 2009 TAX RATE

Pres. Mancini called the public hearing on the proposed 2009 tax rate at this time. As there was no one from the public present to discuss the matter, the Board approved closing the public hearing, upon motion duly made by Dir. Papp, seconded by Dir. Toll, and unanimously carried.

Dir. Papp moved to change the order of the day. Upon Dir. Toll's second, the Board voted unanimously in agreement.

CONSIDER AND ACT ON ATTORNEY'S REPORT, including

Appointment and Qualification of Director to Fill Vacancy on Board

Dir. Papp introduced Cindy Daniel as the candidate to fill the vacancy on the Board. Dir. Papp moved to appoint Ms. Daniel as Director on the WCID #132 Board. Dir. Toll seconded, and the Board unanimously approved such appointment. The President called upon the Attorney, who informed the Board that Ms. Daniel had duly filled out and executed her Oath of Office and Statement of Appointed Officer, and upon approval of same by the Board, she would be fully qualified to serve. Dir. Papp moved to approve Ms. Daniel's Oath of Office and Statement of Appointed Officer. Dir. Toll seconded the motion, which received unanimous Board support.

Approve proposal to renew insurance

The President asked that the two agents make their respective insurance presentations at this time, stressing their company's strong points. Marshall Schoth discussed AquaSurance, L.L.C.'s \$2,500 deduction for flood and windstorm damage versus ANCO's \$56,000 deduction. His company also insures against earth movement, as well as earthquake, he stated. There is \$1 million per occurrence plus \$1 million aggregate coverage for sudden and accidental breakdown of certain pumps and equipment in all zones and for pollution liability, which ANCO does not offer, he added.

Mr. McDonald followed with ANCO's policy presentation. Mr. McDonald reminded the Board that ANCO had provided the District's insurance since 2002, using two carriers, Travelers and Mid-Continent. He stated that his company offers the broadest property coverage through this policy. He noted that the windstorm deductible went to 2% after Hurricane Ike. He stated that the District could add the subcontractor class code to the workmen's compensation policy to protect against contractor insurance lapse.

The Board then discussed the policies among themselves. Pres. Mancini felt that the pollution coverage, while rarely utilized, could be very important. Dir. Daniel questioned earth movement, and Dir. Bonetati was concerned about the large windstorm deductible at ANCO. After several tornadoes and hurricanes, Dir. Papp stated, these issues have never materialized. Dir. Toll motioned acceptance of the ANCO policy, with the inclusion of the contractor class code coverage. Dir. Papp seconded the motion, which garnered unanimous support from the Board.

Dir. Papp motioned to return to the order of the day. Dir. Daniel seconded, and the Board affirmed.

REPORT ON STATUS OF DBLIVE PROGAM AND AUTHORIZE ACTION RELATED THERETO

The President asked that this matter be tabled, as there was nothing new to report at this time.

REVIEW AND APPROVE MINUTES OF MEETINGS OF MAY 6, 2009, JUNE 3, 2009, JULY 1, 2009, JULY 20, 2009, SEPTEMBER 21, 2009 and OCTOBER 7, 2009

The Board next considered review and approval of prior minutes. Upon motion duly made and seconded by Dirs. Papp and Toll, respectively, the Board voted unanimously to approve the minutes of the September 21, 2009 and October 7, 2009 meetings.

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

Approval of Report and Payment of Bills from Tax Account:

Ms. Ahlschlager was next recognized by the President for discussion of the District's tax situation. The Tax Assessor/Collector's report for September 2009, a copy of which is attached to as a part of these minutes, was electronically mailed to Directors prior to the meeting. Ms. Ahlschlager presented checks from the tax account for Director approval.

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 then reviewed with the Board the Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue,") Delinquent Tax Report, a copy of which is attached to the Tax Assessor/Collector report and considered a part thereof. She informed the Board that 2008 tax collections are noted to be 99.11% collected, compared to the 2007 tax year's 96.40% collected at this time last year. It was noted that the Waymire account is not slated for service termination tomorrow, per Mr. Connelley's information.

Dir. Papp moved to approve the Tax Assessor/Collector's report as presented, including the checks itemized in said report. Dir. Toll seconded, upon which the Board voted its unanimous approval.

CONSIDER AND ACT ON ATTORNEY'S REPORT, continued

Adopt Order Setting Tax Rate

The President recognized the Attorney for presentation of items related to setting the District's 2009 tax rate. The Attorney noted that, after having held the public hearing earlier in the meeting, the Board could consider setting the tax rate at this time. After discussion, upon motion duly made and seconded by Dirs. Papp and Toll, respectively, the question being put to the Board, the Board voted unanimously to adopt the Order Setting the District's 2009 Tax Rate.

Approve Amended Notice to Sellers and Purchasers

The President again recognized the Attorney, who informed the Board that, pursuant to its adoption of an Order Setting the District's 2009 Tax Rate, the District is required to file and record an Amended Notice to Sellers and Purchasers in the real property records of Harris County. Dir. Papp moved to approve the Amended Notice to Sellers and Purchasers. Dir. Toll seconded the motion, which received unanimous support from the Board.

After discussion, upon motion duly made and seconded by Dirs. Toll and Papp, respectively, the Board voted in accord to suspend the agenda order to recognize the water conservation garden experts Ms. Fraser and Mr. Stockton.

CONSIDER AND ACT ON REPORT FROM PAYNE COMMUNICATIONS

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

Ms. Payne's written report, attached hereto and considered a part hereof, gave Directors information related to the special meeting to be held on November 12, 2009 with customers who will be participating in the irrigation study.

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

This item was tabled.

Report on status of butterfly vine project and compost project

The President recognized Ms. Fraser, who introduced Mr. Stockton, butterfly expert who has agreed to work with the team building the butterfly way station in the water conservation garden. He stated that he was proud to participate in the program, a great gift to the community. He discussed some of the difficulties in making the project successful, including weather and habitat, and described plants needed to serve as hosts for the butterflies' caterpillar stage.

Mr. Fraser stated that she had purchased three (3) female yaupons, visible just outside the front door of the meeting place. They are vital to the butterfly program's success, she stated. Mr. Stockton noted that the program is a growing one, and there might not be many butterflies in the beginning.

Dir. Toll moved to reinstate the normal agenda order. Dir. Papp seconded, and the Board approved by unanimous vote.

BOOKKEEPER'S REPORT

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

The President next recognized Ms. Schmidt for the Bookkeeper's report, copy of which is attached hereto and considered a part hereof for all purposes. The Bookkeeper informed the Board that one (1) check [to HG CIA] was rewritten to correct an error on the original. During discussion of the District's investments, Ms. Schmidt stated that the money market account at Compass Bank is paying a better interest rate than TexPool's 0.28% yield. Most of TexPool funds were relocated to that money market account, she informed the Board.

Ms. Schmidt stated that she would have the draft budget for review with the Board at next month's meeting. She agreed to email the Board the information related to the garden budget. The Bookkeeper informed the new Directors that she would be happy to meet with them to discuss financial matters of the District and general procedures related to water district bookkeeping.

Unclaimed Property Report

The Bookkeeper then presented the Unclaimed Property Report for the District, due to be filed by November 1, 2009. After discussion, upon motion duly made by Dir. Toll and seconded by Dir. Papp, the Board voted unanimously to approve the Unclaimed Property Report.

Upon motion duly made by Dir. Papp, seconded by Dir. Toll, and unanimously carried, the Board approved the Tax Assessor/Collector's report and payment of the bills itemized therein.

CONSIDER AND ACT UPON OPERATOR'S REPORT

Mr. Thiry, next recognized by the President, presented the Operator's report, a copy of which is attached hereto. A part of such report was electronically mailed to the Board prior to the meeting. The Operator stated that the lead/copper water sampling was collected and submitted to the state lab.

Mr. Thiry informed the Board that the District needs to be prepared to start the chloramine conversion some time before the actual conversion takes place. The Board discussed using customer water bills and the letter prepared by Ms. Payne as effective means of informing customers of the change to chloraminated water. The Board asked the Operator to add verbiage to the monthly bill to remind customers to read such letter about chloramine conversion. Regarding the concern that chloraminated water could impact dialysis machines, the Operator stated that dialysis machines manufactured after 1985 are compatible with the new treatment.

The Board asked to have the poles installed and additional lighting done by a certified electrician in the very near future.

Authorization of Repairs to Water Supply System and Wastewater Collection System

The Operator reported that water line breaks have decreased with the cooler weather. He did identify significant repairs at 18011 Tall Cypress, 17928 Loring Lane, where a water main was leaking into the storm sewer, and a line break at Cypress Spring at Coltwood.

Regarding the lift station generator repair, the Operator was unhappy with the price quoted in the proposal he received and will solicit additional proposals to install ventilation and duct work to improve or remedy the generator's overheating.

EDP is suggesting additional valves be installed to facilitate making repairs in the District without having to cut off service to customers who are not close to the repair site. The Board concurred with Mr. Thiry's suggestion. Mr. Thiry stated that it is time to prepare a valve survey of the District and will have the cost estimate at the next meeting. Mr. Matkin felt the overall map of the infrastructure is accurate but that marking the curbs by scoring and painting would make locating valves easy for the operators. Mr. Thiry noted that use of insertion valves would avoid having to cut off water to install them. Mr. Thiry agreed to look further into the matter.

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

The Operator then presented the Board with the list of accounts to be terminated for nonpayment of bill(s). 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 66 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

This matter was not considered.

CONSIDER AND ACT ON ENGINEER'S REPORT

Review repair and maintenance projects within the District

The President next called upon Mr. Matkin for consideration of the Engineer's report, a copy of which is attached hereto as a part hereof. The Engineer stated that upon completion of the sanitary sewer point repairs, he would begin the lining project. He then stated that site preparation has begun on the Chloramine Conversion Plant. With regard to the landscape garden, copies of the revised site plan, including the Consent to Encroachment, will be included with the proposed trail improvements, Mr. Matkin stated.

The Engineer stated that he performed calculations to determine how high the rain barrel(s) should be placed above the plants in the drip irrigation system. Making normal assumptions, the Engineer determined that the water would have to be 21.5 feet above the plant. This height is completely unacceptable, the Board felt, and discussed alternatives for drip watering the plants. A pump system could move the water without having to locate the water 21.5 feet above the plants, it was thought. Dir. Papp stated he would send the information to Mr. Doug Goodwin for consideration.

The Engineer informed the Board that the wells recently underwent testing. The water level did drop off as expected. The static water level is down about 27 feet, and the pumping level down some 28 feet, the Engineer stated.

Authorize Engineer to prepare plans and specifications for District facilities

There was no action taken in this regard.

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 were no pay estimates or change orders to consider.

Report on emergency generator and take necessary action related thereto

The Board then discussed 2,000-gallon fuel storage tanks for the lift station. The Engineer, referring to his supplemental report, demonstrated that the difference in price between above and

below-ground tanks is only \$2,500. Dir. Toll questioned why the tanks could not be located nearer the lift station access road, which should reduce the price. The Engineer agreed to check into the matter.

Mr. Matkin then discussed the water cost analysis he had prepared for the Board. He first noted that the new fees from the North Harris County Regional Water Authority ("the Authority"), effective January 1, 2010, will be \$1.75 per 1,000 gallons pumped from the ground and \$2.20 for surface water received from the Authority. His analysis showed that the cost to get water from the Authority's lines to the District is \$0.45 per 1,000 gallons.

ATTORNEY'S REPORT, continued

Discuss Emergency Preparedness Plan

The Attorney stated there was nothing new to report in this regard.

Approve Resolution Authorizing Use Of Surplus Funds

The President again recognized Attorney Ms. Parker, who informed the Board that a Resolution allows the Board to move certain funds from the Construction Fund to the General Fund for the chloramine project. Dir. Toll motioned approval to adopt the Resolution Authorizing Use Of Surplus Funds. Dir. Papp seconded, and the Board voted unanimously in favor of the motion.

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 correspondence sent by the District this month.

Joint Powers Authority ("PJPA")

There was no report given this month.

Report on meeting of North Harris County Regional Water Authority

This matter was tabled.

THERE BEING NO FURTHER DISTRICT BUSINESS TO CONDUCT, Dir. Toll motioned for adjournment at 9:10 p.m. Dir. Daniel seconded the motion, which received the Board's unanimous consent.

PASSED AND APPROVED

November 23, 2009
Date

Bill Papp
Bill Papp
Secretary of the Board of Directors