

MINUTES OF MEETING OF BOARD OF DIRECTORS
November 11, 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 November 11, 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 and Mr. Jason Demel of SouthWest Water Company ("SWWC"), operators 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. Bob Wempe of AECOM Technical Services, Inc. ("AECOM"), engineer 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 October 14, 2010, previously distributed to the Board, were considered for review and approval. Upon motion by Director Singleton, seconded by Director Phelps, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting of October 14, 2010, as presented.

The proposed minutes of the meeting of November 6, 2010, previously distributed to the Board, were considered for review and approval. Upon motion by Director Greer, seconded by Director Singleton, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting of November 6, 2010, as presented.

2. **Comments from Residents.** Ms. Matuska reported that the recycling was not collected on a portion of her street the last collection day of October. She reported that she called the telephone number on the District magnet and did not hear back or have her recycling collected. The President stated that he would contact Texas Trash regarding the matter.

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 check #7272, payable to TechRadium, Inc., will be voided. Ms. Matuska reported that she did not receive a TechRadium, Inc. invoice this month.

Upon motion by Director Phelps, 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. 7282 through 7299 from the General Operating Fund in the amounts, to the persons, and for the purposes listed in the Bookkeeper's Report.

4. **Review WHCRWA Optional Capital Advance and Reimbursement Procedure and take appropriate action.** The President recognized Ms. Deitrick, who reviewed with the Board the WHCRWA Optional Capital Advance and Reimbursement Procedure, a copy of which is attached hereto as Exhibit "C." She reported that the District's share of WHCRWA upcoming capital improvements is \$423,404. Ms. Deitrick reported that the District has the option to pay the District's share instead of paying the water usage fees. It was the consensus of the Board not to advance the District's share of the upcoming capital improvements to the WHCRWA.

5. **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 99% of its 2009 taxes.

Ms. Rodriguez presented to and reviewed with the Board the Tax Roll Summary, a copy of which is attached hereto as Exhibit "E." Ms. Rodriguez reported that the assessed valuation of Deerfield Village Community Association ("DVCA") property is nominal pursuant to the Tax Code for non-profit organizations for homeowners. She reported that the DVCA clubhouse is valued at \$100.

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 Tax Assessor and Collector's Report and to authorize payment of check nos. 1303 through 1305 from the Tax Account in the amounts, to the persons, and for the purposes listed in such report.

6. **Review Accutest Laboratories proposal and take appropriate action.** The President recognized Ms. Falke, who reviewed with the Board the Accutest Laboratories proposal for analytical services, included in the Operations Report, a copy of which is attached hereto as Exhibit "F." Ms. Falke stated that the proposed cost is \$6,629 for Accutest Laboratories to test two water samples (the water from the WHCRWA and the water pumped from the District's well) for all contaminants, including atrazine and simazine. The Board discussed testing the WHCRWA water. Director Price stated that he favored also testing the District's water to establish a baseline. Ms. Falke stated that a very small percentage of the District's water is being used and that it is being blended with the WHCRWA water.

Upon motion by Director Polansky, seconded by Director Singleton, after full discussion and the question being put to the Board, the Board voted four to one, with Director Price opposing, to approve the Accutest Laboratories proposal to test the WHCRWA water for all contaminants at a cost of \$3,314.

7. Review Operations Report, authorize repairs, and authorize termination of services to delinquent accounts. The President recognized Mr. Demel, who presented to and reviewed with the Board the Operations Report and Delinquent List.

Mr. Demel reported that 18,726,000 gallons of water were purchased from the West Harris County Regional Water Authority ("WHCRWA") during the month of October and 5,000 gallons of water were produced at Water Plant No. 1. He reported that water accountability was 112% for October.

Mr. Demel reviewed the maintenance and repairs performed by SWWC. He reported that the cathodic protection system repairs are complete. Director Phelps stated that the cathodic protection system was not working during the November 6, 2010 tour of facilities. He stated that he pushed the switch on the cathodic protection system and the gauge dial did not move. Mr. Demel stated that he would investigate the matter.

Mr. Demel reported that SWWC performed three Phase 2 sanitary sewer point repairs. Director Phelps asked if feedback was provided to Mr. Wempe to assist with future analyses. Mr. Wempe reported that currently feedback is provided only when there is an exception. Ms. Falke stated that she would arrange for the sanitary sewer point repair photographs to be provided to Mr. Wempe. The President requested that the emergency repairs be separated or shown with an asterisk on the SWWC invoice so the Board may easily discern the different repairs. Mr. Demel stated that he will arrange for emergency repairs to be noted with an indicator on the invoice.

Mr. Demel reported that proposals have been provided for blasting and repainting for lift station #1 at a cost of \$1,850 and lift station #2 at a cost of \$1,700. The Board asked if the stands needs to be replaced prior to repainting. Mr. Demel stated that he would obtain proposals for replacement of the lift station stands. It was the consensus of the Board to defer a decision on the lift station repainting until after review of the stand replacement proposals.

Mr. Demel reported that Joe Ochoa Roofing, Inc. has provided a proposal of \$5,380 for replacement of the water well #1 control room roof. He reported that the contractor stated that the fascia boards are in acceptable condition. The Board instructed Mr. Demel to have the fascia boards painted. Mr. Demel stated that the proposal includes flashing and removal of the two layers of roofing. The Board requested a written analysis of the existing roof from the contractor. Director Greer asked for the square footage of the roof. It was the consensus of the Board to defer decision.

Mr. Demel reported that the Wilson Elementary School water meter cover was replaced and that a lock is being installed.

The Board discussed the new technology planned for the Jackrabbit Public Utility District lift station and whether the District's lift stations will require such technology in the near

future. Mr. Wempe stated that he does not anticipate such need for the District's lift stations in the next ten to fifteen years.

Director Phelps asked if SWWC knows how much inflow and infiltration occurs in the District's sanitary sewer system. The President stated that SWWC performs the sanitary sewer survey to determine the extent of inflow and infiltration. Director Phelps asked if SWWC had hourly readings of the District's lift station pumps to indicate the amount of infiltration following rain events. Ms. Falke stated that SWWC does have lift station hourly pump readings. She stated that all sanitary sewer systems have inflow and infiltration. Ms. Falke stated that she would provide information at the next meeting regarding sanitary system inflow and infiltration.

Mr. Demel reported that the lower couple of inches of the lift station #2 fence cannot be trimmed. He reported that the gate was fixed. It was the consensus of the Board that the lift station #2 fence was satisfactory and only the signage required modification.

Mr. Demel reported that the West Harris County Regional Water Authority fee will increase to \$1.85 per 1,000 gallons on January 1, 2011. He asked the Board whether to pass along the increase in the December bill due in January or January bill due in February. It was the consensus of the Board to implement the increase in the January bill due in February.

Upon motion by Director Greer, seconded by Director Phelps, 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.

8. Review Engineer's Report, Water Well No. 2 capping and take appropriate action on engineer's recommendations. The President recognized Mr. Wempe, who presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "G." Mr. Wempe reported that the WHCRWA has directed its contractor to straighten the light pole at the end of Walnut Cove, which was affected by the Contract 17A work. He reported that the contractor plans to fix the light pole within the next week.

Mr. Wempe reported on the water well #2 capping. He reported that CenterPoint Energy has stated it will take up to sixty days to remove the transformer from the site. Mr. Wempe reported that the contractor will mobilize after CenterPoint Energy has removed the transformer to avoid remobilization. Director Phelps stated that Hudson Energy should be notified that the electrical meter is being removed. The Board requested Ms. Deitrick arrange notification to Hudson Energy regarding the removal of the meter.

Mr. Wempe reported that SWWC has provided notes on valves and manholes that should be added to the District plan sets. He stated that he would provide cost estimates at the next Board meeting for reproduction of the updated plan sets for the Board and SWWC.

9. Review Status Report on Subcommittee Recommendations on Water Rates, Review Rate Order and take appropriate action. This item was deferred.

10. **Update on TechRadium, Inc. termination and take appropriate action.** Director Price reported that he sent a termination letter to TechRadium, Inc. a couple of weeks ago and has not received a response. He reported that the District was not invoiced this month.

11. **Discuss trash collection operations and take appropriate action.** The President stated that he would contact Texas Trash regarding management of recycling and response to resident complaints.

12. **Update on selling water conservation credits and take appropriate action.** No action was taken on this item.

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

14. **Article for DVCA Newsletter.** Director Singleton stated that he would compose the Deerfield Village Community Association Newsletter article. The President suggested a reminder to residents to keep trash volume within the allowed maximum because he observed tree debris placed out for collection which was not bundled and longer than the maximum length allowed by Texas Trash. The Board discussed mention of the WHCRWA rate increase in January 2011.

15. **Discuss incentives for water conservation products and take appropriate action.** No action was taken on this item.

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.

* * *

The above and foregoing minutes were passed and approved by the Board of Directors on December 9, 2010.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)

