

MINUTES OF MEETING OF BOARD OF DIRECTORS  
December 9, 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 9, 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; Mr. Shawn Riely of TechRadium, Inc.; 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 November 11, 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 November 11, 2010, as presented.

2. **Comments from Residents.** The President and Director Price reported that residents have complimented the Board for the early retirement of the District's debt.

3. **Consider TechRadium, Inc. proposal and take appropriate action.** The President recognized Mr. Riely, who apologized for TechRadium's failure to respond to communications by the District and SWWC. The President stated that it is not the Board's job to facilitate data migration and recommended not proceeding with acceptance of the TechRadium, Inc. offer to use the service one year free of charge until the communication issue is resolved. Ms. Falke stated that SWWC is ready to provide the data to TechRadium; however, TechRadium has informed SWWC that it does not want the data because it is out of date and missing

telephone numbers. Mr. Riely stated that TechRadium requires at least one telephone number and that the telephone number can be obtained from the regional 911 database for a small fee. Ms. Falke stated that TechRadium sent letters to residents in another SWWC utility district to collect contact information and load the data for no charge to the utility district. Mr. Riely stated that the letters achieved some data collection for the utility district. Mr. Riely stated that he would follow up on the data migration with SWWC. No action was taken on this item.

4. **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 #7318, payable to the District's Tax Account, is for a resident that paid his taxes to SWWC by mistake. Ms. Matuska noted that the amount on the check payable to the West Harris County Regional Water Authority will be completed upon receipt of the pumpage report.

Upon motion by Director Greer, seconded by Director Price, 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. 7300 through 7323 from the General Operating Fund in the amounts, to the persons, and for the purposes listed in the Bookkeeper's Report.

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 "C." Ms. Rodriguez reported that the District has collected 10% of its 2010 taxes.

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 approve the Tax Assessor and Collector's Report and to authorize payment of check nos. 1306 and 1307 from the Tax Account in the amounts, to the persons, and for the purposes listed in such report.

6. **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, a copy of which is attached hereto as Exhibit "D."

Mr. Demel reported that 12,352,000 gallons of water were purchased from the West Harris County Regional Water Authority ("WHCRWA") during the month of November. Mr. Demel reported that no water was pumped from Water Plant #1 because SWWC is awaiting the repair of the soft start on the well motor. He reported that water accountability was 106% for November.

Mr. Demel reviewed the maintenance and repairs performed by SWWC. He reported that SWWC performed the annual infrared survey at Water Plant #1. Mr. Demel reported that SWWC performed the preventative maintenance on the chlorinator and inspected the fluoridation and polyphosphate equipment at Water Plant #1. He reported that SWWC repaired the Water Plant #1 well motor soft start.

Mr. Demel reported that SWWC excavated and repaired a main line break at 18055 Partridge Green Drive. The President noted that there was a main line break at that same location a couple years ago. He requested that SWWC monitor the location for repair frequency. Mr. Demel stated that he would research previous repairs at that location.

Mr. Demel reported that SWWC performed four Phase 2 sanitary sewer point repairs.

Mr. Demel reported that Deggs Service has provided a proposal for replacement of the lift station pump stands at a cost of \$5,000. He reported that the cost includes fabrication, galvanization and installation of the lift stands. The Board discussed whether galvanizing the pump stands was the optimal method.

Director Greer reported that he reviewed the Joe Ochoa Roofing, Inc. proposal of \$5,380 for replacement of the water well #1 control room roof and noted that the cost was satisfactory.

Upon review of the lift station pump times, Director Phelps requested further breakdown of the pump times, if possible.

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 accept the Operations Report, to make necessary repairs, to terminate service to those accounts listed on the Delinquent List, to approve the Deggs Service proposal for replacement of the lift station pump stands at a cost of \$5,000, to approve the blasting and repainting for lift station #1 at a cost of \$1,850 and lift station #2 at a cost of \$1,700, and to approve the Joe Ochoa Roofing, Inc. proposal of \$5,380 for replacement of the water well #1 control room roof.

**7. 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 "E." Mr. Wempe reviewed the Jackrabbit Public Utility District ("Jackrabbit PUD") letter regarding implementation of the sanitary sewer flow monitoring, included in the Engineer's Report. Mr. Wempe noted that the letter stated that the flow monitoring costs would be allocated evenly among the participants instead of the usual pro rata allocation. The Board discussed the terms of the Waste Disposal Contract with Jackrabbit PUD which specifies that the District pay costs on a pro rata basis. The President requested that Mr. Wempe attend the Jackrabbit PUD meeting next week.

Mr. Wempe reported on the water well #2 capping. He reported that all work has been completed except for removal of the electrical facilities. Mr. Wempe presented to the Board the Hudson Energy ESI ID Delete Modification Submission Form ("Modification Form"), included in the Engineer's Report. He reported that the Modification Form had to be signed and submitted with the early termination payment to initiate the process of the removal of the electrical facilities. Director Phelps suggested modifying the electrical service to that location to a single phase residential service to reduce the monthly charge and have the transformer removed, and remove the remaining electrical elements once the contract terminates.

Mr. Wempe reported that it will cost approximately \$3,500 for AECOM to update the District's utility maps with 2010 aerial photographs, valves and manhole numbers, lot addresses and SWWC manhole and valve notes. The President requested that the Deerfield Village Community Association receive an updated District plan set.

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 Engineer's Report, to authorize Director Phelps to research the option of modifying the electrical service to water well #2 to a single phase residential service and to approve execution of the Modification Form and payment of the early termination charge of approximately \$2,446 if Director Phelps deems it is not possible to proceed with modification of the electrical service to water well #2, and to approve AECOM updating the District's utility maps and printing for an estimated cost of \$3,500.

8. **Discuss Early Termination Charge for the Harris County MUD #136 meter at 8055 Barker Cypress and take appropriate action.** This item was covered under the Engineer's Report.

9. **Renew District Insurance.** The President opened discussion to the Insurance Proposals by Highpoint Insurance Group, L.L.C. and Harco Insurance Services, copies of which are attached hereto as Exhibits "F" and "G," respectively.

Upon motion by Director Price, seconded by Director Phelps, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Insurance Proposal by Highpoint Insurance Group, L.L.C. with the same coverage as last year.

10. **Indemnification of Directors.** Ms. Deitrick reported that the Directors had the option to approve indemnification of the Board for losses arising from the directors carrying out their lawful duty, to the extent that such losses are not otherwise covered by insurance. No action was taken on this item.

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

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

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

14. **Report on WHCRWA monthly meeting.** The Board discussed the November 17, 2010 town hall meeting.

15. **Article for DVCA Newsletter.** Director Singleton stated that he would compose the Deerfield Village Community Association Newsletter article. The President suggested including mention of the testing of the WHCRWA water and the WHCRWA rate increase in January 2011. Director Singleton mentioned referencing the Houston Chronicle article on La Nina and the drought in Texas.

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

17. **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 January 13, 2011.

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President, Board of Directors

ATTEST:

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Secretary, Board of Directors

(DISTRICT SEAL)

