

MINUTES OF MEETING OF BOARD OF DIRECTORS
June 10, 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 June 10, 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. Sorell Long 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; 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. **Minutes.** Proposed minutes of the meeting of May 13, 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 meeting of May 13, 2010, as presented.
2. **Comments from Residents.** There were no resident comments.
3. **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 reported that the Debt Fund has been closed because all of the District's debt has been paid off. She reported that Safeway has reimbursed the District for the fence survey.

The President asked if the Abandonment of Water Well No. 2 expense should be removed or if the District should be pro active on the matter. The Board asked if a determination had been made by F&J if the water well is automatically conveyed to the landowner if the water

well is abandoned. Ms. Deitrick stated that she would follow-up on the question with the attorney.

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. 7161 through 7185 from the General Operating Fund in the amounts, to the persons, and for the purposes listed in the Bookkeeper's Report.

4. 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 "C." Ms. Rodriguez reported that the District has collected 98% of its 2009 taxes.

Ms. Rodriguez reported that Harris County Appraisal District has provided the 2010 preliminary taxable value for the District and noted there is no change in the taxable value.

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. 1284 through 1286 from the Tax Account in the amounts, to the persons, and for the purposes listed in such report.

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

Ms. Long reported that 16,611,000 gallons of water were purchased from the WHCRWA during the month of May and 642,000 gallons were produced at Water Plant No. 1.

Ms. Long reported on Water Production. She reported that SWWC performed the Water Well No. 2 master control center annual cleaning. Ms. Long reported that SWWC performed the preventative maintenance on the Water Plant No. 1 generator, chlorine detector and polyphosphate equipment. The President asked if Water Well No. 1 was exercised regularly. Ms. Long stated that she assumed so but that she would confirm that for the President.

Ms. Long reported on the Water Distribution. She reported that SWWC performed the annual commercial meter testing. Ms. Long reported that SWWC repaired fire hydrants identified needing repair during the semi-annual inspection.

Ms. Long reported on the Sanitary and Storm Sewer Collection System. She reported that SWWC repaired the landscape from the Foxdale Drive sanitary line repair.

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.

6. **Review Rate Order and take appropriate action.** The President requested volunteers for a subcommittee to review the District's budget, Rate Order and water usage to provide recommendations to the Board for additional Rate Order tiers. Directors Singleton and Phelps volunteered to serve on the subcommittee. Ms. Long stated that SWWC would provide a Rate Order comparison of the neighboring utility districts.

7. **Discuss Deerfield Village Patio Homes emergency point repairs, appoint subcommittee and take appropriate action.** The Board noted that Mr. Toureilles stated that he would contact Lone Star to discuss pricing for the Deerfield Village Community Association ("DVCA") to join the utility line locating service. The Board discussed the District's need to identify the electrical lines in the Deerfield Village Patio Homes for emergency repairs to minimize loss of water service to the residents. The President stated that he would contact Mr. Toureilles.

8. **Engineer's Report and take appropriate action on engineer's recommendations.** The Board reviewed the Engineer's Report, a copy of which is attached hereto as Exhibit "E."

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

10. **Discuss trash collection operations and take appropriate action.** No action was taken on this item.

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

12. **Update on selling water conservation credits and take appropriate action.** Ms. Deitrick reported that a sale of 750,000 gallons at \$1.75 per 1,000 gallons was coordinated.

13. **Report on WHCRWA monthly meeting.** The President noted that all Directors should try to attend the West Harris County Regional Water Authority ("WHCRWA") meeting on July 14, 2010. The Board discussed the proposed letter to the WHCRWA utility districts to propose that directors attend the July WHCRWA meeting to express concern about the current reimbursement limit for chloramines disinfection and associated engineering costs. It was the consensus of the Board not to send the letter until after the meeting with the WHCRWA attorney and engineer next week.

14. **Article for DVCA Newsletter.** Director Singleton stated that he would compose the Deerfield Village Community Association Newsletter article. The President requested that Director Singleton note that yard debris should not be at the curb until the collection day per the DVCA deed restrictions.

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

16. **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 July 8, 2010.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)

