

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 132

MINUTES OF REGULAR MEETING

February 15, 2016

STATE OF TEXAS §
COUNTY OF HARRIS §

The Board of Directors (the "Board") of Harris County Water Control and Improvement District No. 132 (the "District") 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 15th day of February 2016, at 5:30 p.m. The roll was called of the duly constituted officers and members of the Board, to-wit:

William R. Papp	President
Peggy Batson	Secretary
T. Gary Toll	Assistant Secretary
Mary Bonetati	Assistant Secretary
Terry Williams	Director

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

Also present were residents Rose Marie Garrett and Kermit Sadler; Jay Bennett of Energy by 5; Rene Anadel of WHEELER & ASSOCIATES, INC., the District's Tax Assessor/Collector ("Tax Assessor/Collector"); Maria Salinas Parker, the District's Attorney ("Attorney") of Sanford Kuhl Hagan Kugle Parker Kahn, LLP ("SKLaw"); Tony Sarman of AEI ENGINEERING, LLC, ("AEI") the District's Engineer ("Engineer"); Andy Phelps and Johnson Ashcraft of ENVIRONMENTAL DEVELOPMENT PARTNERS ("EDP"), the District's Operator ("Operator"); Cindy Schmidt, the District's Bookkeeper ("Bookkeeper"); and Sherry Allard, the District's Recording Secretary ("Recording Secretary").

The meeting was called to order at 5:35 p.m. by Pres. Papp, whereupon the following business was transacted.

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

Approval of Report and Payment of Bills from Tax Account

The President called upon Ms. Anadel, whose Tax Assessor/Collector report, a copy of which is attached as a part hereof, was reviewed with the Board.

Report on Status of Tax Collections, Authorize Termination of Water Service to Delinquent Tax Accounts

The Tax Assessor/Collector then reviewed with the Board the Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue") report, a copy of which is attached as a part hereof. Ms. Anadel noted that Perdue has filed suit against account holder #0936960 for failure to make

installment payments. After motion was made and seconded, the Board approved the Tax Assessor's Report, as presented.

When motion was made and seconded, the Board voted unanimously to change the order of the day.

ATTORNEY'S REPORT

Approve Electrical Contract

Pres. Papp recognized Mr. Bennett to review with the Board his firm's proposal to reduce the District's electrical costs. It was noted that the current contract expires in August, 2019. Upon motion made, seconded, and unanimously carried, the Board voted to table the matter until the Garden meeting.

Engage Attorney to Collect 2015 Delinquent Taxes

The Attorney stated that, in order for the District to assess an additional penalty [20%] on delinquent taxes, the District must first engage a Delinquent Tax Attorney. After discussion, upon motion duly made and seconded, the question being put to the Board, the Board voted in accord to engage Perdue as the District's Delinquent Tax Attorney for 2016.

Approve Resolution Regarding Imposing Penalty on Delinquent Taxes

Pursuant to engaging Perdue to collect the District's delinquent taxes, the Board, by motion duly made and seconded, adopted the Resolution Imposing a 20% Penalty on Taxes delinquent on and after July 1, 2016.

Approve Resolution Regarding Tax Exemptions

Ms. Andel noted the exemptions granted historically in the District. After discussion, upon motion duly made and seconded, 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.

Upon motion made, seconded, and unanimously carried, the Board returned to the order of the day.

APPROVE BOOKKEEPER'S REPORT, INCLUDING:

Authorizing payment of District bills

Ms. Schmidt reviewed with the Board the Bookkeeper's report, a copy of which is attached hereto as a part hereof for all purposes.

She stated she would like to change banks for the Operator and Debt Service accounts, which require depository pledge agreements. Upon motion made and seconded, the Board voted to approve the agreement with Central Bank.

A check will be issued to pay the District's 14% portion of PJPA's generator contract, should such be awarded before the next District Board meeting. Director Papp will hold the check.

Approval of Investment Report

The Bookkeeper noted that the Order of the Texas Commission on Environmental Quality approving the Bonds, requires the District to escrow a portion of the funds. After review of the Investment Report, upon motion being made and duly seconded, the Board voted unanimously to approve the Bookkeeper's Report and Investment Report.

APPROVE MINUTES OF DECEMBER 2, 2015, JANUARY 18, 2016 AND FEBRUARY 3, 2016

Motion, made and seconded to approve the January 18, 2016 minutes as prepared, received a unanimous favorable vote. The Board voted to approve the February 3, 2016 Garden minutes as written. The minutes of the December 2, 2015 meeting were deferred.

CONSIDER AND ACT UPON OPERATOR'S REPORT, including:

Authorize Repairs to Water Supply System and Wastewater Collection System

The Operator reviewed with the Board the EDP report, a copy of which is attached as a part of these minutes. He informed the Board that Cypresswood Utility District ("CUD") will be re-coating the HPT and replacing deteriorated well piping at the Mantana Water Plant. Lift pump #3 has shorted and has been pulled for evaluation.

There may be a need to begin flushing lines, the Operator stated, as the low demand keeps water standing for a longer period of time.

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

The Board reviewed delinquent service accounts, and upon made and seconded, the Board voted to begin the termination process on 80 accounts cited in the Operator's report.

Authorize Operator to Write off Uncollectible Water Accounts

Two accounts have been closed after the account holders abandoned without paying. Their deposits have been applied to their balances. The Operator asks to have such accounts written off. The Board voted to move such accounts to the uncollectible roll, motion having been made, seconded, and unanimously carried.

CONSIDER AND ACT ON ENGINEER'S REPORT, including:

Authorize Repair and Maintenance Projects within the District

The President called upon Mr. Sarman for the Engineer's report, a copy of which is attached to these minutes as a part hereof.

The Engineer stated he had reviewed the sanitary sewer lines between manholes W53 and W51, which are 21.6% the District's and 78.4% CUD's. While he stated that the flows are within capacity of the lines, he did provide estimates of repair options.

Emergency Generator at WCID #132 Water Plant

The Board discussed whether to have a diesel or natural gas generator installed at the District's Plant. It was noted that the Mantana Plant generator uses natural gas and perhaps having both types would better protect in case of disaster.

Approve requests for water and sewer service

The Engineer stated that he had received plans from the new owner at 4290 Cypress Hill. He reviewed the plans and returned notice of no objection.

Upon motion being made and seconded, the Board unanimously approved the Engineer's report.

ATTORNEY'S REPORT, continued

Amend Rate Order

The Attorney reviewed with the Board certain deposit fees attached to new development.

Upon motion duly made and seconded, the Board voted unanimously to amend the Rate Order to increase the application fee set forth in the Application for Service (Exhibit 2 to the Rate Order).

Approve Contract with Rose M. Garrett

The Attorney discussed contracting with Ms. Garrett and recommended that Ms. Garrett present a proposal for consideration.

Approve Lease Agreement for Garden

Consideration was then given to a proposed Lease Agreement (the "Lease Agreement"). Under the terms of the Lease Agreement, the District would lease to Harris County WCID No. 132 Water Conservation Demonstration and Research Center dba Cypresswood Water Conservation Garden (the "501 © (3)"), the area surrounding the Administration Building currently owned and maintained by the District as a sustainable site garden.

Director Papp, noting that he serves on the board of the 501 © (3), recused himself from discussion of the Lease Agreement. Ms. Parker advised the Board that SKLaw has represented the 501 © (3).

Directors Williams, Batson and Bonetati agreed that prior to formal consideration of the Lease Agreement, it would be appropriate for the 501© (3) to provide information as to plans, objective and financing. Directors Williams, Batson and Bonetati agreed that as a condition to leasing the Garden to the 501© (3), the reference to Harris County WCD No. 132 must be removed from the name of the nonprofit. Directors Williams, Batson and Bonetati agreed to review the Lease Agreement and provide comments to the Attorney prior to the Garden meeting.

CONSIDER AND ACT UPON REPORT RELATING TO GARDEN

Maintenance Projects in Progress and take action related thereto

Board members met with Carnahan's, which proposed a three (3)-day clean-up of the Garden, remove excess foliage, place compost in beds. Upon motion made, seconded and unanimously carried, the Board approved Carnahan's proposal.

Merry Mulching Project

The President distributed for the Board's review a letter from resident Mr. Lantner, who had attempted to use the Cypresswood Log's advertisement to get 2 bags of mulch when leaving his Christmas tree for mulching. Apparently no one was working that day, and he complained. The President stated that he would contact the gentlemen himself to ameliorate the matter.

NOTING THERE WAS NO OTHER BUSINESS TO COME BEFORE THE BOARD, following motion duly made and seconded, the Board voted to adjourn at 9:25 p.m.

PASSED AND APPROVED

March 21, 2016
Date

Peggy Batson
Peggy Batson
Secretary of the Board of Directors