

MINUTES OF MEETING OF BOARD OF DIRECTORS
July 16, 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 July 16, 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 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 of AECOM, Inc., engineers for the District; Ms. Patty Rodriguez of Bob Leared Interests (BLI), tax assessor and collector for the District, Mr. Mike McCall of McCall Gibson Swedlund Barfoot PLLC (MGSB), auditor for the District, and residents Walt Bohn, Steve Dornak, and Bill Davis.

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 June 11, 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 June 11, 2009.

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

Agenda Item 3. Audit Approval. Mr. McCall briefly reviewed the findings in the final draft version of the audit for the fiscal year ending March 31, 2009. 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 audit as presented by Mr. McCall.

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 June the District's water wells were inspected during each working day to ensure proper operation and produced 22,405,000 gallons of water. An additional 7,000,000 gallons was purchased from MUD 183 while the District was on interconnect during the month. She noted that, during the period of high water usage, well #2 could produce more water. The Directors agreed and well #2 will be scheduled for more hours of operation.

Ms. Falke stated that the one-month water accountability is 91.9%. She is still investigating the unusually low percentage in May and whether it was caused by the emptying of a GST by a WHCRWA contractor working on the surface water conversion. She will report her findings at the August meeting.

Ms. Falke presented the results of the televising of the Patio Home storm sewers. Director Singleton noted that the alpha-numeric system used to describe the problem locations could not be correlated to the actual physical location, which is information that is needed to determine if sewer line blockage was in any way responsible for the recent flooding in the Patio Homes. Ms. Falke said she would provide the information needed to determine the physical locations. The Directors asked that she work with Mr. Wempe to determine which locations need immediate attention and provide a new prioritized list as soon as possible.

Upon motion by Director Greer, seconded by Director Price, 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. Water Wise Sponsorship. 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 approve the Interlocal agreement with Harris Galveston Subsidence District for the 2009/2010 Water Wise sponsorship program. The Directors also asked Ms. Falke to provide information about selling the current credit balance in ground water certificates.

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." Director Polansky raised a question concerning the amount budgeted for repainting the hydrotanks. Mr. Wempe will look into the matter and provide an answer at the August 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 Bookkeeper's Report, and to authorize payment of check nos. 6880 to 6709 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 98.5% of the 2008 taxes and 99.3 % of 2007 taxes have been collected. Ms. Rodriguez presented and discussed a listing of delinquent tax accounts. Concerning the previous recommendation that notices for shut off of water be sent to the account holders listed as delinquent on their real property taxes for the years 2007 and earlier, Ms Rodriguez said that 2008 delinquencies can now be added to the list..

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, and to authorize payment of check nos. 1226 to 1229 from the Tax Account in the amounts, and to the persons, and the purposes listed in such report.

Agenda Item 8. Engineers Report. The President recognized Mr. Wempe, who presented the Engineer's Report, a copy of which is attached as Exhibit E. Concerning the surface water conversion project, he reported that the inspector from the City of Houston had mandated that the Ground Storage Tank (GST) overflow pipe be increased from 8" to 12" diameter. Mr. Wempe presented a proposal in the amount of \$2,800 from W.W. Payton to change the pipe. He will prepare a contract change order for approval at the August meeting. He stated that it would not be necessary to take the GST down in order to make the change. He noted that, since there was an error in the engineering design work, AECOM will reimburse the District for the \$200 charge for contractor mobilization and the \$400 cost for subsequent interior welding and touch up painting. At the request of Director Polansky, he will confirm this in writing.

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 engineers report and authorize the work to correct the overflow pipe at a cost of \$2,800.

Agenda Item 11. Discuss Deerfield Village Drainage Ditch. Mr. Bohn stated that he had been informed verbally that the Harris County Flood Control District will clean the drainage ditch.

Agenda Item 10. DVCA Request Concerning Garbage Collection. Mr. Bohn stated that he has learned of another potential bidder for the trash removal contract. Director Polansky reviewed the legal language provided by the District's attorney that would be used in any motion to take over garbage collection. The wording is meant to protect the District should the intended arrangement for take over fail. Director Singleton made a motion to decline the DVCA's request to take over the garbage collection. Director Price seconded it. The motion failed to pass, with 1 vote for and 4 votes against it. In response to Director Greer's question, Mr. Bohn stated that all of the bidders would provide recycling. Director Greer stated that he had learned of a company that does just recycling. He will get more information and provide it at the August meeting.

Agenda Item 12. Review Rate Order. No action on this item.

Agenda Item 13. Drought Contingency Plan. Ms. Falke discussed making new water rationing notification signs and presented sample layouts for each of the three stages. Director Price suggested that the signs have reflective paint for legibility at night. Ms. Falke will have a proposal for consideration at the next meeting.

SWWC will place the blue ‘mild drought’ signs at the entrances to Deerfield.

Director Polansky stated that a subcommittee will be formed to review the current Plan to see if updates are needed.

Agenda Item 14. Graffiti Control. Director Singleton is working with the DVCA Landscape Committee on a proposal for landscaping the Water Plant wall. He will submit the proposal at the August meeting.

Agenda Item 15. Delinquent Tax Accounts. Due to the absence of the District’s tax attorney, action on this item was postponed until the August meeting.

Agenda Item 16. WHCRWA Meeting Report. No report.

Agenda Item 17. DVCA Newsletter Article. Director Singleton will prepare next article.

Agenda Item 18. Community Notification. Director Price will arrange for a presentation about an online notification system.

Agenda Item 18. 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”, and “Review Electricity Supply 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 August 13, 2009.

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

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

(DISTRICT SEAL)