

HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 132

MINUTES OF MEETING OF
April 19, 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 19th day of April 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; Michael McCall, CPA, and Brian Toldan of McCall Gibson Swedlund Barfoot PLLC, the District's Auditor ("Auditor"); Rice Lummis of Acclaim Energy; Maria Parker of Sanford Kuhl Hagan Kugle Parker Kahn, LLP, 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"); Lauren Matson 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 Mancini called the meeting in accordance with law and notice posted at 5:38 p.m., and the following business of the District was conducted.

APPROVE AUDIT FOR FISCAL YEAR ENDED DECEMBER 31, 2009

The President recognized Mr. McCall for the Audit Report for fiscal year ended ("FYE") December 31, 2009. The Auditor informed the Board that the audit received a clean, unqualified opinion. Accompanying the Audit Report was the Auditor's management letter, which is sent with the Audit to the Texas Commission on Environmental Quality ("TCEQ"), Mr. McCall informed the Board. He noted the large increase in expenditures to the North Harris County Regional Water Authority ("the Authority"). With a well-developed District, Mr. McCall stated, it is important to have strong fund balances. Though the District had predicted a loss at the first of the fiscal year, fewer expenditures and greater income than expected resulted in a positive fund balance, the Auditor stated.

The Board discussed with the Auditor the two (2) methods of billing jointly shared expenses between the District and Cypresswood Utility District ("CUD"), i.e. 50/50 on capital items and 40/60 on maintenance items. At question was the method of billing the recent well painting project. The Board asked the Attorney to review the interlocal contract with CUD to consider amending certain joint billing practices. Mr. McCall then presented each Director with a letter questioning their knowledge of any fraud within the District, a standard practice in MUD auditing, he noted.

After consideration, upon motion duly made by Dir. Papp and seconded by Dir. Toll, the Board unanimously approved the Annual Audit Report for FYE December 31, 2009.

Upon motion duly made and seconded by Dirs. Papp and Toll, respectively, the Board unanimously approved interrupting the agenda order to recognize Mr. Lummis.

CONSIDER ENERGY CONTRACT WITH ACCLAIM ENERGY

The President then recognized Mr. Lummis for discussion of the Rate Optimization Report, a copy of which is attached hereto and considered a part hereof. He reminded the Board that the current contract with Acclaim expires in March 2011. Mr. Lummis showed and discussed with the Board the comparison between the various vendors and their respective rates for one, two, and three-year contracts. The Attorney clarified that the report showed ranges of rates, and that exact rates are only determined at the point when the District accepts the contract bid. The Board informed Mr. Lummis that by law the District's annual electrical report must be placed on the District's web page. Mr. Lummis stated that that could be accomplished at no charge. The Attorney also asked that the additional rider be placed on the contract. Dir. Papp motioned authorization for Dir. Mancini to work with Mr. Lummis to obtain the best contract for the District. Dir. Toll seconded, and the Board voted unanimously in favor of the motion.

Dir. Papp moved to reinstate the agenda order. Upon Dir. Daniel's second, the Board voted unanimously in agreement.

REPORT ON STATUS OF DBLIVE PROGRAM AND AUTHORIZE ACTION RELATED THERETO

The President then recognized Dir. Papp for an update on DbLive. Dir. Papp stated that he had received some information from Jay Hartley. He did get the serial numbers for the five (5) participants already on board with the pilot program. In order to get others participating in the pilot program, the Board felt Barbara Payne would be helpful *via* the newsletter. After the newsletters have been delivered, the Board stated that Ms. Payne would send follow-up letters to residents, hoping to spark their interest.

REPORT ON SUSTAINABLE SITE PROGRAM AND PROJECT FROM BURDETT LANDSCAPING

The President recognized Dir. Papp, who stated that Ms. Frazer had reported at the recent Water Conservation Demonstration And Research Center ("the Center") meeting that she is still waiting to hear whether the District's application for a Sustainable Site Program ("SSP") has been accepted. Dir. Papp further reported that Burdett Landscaping has performed an inventory of the trees found at the Center and is preparing a report for the next meeting.

REVIEW AND APPROVE MINUTES OF MEETINGS OF MAY 6, 2009, JUNE 3, 2009, JULY 1, 2009, MARCH 15, 2010 and APRIL 7, 2010

The President asked that the approval of past minutes be given next consideration. After review, upon motion made by Dir. Papp, seconded by Dir. Daniel, the Board voted unanimously to approve the minutes of the March 15, 2010 meeting, as corrected. Dir. Papp moved to table approval of the May 6, 2009, June 3, 2009, July 1, 2009 and April 7, 2010 minutes at this time. Dir. Toll seconded, and the Board affirmed.

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

Approval of Report and Payment of Bills from Tax Account:

The President then recognized Ms. Matson, who disseminated to and reviewed with the Board the Tax Assessor/Collector's report for March 2010, a copy of which is attached hereto and considered a part hereof. She then presented to the Board the monthly checks numbered 2337 through 2340, from the tax account for consideration and 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. Matson explained that the lower amount received in tax revenues this month is probably attributable to the District's lower levy. She then reviewed with the Board the Delinquent Tax Attorney Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue") report, attached hereto and considered a part hereof. Dir. Papp moved to approve the Tax Assessor/Collector's report, including payment of the cited bills from the tax account, as presented. Dir. Toll seconded the motion, which received unanimous support from the Board.

REVIEW AND APPROVE BOOKKEEPER'S REPORT

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

President Mancini then recognized Ms. Schmidt for the Bookkeeper's report, a copy of which is attached hereto as a part hereof. Said report was made available to the Board prior to the meeting. Ms. Schmidt presented checks for consideration and approval by the Board. Dir. Toll noted that one check was made out to Coats, Rose, *et al* for transfer of records. The Attorney stated that she would deduct such fee from her next bill to the District. The Bookkeeper stated that otherwise, she had nothing additional to report.

Ms. Schmidt then discussed the current Investment report with the Board. Dir. Papp motioned to approve the Bookkeeper's report as presented. Dir. Toll seconded, after which the Board voted its unanimous consent.

Dir. Papp moved to interrupt the agenda order, to recognize resident Ms. Lane, who had

come before the Board to discuss a residential drainage problem. Dir. Toll seconded, upon which the Board voted its unanimous consent.

CONSIDER AND ACT ON ATTORNEY'S REPORT

Discuss Drainage Issues on Loring Lane and take action related thereto

The President recognized Attorney Ms. Parker, who reported that she and Mr. Matkin had met with most of the affected residents, except Mr. Rayburn, some weeks previous. She stated that the affected residents were told that the District's Engineer could, with their signed releases, go onto their property to determine what could be done to alleviate the drainage problems. The Attorney stated that she called Mr. Rayburn thereafter and that he approved of the Engineer assessing the situation *via* his property.

Report and Take Action on Drainage Issue including acquisition of easements and construction of swale

Ms. Parker stated that she mailed to the affected residents licenses that would authorize the Engineer to be on their properties to determine the nature and extent of the drainage problems, once the licenses are signed and returned.

Policy Related to Use of Non-Invasive Plants

The Attorney stated that the policy for non-invasive plants had been forwarded to Directors by electronic mail. The Board asked her to talk with Ms. Fraser on the matter.

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

CONSIDER AND ACT UPON OPERATOR'S REPORT

The President recognized Mr. Ammel, who disseminated to and reviewed with the Board the Operator's report for March 2010, a copy of which is attached hereto and considered a part of these minutes. The Operator reported that recent fire hydrant flow testing revealed one (1) hydrant that does not turn easily and 18 secondary valves that need raising or relocating. The Operator stated that a leak on Kuykendahl was found and repaired, and that accountability has improved steadily since.

Authorization of Repairs to Water Supply System and Wastewater Collection System

The Operator reported that a price [\$4,000] solicited from AAA Pipe Cleaning to clean the lift station is lower than the previous bid.

Mr. Ammel then addressed the vibration in the Mantana well pump. Production had dropped 300 gallons per minute ("GPM") during the previous week, he added. Together with the G-M Services well report, it appears there is a problem, Mr. Ammel noted, and recommended removal and inspection of the well pump. The Engineer will review down-hole inspection, he noted.

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

Sixty-two (62) service accounts are identified for termination for nonpayment of bills. No customer attended the meeting to discuss the status of his delinquent account, it was noted. Dir. Papp moved to terminate service to such accounts, in accordance with the District's Rate Order, and to approve all action items. Dir. Daniel seconded, and the Board approved the motion by unanimous vote.

Authorize Operator to Write off Uncollectible Delinquent Water Accounts

Discussion of this item was deferred.

Approve Consumer Confidence Report

Mr. Ammel reported that water quality data from the District's well had been duly forwarded to interconnected districts prior to April 1, 2010. A certificate of delivery was forwarded to the TCEQ, he noted. He reviewed with the Board the first draft of the Consumer Confidence Report ("CCR"), which should be approved at the May Board meeting.

CONSIDER AND ACT ON ENGINEER'S REPORT

Review repair and maintenance projects within the District

The President called upon Mr. Matkin for the Engineer's report, a copy of which is attached hereto and considered a part of these minutes. Mr. Matkin stated that his review of the G-M Services well report, showing substantial amounts of brass in the water, was indicative of a possible pump failure. The Engineer stated that he would write a letter to the TCEQ, informing them of the emergency condition and requesting waiver from competitive bidding for needed repairs. Mr. Matkin stated he would be working with the Operator and Alsay on needed repairs. After discussion, upon motion duly made and seconded by Dirs. Papp and Toll, respectively, the Board approved the Engineer's letter about the emergency well condition to TCEQ.

Authorize Engineer to prepare plans and specifications for District facilities

The Engineer stated that AEI is developing preliminary plans and estimates for use of the District's storm water collection system to capture runoff for irrigation purposes. The Directors felt that only 3-5,000 gallons of water would need to be stored on site. The price was still \$23,000, it was noted, higher than the Board wished to pay for the project.

Requests for water and sewer service

This matter was deferred, as there was nothing new to discuss at this time.

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

Mr. Matkin then addressed the chloramine disinfection system project, noting that Pay Estimate #5 was attached to the report. A&S, CUD's engineer, denied a time extension request on the project, Mr. Matkin advised the Board. Per the TCEQ interim approval, the District will need to schedule an official water analysis by the TCEQ Drinking Water Quality Team within 120 days in order to obtain final approval. The Engineer stated that he received a letter from the Authority regarding a rebate on the District's chloramine disinfection system project. Discussion ensued, with no action being taken.

CONSIDER AND ACT ON ATTORNEY'S REPORT, cont.

Policy Related to Use of Non-Invasive Plants

The Attorney stated that the policy for non-invasive plants was sent to all Directors by electronic mail. One Director questioned the possibility of establishing an administrative 501(C) 3 corporation on the Center, to allow donations to aid funding of its future growth and development. The Attorney stated that there are many things to consider before moving forward with this, but that the idea might work.

CONSIDER AND ACT ON REPORT FROM PAYNE COMMUNICATIONS

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

Discussion of this item was tabled, as there was nothing to discuss at this time.

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

The President recognized Dir. Daniel, who showed the Board the tiles and carpet squares she selected for renovation of the meeting facility. She noted that the proposal did not include the price of the front door, which will not be delivered for several weeks' time. She discussed changes to be made that will bring the facility into American Disability Act ("ADA") compliance. After discussion, upon motion duly made and seconded by Dirs. Daniel and Bonetati, respectively, the question being put to the Board, the Board voted in accord to accept Daniel Nevils' proposal of \$9,000. The Board agreed to get a check circulated for signature for a deposit to the contractor.

Discuss newsletter and take necessary action related thereto

The President recognized Dir. Papp, who stated that the newsletter was almost ready for proof reading.

Report on status of butterfly vine project and compost project

There was nothing new to discuss in this regard, thus the matter was deferred, with no action being taken.

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

Review correspondence addressed to the Board

There was no correspondence this month, it was noted.

Review correspondence sent by the District

There was no correspondence sent this month by the District.

Joint Powers Authority ("PJPA")

This item was not discussed at this time.

Report on meeting of North Harris County Regional Water Authority

The Board deferred further discussion of the Authority.

THE PRESIDENT, NOTING THERE WAS NO OTHER BUSINESS TO COME BEFORE THE BOARD, asked for a motion to adjourn. Dir. Daniel's motion, seconded by Dir. Bonetati, to approve adjournment at 8:40 p.m., carried without disagreement.

PASSED AND APPROVED

Date

Bill Papp
Secretary of the Board of Directors