

MINUTES OF MEETING OF BOARD OF DIRECTORS
May 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 May 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 Directors Greer and Singleton. 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; Mr. Bob Wempe and Mr. Robert Devillier of AECOM, Inc., engineers for the District; Ms. Patty Rodriguez of Bob Leared Interests ("BLI"), tax assessor and collector for the District, and residents Walt Bohn and Steve Dornak 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 Items 1 and 2. Minutes. Proposed minutes of the regular meeting of April 9, 2009 and revised minutes of the special meeting of March 30, 2009, previously distributed to the Board, were considered for review and approval. Upon motion by Director Hewlett, seconded by Director Price, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the regular meeting of April 9, 2009 and revised minutes of the special meeting of March 30, 2009.

Agenda Item 3. Comments from Residents. Mr. Bohn and Mr. Dornak informed the Board of flooding of six homes in the patio home section during an April rainstorm (9 inches/24 hours). They interpret these problems due to clogging of the storm drainage ditch grate at Deerfield Village Drive and additional potential clogging of the 84-inch storm drain network downstream (south) of this grate in the patio homes section. After discussion, Ms. Falke stated that Southwest Water would investigate and video televise these storm sewers.

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 a line item will be added for the patio homes storm sewer evaluation.

Upon motion by Director Hewlett, seconded by Director Price, 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. 6826 to 6857 from the General Operating Fund in the amounts, to the persons, and for the purposes listed in the Bookkeeper's Report.

Agenda Item 5. 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 97% of the 2008 taxes and 99% of 2007 taxes have been collected. She noted that delinquency statements are ready to be mailed prior to the 20% penalty to be incurred on July 1.

Ms. Rodriguez also noted that four business personal property accounts valued at \$355.92 (total) exceeded the statute of limitations for collection.

Upon motion by Director Hewlett, seconded by Director Price, 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 accept the uncollectable status of the four business personal property accounts, and to authorize payment of check nos. 1212 to 1216 from the Tax Account in the amounts, and to the persons, and the purposes listed in such report.

Agenda Item 6. 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 April the District's water wells were inspected during each working day to ensure proper operation and produced 12,616,000 gallons of water. Four-month water accountability slipped to 92%.

Monthly water bills will change format in July. In response to a question where fluoride is added to the Districts' water, Ms. Falke stated it is tested and added to the water supply within the District.

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

Agenda Item 7. Consumer Confidence Report. Ms. Falke reported that the Consumer Confidence Report will be added to the June bill.

Agenda Item 8. Water Smart Application. Ms. Falke stated that the application has been submitted. No further action required.

Agenda Item 9. Discuss Graffiti Problems in District. Mr. Devillier stated that the Barker-Cypress/Randalls fence is co-owned by the District and Randall's. The discussion was deferred awaiting recommendations by the DVCA Landscape Committee.

Agenda Item 10. Engineers Report. The President recognized Mr. Robert Devillier of AECOM USA, Inc. Mr. Devillier introduced and announced that Mr. Bob Wempe, Principal engineer for AECOM, USA, Inc. will become the District's engineer henceforth.

Mr. Devillier presented the Engineer's Report. Copy of which is attached as Exhibit E. Concerning the surface water conversion project, he reported that the work will be completed in May and he expects surface water to begin flowing into the plant in June.

Mr. Devillier requested authorization to proceed with solicitation of bids for painting the hydro-pneumatic tanks. After some discussion the Directors agreed to postpone action until the September meeting.

Agenda Item 11. DVCA Request Concerning Garbage Collection. Mr. Bohn presented and distributed an analysis of Waste Contract Costs from four companies. Two contracts were 3-year contracts, the other two bids were 1-year contracts. Mr. Bohn's analysis included comparative costs of centralized vs. individual resident billing. He concluded that an annual cost saving of approximately \$93.00 per resident relative to the present trash contract is achievable with these new bids. Ms. Falke stated that most MUD districts combine their trash bill into the sanitary sewer rate, thus requiring a rate order adjustment. After further discussion, the Board requested Mr. Bohn continue his analysis of these competitive bids and report results in an upcoming District monthly meeting. .

Agenda Item 12. Water Conservation Plan. No action on this item.

Agenda Item 13. Review Rate Order. Action postponed.

Agenda Item 14. WHCRWA Meeting Report. No report

Agenda Item 15. DVCA Newsletter Article. Director Singleton will prepare next article.

Agenda Item 16. Review Agenda Items for Next Meeting. The agenda will have the regular items as well as "Review Rate Order and Take Appropriate Action", and "Adopt Indemnification of Directors", "Review Water Conservation Plan 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 May 12, 2009.

Original Signed by Neil M. Polansky
President, Board of Directors

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

(DISTRICT SEAL)