

MINUTES OF MEETING OF BOARD OF DIRECTORS  
August 20, 2008

THE STATE OF TEXAS  
COUNTY OF HARRIS  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 136

The Board of Directors of Harris County Municipal Utility District No. 136 (the "District") met in regular session, open to the public, at 4045 Deerfield Village Drive, Houston, Texas at 6:00 p.m. on August 20 2008; whereupon the roll was called of the members of the Board, to wit:

Neil Polansky, President  
Jim Hewlett, Vice President  
Harry Price, Second Vice-President  
Jay Singleton, Secretary  
Barry Greer, Assistant Secretary

**Persons Attending.** All members of the Board were present, except for Director Hewlett. Also attending all or parts of the meeting were Mr. Brent Broadway of Southwest Water Company (SWWC) operator for the District; Ms. Fran Matuska of FMatuska, Inc, bookkeeper for the District; Ms Michelle Guerrero of Bob Leared Interests ("BLI"), tax assessor and collector for the District; Mr. Robert Devillier of Turner Collie & Braden, Inc. ("TC&B"), engineers for the District, Ms. Heather De La Garza of Fulbright & Jaworski ("F&J"), attorneys for the District, Mr. John Nelson of LBG-Guyton, engineering consultants for the District, and Deerfield Village residents Jennifer and Jason Walls.

**Call to Order.** The President called the meeting to order and, in accordance with notice posted pursuant to law, copies of Certificates of Posting of which are attached hereto as Exhibit "A,"

**1. Minutes.** Proposed minutes of the regular meeting of July 10, 2008, and the special meeting of August 14, 2008, previously distributed to the Board, were considered for review and approval. Upon motion by Director Price, seconded by Director Greer, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the regular meeting of July 10, 2008 and the special meeting of August 14, 2008.

**2. Comments from Residents.** Mr. & Mrs. Wall, who are volunteers with the Cy-Fair fire department, spoke to the Directors about the operations of the fire department. In response to the Directors' concerns about out-of-service hydrants, they stated that access to water is not a problem. The trucks carry 1000 ft of hose and Deerfield has two hydrants per street. However, time is of the essence and any time lost going to the secondary hydrant is time that is not spent fighting a fire or rescuing occupants. The Walls work out of Station 5 in Bear Creek and have support from Stations 8, 9, and 12.

**3. Bookkeeper's Report.** The President recognized Ms. Matuska, who presented to and reviewed with the Board the Bookkeeper's Report, a copy of which is attached hereto as

Exhibit "B." She reported that, because the dry weather had prompted increased water use, water revenues are above budget. Expenditures for the year are below budget, due mainly to sewer repairs not yet completed and billed. Her presentation contained the electrical usage monitoring report as required by Texas law.

Upon motion by Director Price, seconded by Director Greer, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Bookkeeper's Report, and to authorize payment of check nos. 6618 through 6643 the General Operating Fund in the amounts, to the persons, and for the purposes listed in the Bookkeeper's Report.

**4. Tax Assessor and Collector's Report.** The President recognized Ms. Guerrero, who presented to and reviewed with the Board the Tax Assessor and Collector's Report, a copy of which is attached hereto as Exhibit "C." She reported that 98.40% of the 2007 taxes and 99.4% of 2006 taxes have been collected. She stated that she expects to receive next week the certified appraised values for the District.

Upon motion by Director Price, seconded by Director Greer, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Tax Assessor and Collector's Report, to approve the installment plan request, and to authorize payment of check nos. 1172 through 1174 from the Tax Account in the amounts, to the persons, and for the purposes listed in such report.

**5. Consider and Approve HGSD Interlocal Agreement.** The Directors reviewed past decisions on the agreement. Upon motion by Director Price, seconded by Director Greer, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Harris-Galveston Subsidence District Interlocal Agreement.

**6. Operations Report.** The President recognized Mr. Broadway, who presented and reviewed with the Board the Operations Report and Delinquent List, copies of which are attached hereto as Exhibit "D".

Mr. Broadway reported that during the month of July the water wells were inspected during each working day to ensure proper operation and supplied 24,494,000 gallons of water through the end of the month. The 4-month water accountability is 95.0%.

Mr. Broadway discussed correspondence, previously reviewed by the directors, from customer Kelli Crisp concerning a water leak at her residence that resulted in large water bills. After reviewing the circumstances, the directors agreed that the charges to her account for February, March, and April of 2008 should be reduced to a monthly amount equal to the average monthly amount for the 12 months of 2007.

In response to questions concerning non-operating fire hydrants, Mr. Broadway stated that the hydrants are inspected twice per year. He presented the 7-31-08 inspection report along with the inspection program procedures. After discussing the matter with the Directors, he agreed that, except under unusual circumstances, hydrants should be repaired within a week, although the inspection procedure has no time frame for completion of repairs.

Concerning the well pump failure, Mr. Broadway stated that the water storage tank is full and the plant is idled. Since the plant will not be reactivated for several weeks, SWWC will treat the water in the tank before restarting the plant.

Mr. Broadway stated that SWWC had received a bid of almost \$7,000.00 to replace the hatch at lift station #2. Copies of the bid are to be provided to the Directors for review at the September meeting.

Upon motion by Director Price, seconded by Director Greer, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Operations Report, make necessary repairs, and terminate service to those accounts listed on the Delinquent List.

**7. Engineers Report.** The President recognized Mr. Devillier, who presented and reviewed the Engineer's Report (Exhibit "E").

Concerning the surface water line project, Mr. Devillier stated that bids for the infrastructure work necessary for the conversion to surface water at the water plant site are due September 4th. The bids will be reviewed and at the September meeting an award recommendation will be presented. Concerning the repairs to sanitary sewer lines, Mr. Devillier noted that more critical repair locations have been identified. He will have specific details at the next meeting.

**8. Repairs to Equipment at Water Well #1.** Mr. Devillier and Mr. Nelson presented drawings and specifications of the equipment in Well #1 and Well #2. They also presented information about submersible and vertical turbine pumps and quotations from Alsay, Inc. for both types of pumps. A discussion ensued as to the merits of each. Upon motion by Director Singleton, seconded by Director Greer, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Alsay vertical pump quotation in the amount of \$141,891.00, plus \$2,500.00 for bowl performance test. Mr. Devillier will inquire about available options for expediting the equipment order. He will also send a letter to TCEQ explaining the reasons for proceeding without formal bidding. Ms. De La Garza confirmed that the Directors, without adopting a formal resolution, could proceed without bidding based on their emergency authority to act in a situation that presents a health hazard or an economic loss. Director Polansky emphasized the need to start immediately on all of the site preparation work, including cleaning of the screens and confirming that existing electrical connections are sufficient for connecting the new pump motor.

**9. Review Jackrabbit Road Contract.** Action postponed until the September meeting. Ms. Falke will provide copies of the contract

**10. Review Tax Assessor-Collector Contract.** Action postponed until the September meeting.

**11. Update Arbitrage Compliance Contract.** After discussing the existing contract, the Directors agreed that it did not need to be modified to cover bond issues already paid off.

**1. WHCRWA Meeting Report.** No report.

**12. Newsletter Article.** Director Singleton will prepare next article.

**13. Review Agenda Items for Next Meeting.** The agenda will have the regular items plus “Review the Tax Assessor-Collector Contract and Take Appropriate Action” and “Review the Jackrabbit Road Contract and Take Appropriate Action”.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

The above and foregoing minutes were passed and approved by the Board of Directors on September 11, 2008.

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President, Board of Directors

ATTEST: \_\_\_\_\_  
SECRETARY, BOARD OF DIRECTORS

(DISTRICT SEAL)