

MINUTES OF MEETING OF BOARD OF DIRECTORS
October 8, 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 October 8, 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; Ms. Patty Rodriguez of Bob Leared Interests (BLI), tax assessor and collector for the District, and resident Walt Bohn,

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 special meeting of September 17, 2009, 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 special meeting of September 17, 2009.

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

Agenda Item 3. Public Hearing on Tax Rate. The President opened the hearing. There were no taxpayer comments. The President closed the hearing.

Agenda Item 4. Adopt Order Setting Tax Rate and Levying Tax for 2009. 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 adopt the order setting the tax rate and levying the tax for 2009 at \$0.27 per \$1000 assessed value (\$0.055 for debt service, \$0.215 for maintenance and operations).

Agenda Item 5. Community Notification. The Directors briefly discussed the need for a mass communication system and agreed to review and discuss the information about the IRIS system at a future meeting.

Agenda Item 6. 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 stated that revenues are ahead of budget due to a large consumption of water during the summer dry spell. She noted that there are still some surface water conversion expenses that have not been paid. Director Price asked when the District could file for reimbursement from West Harris County Regional Water Authority (WHCRWA). Mr. Wempe will contact WHCRWA for an answer. Director Price asked if the District can prepay the remaining bond debt. Ms. Matuska will contact the District's financial advisor to determine if the outstanding bonds are callable.

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. 6954 to 6969 from the General Operating Fund in the amounts, to the persons, and for the purposes listed in the Bookkeeper's Report.

Agenda Item 7. Tax Assessor and Collector's Report. The President recognized Ms. Rodriguez, who presented to and reviewed with the Board her report, a copy of which is attached hereto as Exhibit "C." She reported that 99.4% of the 2008 taxes and 99.5 % of 2007 taxes have been collected. She stated that September is the start of the new tax year. The first certified tax roll has been received and the value is slightly more than \$156 million. Not all property values have been certified. She expects to receive a second and possibly third roll that will have increased total assessed values. She noted that last year the first tax roll had a total value of \$174 million and the final roll was valued at \$196 million.

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 write off the uncollectable personal property taxes, and to authorize payment of check nos. 1239 to 1242 from the Tax Account in the amounts, and to the persons, and the purposes listed in such report.

Agenda Item 8. 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 July the District's water wells were inspected during each working day to ensure proper operation and produced 15,730,000 gallons of water. In addition, 142,000 gallons were purchased from WHCRWA. She noted that the four month water accountability is 93.66%. She suggested that, now that the District is on surface water, the directors should make a tour of the WHCRWA pumping station in Jersey Village.

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.

Agenda Item 9. SWWC Contract Amendment. Ms Falke presented an amendment to the SWWC Service Contract adding fees for the implementing of Red Flag rules as defined by the Federal Trade Commission. The Directors discussed the option of passing the fees on to the customers and decided not to at this time. Ms Falke agreed to include in her monthly report the number of red flag incidents. 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 contract amendment.

Agenda Item 10. Engineers Report. The Directors reviewed the Engineer's written report, previously submitted, a copy of which is attached as Exhibit E.

Agenda Item 11. Water Well #2. The District's attorney is researching the terms of the easement on which the well sits.

Agenda Item 18. Water Conservation Credits. Ms. Falke stated that the Subsidence District has posted the District's credits on its list of credits available for purchase.

Agenda Item 14. Review Rate Order. Ms Falke stated that, effective January 1, 2010, WHCRWA will increase pumpage fees to \$1.25/M gal. and the surface water fee to \$1.55/M gal. Director Polansky noted that in February a garbage fee will be added to residents billing. The Directors agreed that it would be preferable to make only one change to the rate order once all of the required fee changes are ready to be put into effect. This issue will be addressed at the December meeting.

Agenda Item 13. Discuss Deerfield Village Drainage Ditch. Mr. Bohn stated that the Flood Control District is currently cleaning the bottom of the ditch. They will also institute a program of Johnson grass control and a program to establish wild flowers.

Agenda Item 15. Drought Contingency Plan. Directors Hewlett stated that he and Director Singleton have reviewed the current plan and developed a proposed rewording of the plan for consideration at the next meeting. In the mean time they will research the WHCRWA drought plan to insure compatibility of our plan with theirs.

Agenda Item 16. Graffiti Control. Director Singleton will contact Randalls to discuss the possibility of a joint project to install landscaping along the adjoining wall to deter graffiti.

Agenda Item 17. Electricity Agreement. No action

Agenda Item 12.. DVCA Request Concerning Garbage Collection. Director Polansky and Director Greer reviewed the proposals submitted by prospective service providers. They recommended the proposal from Texas Trash as the most favorable. However, that proposal's terms for automatic price increases are not acceptable. Director Polansky will attempt to negotiate more favorable terms. If he is successful, he will

present the negotiated contract to the District's attorney for final review and subsequent Director's approval at the November meeting.

Agenda Item 19. WHCRWA Meeting Report. No report

Agenda Item 16. DVCA Newsletter Article. Director Singleton will prepare next article.

Agenda Item 18. Review Agenda Items for Next Meeting. The agenda will have the same items as this month's agenda except for Items 3,4,5, and 9.

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 November 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)