

MINUTES OF MEETING OF BOARD OF DIRECTORS

January 14, 2010

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 December 10, 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 for Directors Hewlett 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; Ms. Patty Rodriguez of Bob Leared Interests (BLI), tax assessor and collector for the District, Mr. Bob Wempe of AECOM Group USA, Inc, engineers for the District and Ms. Yvette Deitrick of Fulbright & Jaworski, L.L.P., attorneys for the District.

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 December 10, 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 regular meeting of 2009.

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

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 the current transactions include a transfer of maintenance tax to Texpool in the amount of \$10,000. A discussion ensued regarding a bill submitted by M Services, Inc. in the amount of \$260 for assisting SWWC in the repairs to electrical service lines for the Patio Homes street lights. The Board declined to accept the bill for payment.

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. 7041 to 7054 and 7056 to 7068 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 her report, a copy of which is attached hereto as Exhibit "C". She reported that 72.2% of the 2009 taxes versus 65.9% at this time last year. In addition, she reported that 99.5 % of 2008 taxes have been collected. She also noted that delinquent letters will begin going out in February.

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 Tax Assessor and Collector's Report, and to authorize payment of check nos. 1252 to 1255 from the Tax Account in the amounts, and to the persons, and the purposes listed in such report.

Agenda Item 5. Adopt Property Tax Exemption. 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 adopt the continuation of the property tax exemption currently in-place.

Agenda Item 6. Adopt Resolution Authorizing Additional Penalty on Delinquent Taxes. 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 adopt the resolution authorizing additional penalties on delinquent taxes under Sections 33.07, 33.11 and 33.08 of the Tax Code.

Agenda Item 7. 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 November the District's water wells produced 40,000 gallons of water. 8,331,000 gallons were purchased from West Harris County Regional Water Authority (WHCRWA). She noted that the four month water accountability is 92.5%.

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, to make necessary repairs, and to terminate service to those accounts listed on the Delinquent List.

Agenda Item 8. Discuss Redemption of Outstanding Bonds. The Board agreed to address this issue in the next regularly scheduled meeting as a "review of a resolution to redeem outstanding bonds".

Agenda Item 9. Engineers Report. The President recognized Mr. Wempe, who reviewed the Engineer's report, a copy of which is attached as Exhibit 'E'. Mr. Wempe indicated that Jackrabbitt Road Public Utility District is now in the design stage for Phase IV of the Capital Improvement program.

Mr. Wempe presented the sanitary sewer rehab list, initially including 850 individually referenced items that have been reduced to 152 for more immediate attention. Ms. Falke is to review and prioritize the list and report back to the Board in the next regularly scheduled meeting.

Mr. Wempe provided an update on the proposed painting program for the HP Tanks at the water plant. As addressed in the previous meeting he again noted that they have received an estimate of \$4,600 from Universal Coatings for the addition of painting the booster pumps and associated piping. The change order to the Contract with Universal Coatings pertaining to this work has not yet been prepared. Mr. Wempe again stated that once the painting program is complete including touch-up to the overflow pipe will develop a final estimate on payments due the contractors. The application for reimbursement consideration by the WHCRWA will then be prepared and submitted.

Agenda Item 10. Review Change Order for Universal Coatings; No action taken.

Agenda Item 11. Authorize Preparation of Emergency Preparedness Plan; No action taken.

Agenda Item 12. Discuss Trash Collection Operations and Take Appropriate Action; Informational flyers will be distributed through several methods including the Deerfield Village Newsletter. No further action taken.

Agenda Item 13. Review Rate Order and Take Appropriate Action. The Board members began discussions regarding adjustments to the Rate Order. Ms. Matuska and Ms. Falke suggested that the Board delay taking any action until after the proposed budget is prepared next month. However, the Board agreed to raise the Sewer Rate from the current \$13.00 to \$28.05 to cover the costs for trash services for each residence. In addition, the water rate will rise to \$1.55 per 1,000 gallons from the current \$0.95 per 1,000 gallons to cover 100% of the costs billed to Harris County MUD 136 by the WHCRWA. Upon motion by Director Price and seconded by Director Greer, the Board voted unanimously to adopt the rates mentioned above.

Agenda Item 14. Review Drought Contingency Plan and Take Appropriate Action. No action taken.

Agenda Item 15. Discuss Graffiti Control and Take Appropriate Action. No action taken.

Agenda Item 16. Discuss Community Notification Strategies and Take Appropriate Action; No action taken.

Agenda Item 17. Discuss Selling Water Conservation Credits and Take Appropriate Action; No action taken.

Agenda Item 18. Report on WHCRWA Monthly Meeting; No action taken.

Agenda Item 19. Article for DVCA Newsletter. Director Polansky will prepare the next article.

Agenda Item 20. Discuss Insurance Renewal (Renews January 14, 2010). Renewed last month, therefore, no action needed.

Agenda Item 21. Approve Indemnification of Directors; No action taken.

Agenda Item 22. Adopt Order Calling for Director's Election; The Board discussed the possibility of moving the mid 136 director's election to the November General election date. Ms. Deitrick with Fulbright & Jaworski L.L.P., is to look into the possibility of the move. Upon motion by Director Price and seconded by Director Greer, the board voted unanimously to authorize research into moving to the November General election.

Agenda Item 23. Approve Notice of Deadline to File Applications for Place on the Ballot; Upon motion by Director Price and seconded by Director Greer, the board voted unanimously to approve the notice of deadline to file applications for a place on the ballot for the upcoming May elections subject to finding of research into moving to the November General election.

Agenda Item 24. Election of Officers; No action taken.

Agenda Item 21. Review Agenda Items for Next Meeting. Several items that are to be addressed on the next meeting agenda include a discussion on incentives for conversion to low flow toilets and take appropriate action, approve EPP (Emergency Preparedness Plan) and approve the Water Smart application.

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 January 14, 2009.

Original Signed by Neil M Polansky
President, Board of Directors

ATTEST: Original Signed by G. Barry Greer IV
SECRETARY, BOARD OF DIRECTORS

(DISTRICT SEAL)