

MINUTES OF MEETING OF BOARD OF DIRECTORS  
May 13, 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 May 13, 2010; whereupon the roll was called of the members of the Board, to wit:

Neil Polansky, President  
Barry Greer, Vice President  
Harry L. Price, Second Vice President  
Jay Singleton, Secretary  
Brent Phelps, 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 F. Matuska, Inc., bookkeeper for the District; Ms. Patty Rodriguez of Bob Leared Interests ("BLI"), tax assessor and collector for the District; Mr. Eric Toureilles, President of Deerfield Village Community Association Board of Directors; Mr. Joe Andress and Mr. Rick Benson of Texas Trash; Ms. Susan Ley of TechRadium; Mr. Brian Taranto, District resident; and Ms. Yvette Deitrick of Fulbright & Jaworski L.L.P. ("F&J"), paralegal 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," the following business was transacted:

1. **Accept resignation of Director Hewlett.** 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 Director Hewlett's resignation.
2. **Qualify and Appoint Director.** Pursuant to the appointment of Director Phelps at the Board meeting of May 5, 2010, the Board welcomed Director Phelps to the Board.
3. **Accept oaths of office of elected directors.** Directors Greer, Price and Singleton took the oath of office for their new terms as directors of the District.
4. **Election of Officers.** Upon motion by Director Greer, seconded by Director Price, after full discussion and the question being put to the Board, the Board voted four in favor, with Director Polansky abstaining, to appoint Director Polansky as President.

Upon motion by Director Polansky, seconded by Director Singleton, after full discussion and the question being put to the Board, the Board voted four in favor, with Director Greer abstaining, to appoint Director Greer as Vice President.

Upon motion by Director Polansky, seconded by Director Price, after full discussion and the question being put to the Board, the Board voted unanimously to appoint Director Price as Second Vice President, Director Singleton as Secretary and Director Phelps as Assistant Secretary.

5. **Minutes.** Proposed minutes of the meetings of April 8, 2010 and May 5, 2010, 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 meetings of April 8, 2010 and May 5, 2010, as presented.

6. **Comments from Residents.** There were no resident comments.

7. **Discuss trash collection operations and take appropriate action.** Mr. Andress reported that the District is averaging approximately three and one-half truck loads per week. It was the consensus of the Board that trash collection service was operating well in the District. Director Price stated that there will be approximately \$97,400 annual savings to District residents by switching to Texas Trash for trash collection service for the District.

8. **Review Bookkeeper's Report and authorize payment of bills.** Ms. Matuska presented to and reviewed with the Board the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "B." Ms. Matuska stated that the Debt Fund will be closed because all of the District's debt has been paid off. She reported that Arbitrage Compliance Specialists has completed the final arbitrage report for the District and that the District does not owe the Internal Revenue Service.

Ms. Matuska reported that Southwest Water Company has begun the Sanitary Sewer System Point Repairs, Phase Two.

Ms. Matuska reviewed the Quarterly Investment Report, included in the Bookkeeper's Report.

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, to authorize payment of check nos. 7138 through 7160 from the General Operating Fund in the amounts, to the persons, and for the purposes listed in the Bookkeeper's Report, and to approve the Quarterly Investment Report.

9. **Review Ethics Policy and take appropriate action.** The President recognized Ms. Deitrick, who presented to and reviewed with the Board the Resolution Reviewing Investment Policy and Making Any Desirable Changes Thereto (the "Resolution Reviewing the Investment Policy"), a copy of which is attached hereto as Exhibit "C." Ms. Deitrick reported that the Public Funds Investment Act requires the Board to review the

District's investment policy annually. She further stated that there are no recommended changes to the current investment policy at this time.

Director Phelps asked for clarification on the Acceptance of Gifts in the Code of Ethics. Ms. Deitrick stated that she would provide clarification on the acceptance of gifts following the 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 approve the Resolution Reviewing the Investment Policy and to maintain the current investment policy.

**10. Review Tax Assessor and Collector's Report and authorize payment of bills.** The President recognized Ms. Rodriguez, who presented to and reviewed with the Board the Tax Assessor and Collector's Report, a copy of which is attached hereto as Exhibit "D." Ms. Rodriguez reported that the District has collected 97% of its 2009 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 approve the Tax Assessor and Collector's Report, and to authorize payment of check nos. 1279 through 1283 from the Tax Account in the amounts, to the persons, and for the purposes listed in such report.

**11. Review Operations Report, authorize repairs, and authorize termination of services to delinquent accounts.** The President recognized Ms. Falke, who presented to and reviewed with the Board the Operations Report and Delinquent List, a copy of which is attached hereto as Exhibit "E."

Ms. Falke reported that 12,912,000 gallons of water were purchased from the WHCRWA during the month of April and 92,000 gallons were produced at Water Plant No. 1.

Ms. Falke reported on Water Production. She reported that SWWC performed preventative maintenance on the Water Plant No. 1 fluoridation equipment. Ms. Falke reported that SWWC performed the Water Plant No. 1 master control center annual cleaning. She reported that SWWC repaired the air compressor and chlorine analyzer at Water Plant No. 1.

Ms. Falke reported on the Water Distribution. She reported that SWWC replaced one water meter registering over one million gallons of usage. Ms. Falke reported that landscape repairs were performed on Partridge Green Drive subsequent to repairs.

Ms. Falke reported on the Sanitary and Storm Sewer Collection System. She reported that three Phase Two sanitary sewer line point repairs were performed. Ms. Falke reported that Pump No. 1 was pulled at Lift Station No. 1 and debris was removed. She reported that a blockage was jetted clean on Elmdon Drive.

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.

12. **Approve Consumer Confidence Report.** The President recognized Ms. Falke, who presented to and reviewed with the Board the draft 2009 Drinking Water Quality Report, a copy of which is attached hereto as Exhibit "F." She stated that the District is required to distribute this report to the customers by July 1 and will be included with the June water bill. Ms. Falke reviewed the frequency of testing for the various constituents.

Upon motion by Director Singleton, seconded by Director Greer, after full discussion and the question being put to the Board, the Board voted unanimously to approve the 2009 Drinking Water Quality Report.

13. **Review Rate Order and take appropriate action.** No action was taken on this item.

14. **Discuss Deerfield Village Patio Homes emergency point repairs, appoint subcommittee and take appropriate action.** No action was taken on this item.

15. **Engineer's Report and take appropriate action on engineer's recommendations.** There was no Engineer's Report.

16. **Discuss graffiti control and take appropriate action.** No action was taken on this item.

17. **Review TechRadium/IRIS Mass Notification System, Software License Agreement, and take appropriate action.** The President recognized Ms. Ley, who reviewed the process of creating a message that can be disseminated to District residents. She reported that the Immediate Response Information System ("IRIS") can perform 7,000 calls in ninety seconds. Ms. Ley stated that messages can be sent via email, telephone and text message. She reviewed the documentation of the messages received. Ms. Ley reported that IRIS can be used to survey District residents.

Ms. Ley presented to and reviewed with the Board the Software License Agreement, a copy of which is attached hereto as Exhibit "G." She reported that there is a \$500 setup fee and a fee of \$2.25 per house per year.

Upon motion by Director Price, seconded by Director Greer, after full discussion and the question being put to the Board, the Board voted four in favor, with Director Phelps abstaining, to approve the Software License Agreement with TechRadium.

18. **Review Third Amendment to the Emergency Water Supply contract with HC MUD No. 183 and take appropriate action.** This item was deferred.

19. **Update on selling water conservation credits and take appropriate action.** Ms. Deitrick reported that a purchase of 120,000 gallons at \$1.75 per 1,000 gallons was coordinated this week.

20. **Discuss upcoming AWBD conference and possible attendance and take appropriate action.** The Board discussed attending the Association of Water Board Directors Summer Conference.

21. **Report on WHCRWA monthly meeting.** No action was taken on this item.

22. **Article for DVCA Newsletter.** Director Singleton stated that he would compose the Deerfield Village Community Association Newsletter article.

23. **Discuss incentives for conversion to low flow toilets and take appropriate action.** This item was deferred.

24. **Review agenda items for next meeting.** The Board discussed items to be addressed at the next Board meeting.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

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The above and foregoing minutes were passed and approved by the Board of Directors on June 10, 2010.

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President, Board of Directors

ATTEST:

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Secretary, Board of Directors

(DISTRICT SEAL)

