

HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 132

MINUTES OF MEETING OF
February 15, 2010

STATE OF TEXAS §
COUNTY OF HARRIS §

The Board of Directors of Harris County Water Control and Improvement District No. 132 met in special 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 15th day of February 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, resident of the District; Carol Fraser with Head, Inc.; Liane Pomfret; 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"); 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"); and Sherry Allard, the District's Recording Secretary ("Recording Secretary").

The President called the meeting in accordance with law and notice posted at 5:30 p.m., and the following business of the District was conducted.

REPORT ON STATUS OF DBLIVE PROGAM AND AUTHORIZE ACTION RELATED THERETO

The President recognized Dir. Papp, who discussed with the Board the process of checking sprinkler systems of participants in the pilot sprinkler program. It was noted that the contractor installing the DBLive device must provide evidence of liability insurance in the amount of \$1,000,000.

CONSIDER ENGAGING THE SERVICES OF LIANE POMFRET TO ASSIST IN ADMINISTERING SUSTAINABLE SITE AND CONSIDER ENGAGING SERVICES OF PROGRAM ADMINISTRATOR

The President recognized Ms. Fraser, who introduced Ms. Pomfret, whom the Board is considering for project manager of the Sustainable Site Program ("SSP"). She stated that she was a program coordinator for Hewlitt-Packard for 11 years until last August. She began her career as a

technical writer, she stated, but has also worked with a water and wastewater company, where she had a crew working to preserve wildlife. She stated that she is very excited about the District's project. Dir. Papp stated that there would be a good deal of information that would need to be put together on the SSP, whose duration is two (2) years' time. Regardless of whether the District is accepted into the SSP, the District needs someone to pursue grants on behalf of the WCID#132 Water Conservation Demonstration and Research Center ("Center"). The Attorney asked Ms. Pomfret to prepare a proposal for the District's consideration at the next meeting.

REVIEW AND APPROVE MINUTES OF MEETINGS OF MAY 6, 2009, JUNE 3, 2009, JULY 1, 2009, JANUARY 18, 2010, JANUARY 27, 2010 AND FEBRUARY 3, 2010

Approval of minutes from previous Board meetings was next considered. Dir. Papp moved to table the minutes for meetings cited in May, June and July of 2009. Dir. Toll seconded, and the Board affirmed. After review, upon motion made by Dir. Papp and seconded by Dir. Daniel, the Board voted unanimously to approve the minutes of the January 18, 2010 meeting, as corrected. The Board, after consideration, upon motion made by Dir. Papp, seconded by Dir. Daniel, unanimously approved the January 27, 2010 special meeting minutes as prepared. Upon motion duly made and seconded by Dirs. Papp and Toll, respectively, the Board voted in accord to approve the minutes of the February 3, 2010 meeting, as prepared.

Dir. Papp moved to change the order of the agenda. Dir. Daniel seconded, and the Board affirmed.

CONSIDER AND ACT ON ATTORNEY'S REPORT

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

The President then recognized Ms. Lane for discussion of the drainage issues along Loring Lane. The President recognized Mr. Matkin, who stated that he and the Attorney had not yet met with affected residents. The Attorney, also recognized by the President, suggested writing a letter to the affected residents regarding this matter and to invite them to meet with the President, Engineer and herself, on March 4, 2010 at 6:00 p.m. to discuss the matter further. The Board and Ms. Lane concurred.

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

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

Approval of Report and Payment of Bills from Tax Account:

President Mancini next recognized Ms. Ahlschlager, who distributed to and reviewed with the Board the Tax Assessor/Collector's report for January 2010, a copy of which, attached hereto as a part hereof, was made available to the Board prior to the meeting. She presented to the Board checks numbered 2321 through 2325 totaling \$2,290.78 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:

The Tax Assessor/Collector also made a wire transfer in the amount of \$145,000 (maintenance tax collected during January 2010) from the Operating Fund to the Debt Service Account, she stated. Ms. Ahlschlager reported tax collections for 2009 stand at 88.26%, whereas last year's tax collections were 72.22% for the same time period.

She then discussed the Delinquent Tax Report prepared by Delinquent Tax Attorney Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue"), a part of her report for all purposes. Dir. Papp motioned to approve the Tax Assessor/Collector's report as presented. Dir. Daniel seconded, after which the Board voted its unanimous consent.

Approve Resolution Regarding Tax Exemptions for 2010

Ms. Ahlschlager reminded the Board of the exemptions granted historically, i.e. homestead exemption of 20% and over 65 and disabled exemption of \$20,000. After discussion, upon motion duly made and seconded by Dirs. Papp and Toll, respectively, the Board voted unanimously to adopt the Resolution granting residents a homestead tax exemption of 20% and an over 65 and disabled tax exemption of \$20,000.

Engage Services of Attorney to Collect Delinquent Taxes

The President recognized the Attorney, who stated that, in order for the District to assess the additional 20% penalty on delinquent taxes, the District must first engage a Delinquent Tax Attorney. After consideration, upon motion duly made and seconded by Dirs. Toll and Papp, respectively, the question being put to the Board, the Board voted in accord to engage Perdue as the District's Delinquent Tax Attorney.

Authorize Additional 20% Penalty on Delinquent 2009 Taxes

Pursuant to the engagement of Perdue to collect the District's delinquent taxes, the Board considered assessing a 20% penalty on the 2009 taxes delinquent on and after July 1, 2010. After discussion, upon motion duly made by Dir. Bonetati, seconded by Dir. Daniel, and unanimously carried, the Board adopted the Resolution to authorize the assessment of an additional 20% penalty on those 2009 delinquent tax accounts that remain delinquent as of July 1, 2010.

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 discussion of the District's financial picture. A copy of her Bookkeeper's report is attached hereto. The Bookkeeper informed the Board

that Flagship had a few questions, and she has asked Dir. Papp to contact Flagship to speak with them. She advised the Board that she had prepared checks after preparation of her report to cover Pay Estimates 3 & 4 related to the chloramines disinfection system project with Cypresswood Utility District ("CUD") and AEI's bill. As the TexPool account is only earning 0.16% interest, she brought signature cards for the Board for Central bank, whose money market account is paying 0.85% interest. Ms. Schmidt has moved \$120,000 to such account, she noted. The formerly quarterly, now monthly, pumpage fee of the North Harris County Regional Water Authority ("Authority"), increased from the previous rate, totaled \$86,286, she informed the Board. Accordingly CUD will be billed monthly, Ms. Schmidt stated.

The Bookkeeper then discussed this month's Investment report with the Board. After consideration, the Board approved the Bookkeeper's report and checks itemized in such report, motion having been made by Dir. Toll, seconded by Dir. Bonetati, and unanimously carried. Dir. Toll motioned approval of the Investment Report, which, after Dir. Daniel's second, the Board unanimously approved.

CONSIDER AND ACT UPON OPERATOR'S REPORT

President Mancini called upon Mr. Thiry to review the operational report for January 2010, a copy of which is attached hereto. He reported on repairs, which included excavation and location of valves and sewer taps. He informed the Board that he had completed three (3) sanitary sewer point repairs during January and hopes to complete another three (3) in February. He noted that he had inserted the Authority's "Rising Cost of Water" brochure in the latest water bills mailed to customers.

Mr. Thiry stated that he would review the District's accountability versus billing, as well as the water loss numbers, to see if there may be a leak at the District's well. The Board asked Mr. Thiry to research records for old water meter readings for this site, which information is required for the SSP. He was also asked to check with Presidio for receiving copies of older bills going back three (3) years or more. The Operator noted that the meter replacement program calls for the replacement of meters that register greater than 1 million gallons. The Board discussed automatic read meters ("ARM") and asked the Operator to price them for the Board's consideration.

Authorization of Repairs to Water Supply System and Wastewater Collection System

The Operator stated that Neil Technical Services ("NTS") submitted a quote to replace the lift pump flow chart recorder at a price not to exceed \$2,625. Mr. Thiry is going to solicit additional bids and will evaluate the matter, he stated. After review, Dir. Toll's motion, seconded by Dir. Bonetati, to approve expending up to \$2,625 to repair or replace, at the Operator's discretion, the lift pump flow chart recorder, received unanimous consent by the Board.

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

Delinquent accounts were presented to the Board for approval for termination, in accordance with the District's Rate Order. There was no customer present to discuss the status of his account. Dir. Papp moved to terminate service to the 75 accounts cited in the Operator's report, in accordance

with the District's Rate Order, and further to approve the Operator's report as presented. 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 tabled, as there was nothing to discuss at this time.

CONSIDER AND ACT ON ENGINEER'S REPORT

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

The Engineer, next recognized by the President, discussed with the Board his report, a copy of which is attached to, and considered a part of, these minutes, availed to the Board prior to the meeting. Mr. Matkin stated that the contractor has submitted Pay Estimates #3 and #4 on the chloramine disinfection system project. CUD has informed the Engineer that the contractor is requesting another 40 days' extension, until February 24, 2010, to complete the project due to delays in delivery of equipment. He informed the Board that he contacted A&S Engineers ("A&S") for further information. The Board noted that prior to approving the contractor's request for a contract time extension, CUD's engineer should write the manufacturer regarding the delivery delay for the tanks and on-line analyzer.

Review repair and maintenance projects within the District

Regarding the water distribution system isolation valve review, the Engineer stated that he has completed the evaluation and has provided information to the Operator. The Engineer's Memorandum on the matter was discussed with the Board. Considering the Operator is locating and isolating valves, the Engineer believes that the best course of action is to allow the Operator to manage the matter. EDP will first field verify, survey any valves, then the Engineer will incorporate such valves into the District maps, it was noted.

Authorize Engineer to prepare plans and specifications for District facilities

The Engineer stated that the Texas Commission on Environmental Quality ("TCEQ") reviewer has told him that he has all the information needed to consider approval of the well.

Requests for water and sewer service

There were no requests for service at this time.

CONSIDER AND ACT ON ATTORNEY'S REPORT, continued

Discuss Emergency Preparedness Plan

The President recognized the Engineer, who informed the Board that he had completed the District's Emergency Preparedness Plan ("the Plan"). Upon approval and signature by the President, the Engineer stated that he will file the Plan with the TCEQ by March 1, 2010. Upon motion duly

made by Dir. Toll, seconded by Dir. Papp, and unanimously carried, the Board adopted a Resolution approving the Plan; and authorized the Engineer to file the Plan with the TCEQ by March 1, 2010, as required by Senate Bill 361.

Policy Related to Use of Non Invasive Plants

The Attorney stated that she was still working on this matter, thus the matter was deferred. The Board did note that they will be notifying residents of such policy.

Policy Regarding Accepting Grants for Water Conservation Garden

The Board then discussed setting policy regarding donations or grants made to the District for the Center. The Attorney discussed the policy she had formulated in this regard. Dir. Papp motioned to adopt the policy regarding donations and grants made to the Center. Dir. Toll seconded, and the Board voted unanimously in favor of the motion.

Adopt Order Calling Directors Election

The Attorney discussed the Directors Election at this time. She explained to the Board that Dirs. Mancini, Papp and Daniel were up for election this year. The deadline for a candidate to appear on the ballot is May 8, 2010, and the deadline for being a write-in candidate is March 15, 2010, the Attorney stated. As of 5:00 p.m. on March 15, 2010, if there are no more than 3 candidates running for the 3 open positions, the election may be cancelled and the 3 candidates declared elected, the Attorney stated. After discussion, upon motion duly made and seconded by Dirs. Papp and Toll, respectively, the Board voted unanimously to adopt the Order Calling the Directors Election.

Authorize Attorney to Prepare VRA Submission Letter

The Attorney noted that, should there be an election, a Voting Rights ("VRA") Submission would be required by the Justice Department. After consideration, upon motion duly made by Dir. Papp and seconded by Dir. Toll, the Board unanimously authorized the Attorney to prepare the VRA Submission Letter.

CONSIDER AND ACT ON REPORT FROM PAYNE COMMUNICATIONS

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

The President asked Dir. Papp to report on this item. Dir. Papp stated that, during a recent discussion with Ms. Payne, he learned that she is working on upgrading the website. She will also be obtaining business cards for the Board, as well as a link from the website to their private email addresses, unseen by the resident, when a resident wishes to ask a question of the Board. In that manner, the Board would maintain its privacy yet be responsive to its constituents.

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

The President recognized Ms. Fraser, who disseminated to and reviewed with the Board a computer drawing she had made of the Center, describing the various plantings and demonstration settings throughout the Center. She also distributed a brochure entitled "Water Conservation...Mother Nature's Way", prepared by Ms. Payne on behalf of the District. Ms. Fraser informed the Board that she had sent in the application for the Sustainable Site Program ("SSP") member.

The Board briefly discussed garden edging that allows water to permeate but keeps sediment inside the garden area. The product is made of 90% recycled items and is 100% recyclable, Dir. Papp stated. Ms. Fraser stated that this next Saturday from 1 – 2 p.m. someone representing the District would be giving paw paw trees to participants in the Merry Mulching Project.

Ms. Fraser stated that she would have a list for consideration at the next special meeting of the biodegradable cutlery and tableware. The flagpoles have been ordered and will be delivered by United Parcel Service ("UPS"), Dir. Papp informed the Board.

Report on status of butterfly vine project and compost project

There was no discussion of this matter.

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

Review correspondence addressed to the Board

There was nothing to discuss in this regard, thus the matter was deferred.

Review correspondence sent by the District

There was no correspondence sent by the District during the intervening month.

Joint Powers Authority ("PJPA")

This item was tabled at this time.

Report on meeting of North Harris County Regional Water Authority

The Board asked to defer discussion of this item.

Report on Upgrades to the meeting place

The President recognized Dir. Daniel, who stated that she had spoken with a handyman who will give her quotes on replacing the flooring and bringing the bathroom up to American Disability Act ("ADA") standards. The Board asked to have the cord on the floor hidden, tile on the floor in heavy traffic areas and carpet in the remaining areas. They also asked for pricing of an automatic toweling system.

NOTING THERE WERE NO OTHER AGENDA ITEMS TO DISCUSS, Dir. Daniel's motion to adjourn at 8:15 p.m., which motion was duly seconded by Dir. Bonetati, carried by unanimous vote.

PASSED AND APPROVED

March 15 2010
Date

Bill Papp
Bill Papp
Secretary of the Board of Directors