

MINUTES OF MEETING OF BOARD OF DIRECTORS  
February 12, 2009

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 February 12, 2009; 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 Director Price. Also attending all or parts of the meeting were Ms. Cathy Falke of Southwest Water Company (SWWC) operator for the District; Ms. Fran Matuska of FMatuska, Inc, bookkeeper for the District; Ms. Patty Rodriguez of Bob Leared Interests ("BLI"), tax assessor and collector for the District; Mr. Robert Devillier of AECOM, engineers for the District, Ms. Heather De La Garza of Fulbright & Jaworski, attorney for the District, Mr. Noel Barfoot of McCall, Gibson & Co., auditor for the District, and residents Glenn Sommers and Walt Bahn who represent the Deerfield Village Community Association Board of Directors (DVCA).

**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".

**Agenda Item 1. Minutes.** Proposed minutes of the regular meeting of January 8, 2009, previously distributed to the Board, were considered for review and approval. Upon motion by Director Greer, seconded by Director Singleton, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the regular meeting of January 8, 2009

**Agenda Item 2. Comments from Residents.** There were no comments.

**Agenda Item 3. Engage Auditor.** Mr. Barfoot presented a letter of engagement for the audit of the District's fiscal year ending March 31, 2009. He noted that there is no change from last year's letter. He also presented a questionnaire to be completed only if any director knows of a situation that could be considered fraud. Upon motion by Director Greer, seconded by Director Hewlett, after full discussion and the question being put to the Board, the Board voted unanimously to accept the letter of engagement for the fiscal year ending March 31, 2009.

**Agenda Item 4. 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 noted that the CenterPoint gas bill was for two months. The water plant telephone bill had \$69.00 in 411 charges. A credit will be coming next month. Money will be transferred next month to the debt service fund to cover the bond interest payments due in March.

Upon motion by Director Singleton, seconded by Director Hewlett, 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. 6755 to 6780 from the General Operating Fund in the amounts, to the persons, and for the purposes listed in the Bookkeeper's Report.

**Agenda Item 5. Adopt Budget for Fiscal Year 2009/2010** Ms. Matuska presented a draft of the proposed budget for the next fiscal year. It includes \$500,000.00 in excess revenues, based on the anticipated reimbursement from WHCRWA for surface water conversion costs. Mr. Devillier will confirm what the reimbursement guidelines are and analyze what WHCRWA has been reimbursing versus what water districts are requesting. Adoption of the budget was postponed until the March meeting.

**Agenda Item 6. Tax Assessor and Collector's Report.** The President recognized Ms. Rodriguez, who presented to and reviewed with the Board the report, a copy of which is attached hereto as Exhibit "C". She reported that 94% of the 2008 taxes and 98% of 2007 taxes have been collected. She presented a list of delinquent accounts. She also presented an unfinished copy of the aerial photo survey of the District. She will have the completed large size copy at the next meeting. Director Polansky asked why the Tax Assessor/Collector's fee expense does not appear as a line item in the budget. Ms. Matuska explained that it is not considered an operating expense. It is paid from the tax fund.

Upon motion by Director Greer, seconded by Director Hewlett, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Tax Assessor and Collector's Report, to authorize payment of check nos. 1194 to 1200 from the Tax Account in the amounts, and to the persons, and the purposes listed in such report and to obtain a new aerial survey of the District.

**Agenda Item 7. Adopt Tax Penalty Resolution.** Upon motion by Director Greer, seconded by Director Hewlett, after full discussion and the question being put to the Board, the Board voted unanimously to adopt a resolution authorizing additional penalty on delinquent taxes under sections 33.07, 33.11, and 33.08 of the Tax Code. The penalty will be 20% of the delinquent tax, penalty and interest.

**Agenda Item 8. Indemnification of Directors.** The Directors discussed the matter and questioned the need for indemnification and why it was put on the agenda. Ms. De La Garza will investigate and reply. Further action postponed until the March meeting.

**Agenda Item 9. Operations Report.** The President recognized Ms. Falke, who presented to and reviewed with the Board the Operations Report and Delinquent List, copies of which are attached hereto as Exhibit “D”.

Ms. Falke reported that during the month of January the District’s water wells were inspected during each working day to ensure proper operation and produced 11,290,000 gallons of water. Four-month water accountability is 94%.

Concerning the damaged fence along Barker Cypress, Ms Falke said that Fencecrete Corp. had completed the repairs. A reimbursement check has been received from the insurance company. She also noted that ten of the twelve sanitary point repairs have been done. Director Polansky noted that some of the water system tests had not been performed in several years. Ms. Falke responded that the only test results that the state accepts are those from tests the state itself performs. The state is running way behind in testing.

Upon motion by Director Greer, seconded by Director Hewlett, 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.

**Agenda Item 10. Engineers Report.** The President recognized Mr. Devillier, who presented and reviewed the Engineer’s Report (Exhibit “E”).

Concerning the water pipeline construction, Mr. Devillier said that HTS, Inc Consultants is continuing with testing of the concrete work, on an as-needed basis. He stated that they probably do not have a lot of concrete testing left. He also stated that the contractor continues to make equipment connections at the water plant. He recommended postponing a facility tour until construction proceeds a little further. He will inform the Board when the meter and control valves are installed.

Concerning the offsite pipeline work, he stated that Contract 20 is progressing along Barker-Cypress and also working inside the water plant site. Contract 17A has completed a couple repair items in the pipeline corridor and will complete the remaining items within the next month or so.

He also made a recommendation for an additional sanitary sewer repair at 18010 Mountfield due to an existing depression over the line.

Concerning rust in the hydro tank, he noted that the recoating of the tank will be done in the near future and the cost needs to be covered in the next fiscal year’s budget. He presented a list of items to be considered for the next budget.

**Agenda Item 11. Discuss DVCA Request Concerning Garbage Collection.** Mr. Sommers and Mr. Bahn presented a request for the Board to consider taking over the garbage collection contract from the Deerfield Village Community Association (DVCA).

They have recently negotiated a one year contract with Allied Waste, the only contractor who would bill homeowners individually. Allied is being bought by Republic Waste and that billing option will go away next year. Ms. De La Garza said that her firm had standard 'boiler plate' language for such contracts. She noted that there is a potential net loss to the district depending on how many residents fail to pay. Ms. Matuska suggested using a calculation similar to the one used in factoring the water accountability. After an extended discussion, the Directors agreed to consider the matter further at the March meeting.

**Agenda Item 12. Review Rate Order and Take Appropriate Action.** Action on this item postponed until the March meeting.

**Agenda Item 13. WHCRWA Meeting Report.** Director Polansky reported on the WHCRWA meeting held on February 11, 2009. No reimbursements were made to utility districts for surface water conversion costs. The City of Houston experienced a five hour pumping outage due to operator error. One utility district has reported odor problems with the surface water it received through another district.

**Agenda Item 12. DVCA Newsletter Article.** Director Singleton will prepare next article.

**Agenda Item 13. Review Agenda Items for Next Meeting.** The agenda will have the regular items as well as "Review Current Rate Order and Take Appropriate Action", and "Adopt Indemnification of Directors", and "Review the Water Smart Program Application 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 March 12, 2009.

Original Signed by Neil M Polansky  
President, Board of Directors

ATTEST: Original Signed by J. J. "Jay" Singleton  
SECRETARY, BOARD OF DIRECTORS