

MINUTES OF MEETING OF BOARD OF DIRECTORS
June 11, 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 June 11, 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. Also attending all or parts of the meeting were Ms. Sorell Long of Southwest Water Company (SWWC) operator for the District; Ms. Fran Matuska of FMatuska, Inc, bookkeeper for the District; Mr. Bob Wempe of AECOM, Inc., engineers for the District; Ms. Patty Rodriguez of Bob Leared Interests ("BLI"), tax assessor and collector for the District, Mr. Hal Gordon, tax attorney for the District, Mr. Fred Garcia of the Harris County Flood Control District (HCFCD), and residents Walt Bohn, Marta Bott, and Tolbert Newman

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. Minutes. Proposed minutes of the regular meeting of May 14, 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 May 14, 2009.

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

Agenda Item 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 noted that budget variations were not significant since the budget comparison was only for April, the first month of the new fiscal year.

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 Bookkeeper's Report, and to authorize payment of check nos. 6858 to 6879

from the General Operating Fund in the amounts, to the persons, and for the purposes listed in the Bookkeeper's Report.

Agenda Item 4. 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 97.8% of the 2008 taxes and 99.3 % of 2007 taxes have been collected. She noted that the preliminary 2009 values had been received from HCAD and were basically unchanged from 2008.

Ms. Rodriguez presented and discussed a listing of delinquent tax accounts. She noted that the one account shown as a bankruptcy will be changed to a deferred account. Mr. Gordon recommended that notices for shut off of water be sent to the account holders who are delinquent on their real property taxes for the years 2007 and earlier. He noted that notices are not sent for delinquent personal property accounts when the amounts are very small. His recommendation will be considered at the July meeting.

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 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. 1217 to 1225 from the Tax Account in the amounts, and to the persons, and the purposes listed in such report.

Agenda Item 5. Operations Report. The President recognized Ms. Long, who presented to and reviewed with the Board the Operations Report and Delinquent List, copies of which are attached hereto as Exhibit "D".

Ms. Long reported that during the month of May the District's water wells were inspected during each working day to ensure proper operation and produced 17,657,000 gallons of water. Four-month water accountability slipped to 87.9 %. This may have been caused by the emptying of a GST by a WHCRWA contractor working on the surface water conversion. SWWC is investigating and will report its findings at the July meeting. She stated that well #1 is down and the District is on interconnect with MUD 183. The problem appears to be in the motor soft start, although there may also be a problem with the motor itself.

Concerning the televising of the Patio Home storm sewers, Ms Long reported that there are 2720 feet of 24" sewer line. SWWC's price to perform the televising is \$1.00 per foot.

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 6. Engineers Report. The President recognized Mr. Wempe, who presented the Engineer's Report. Copy of which is attached as Exhibit E. Concerning the surface water conversion project, he reported that the installation work is basically

complete. Only final electrical connections remain to be done. An inspector from the City of Houston has been scheduled to inspect and approve the air gap. If the disinfection and testing of the line are completed successfully, surface water deliveries should begin within three weeks.

Ms. Bott expressed concern about pipes sticking up out of the ground between Hastlingwood Drive and Barker Cypress, in an unlighted area where kids congregate. She also commented on the condition of a section of sidewalk in the area. Mr. Wempe stated that the contractor is working on that and other outstanding items. A final walk through inspection will be scheduled and both Mr. Wempe and Director Singleton will attend it.

Agenda Item 8. Discuss Deerfield Village Drainage Ditch. The President recognized Mr. Garcia, who presented information about the District and its 2500 miles of drainage channels. He noted that Deerfield's drainage design is unusual in that the water is channeled from an open ditch into two 84" pipes. The sediment and vegetation that cause problems for this ditch would not be a problem for the normal design. Mr. Bohn stated that he had observed two inspectors entering the pipes. Mr. Garcia thought they were from the County. Director Singleton will contact Ms Gaskins in Commissioner Radack's office to get more information. Mr. Garcia noted that the inflow pipes from the street storm sewers, except for the Patio Homes, are maintained by the County. Drains within the ditch that transfer water from the upper to the lower level are maintained by HCFCD. He stated that there is erosion around some of the inlets and he felt that was the source of the sediment. He is planning to do a comprehensive study of the ditch in order to develop a plan to correct all of the deficiencies. In response to comments about the need to clean the bottom of the ditch as soon as possible, he stated that, while HCFCD does most of its work through subcontractors, it does have a 'strike force' to handle urgent needs. He will see if that option would be available for the ditch cleaning. Mr. Garcia outlined HCFCD's vegetation control program, which includes three mowings per year and application of herbicides where needed. Mowing is done between May and October. HCFCD will enter into agreements whereby other governmental bodies can do the three mowings and be reimbursed by HCFCD at a predetermined price. HCFCD will also enter into agreements with both governmental and non-governmental bodies, whereby those bodies can do supplemental mowings at their own expense.

Agenda Item 7. DVCA Request Concerning Garbage Collection. Mr. Bohn presented and distributed an analysis of the bid proposals received from four waste disposal companies. The Directors agreed with his conclusion that Waste Management and WCA had the most favorable proposals and the WCA's terms were preferable. Director Polansky requested copies of both proposals. Mr. Bohn will submit them by email.⁷

Agenda Item 12. Water Conservation Plan. 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 approve the Water Conservation Plan.

Agenda Item 13. Review Rate Order. No action on this item.

Agenda Item 14. WHCRWA Meeting Report. Director Polansky's report is attached hereto as Exhibit F.

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 "Authorize Tax Attorney To Initiate Proceedings To Terminate Water Service to Delinquent Accounts"

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 July 9, 2009.

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

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

(DISTRICT SEAL)