

MINUTES OF MEETING OF BOARD OF DIRECTORS
April 14, 2011

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 special session, open to the public, at 4045 Deerfield Village Drive, Houston, Texas at 5:30 p.m. on April 14, 2011; 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, except Directors Singleton and Phelps. Also attending all or parts of the meeting were Mr. Jason Demel 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. Bob Wempe of AECOM, 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 March 10, 2011, 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 March 10, 2011, as presented.

2. **Comments from Residents.** Director Price asked if there was a way the District could provide free water to the residents who wanted to water the trees planted by Harris County Flood Control District ("HCFCD") along the Deerfield Village greenbelt. It was the consensus of the Board to send a letter to HCFCD requesting that the trees be watered. Director Price stated that he would compose the letter to HCFCD for the President's signature.

The President reported that a resident contacted him regarding a possible donation to Wilson Elementary School for replacement of the playground equipment. The President reported that he asked the resident to confirm the school principal would accept such donation before the Board considers such a request.

Director Price noted that there is standing water along the perimeter fence of the elementary school, which should be investigated for a possible leak.

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 receipt of the groundwater certificates payment, insurance claim payment for the water well motor and soft start, and the refund from AT&T for the two lines disconnected. She noted that her report includes payment to Accutest for the full panel analysis and Pay Estimate #2 to Layne Christensen Company for the water well no. 2 capping.

Upon review of the budget, the Board discussed whether the Flow Monitoring Study expenses should be included with the Jackrabbit Road Public Utility District ("Jackrabbit") Wastewater Treatment Plant Improvements. Ms. Matuska reported that she can use a separate code for the Flow Monitoring Study expense without amending the budget. It was the consensus of the Board for Ms. Matuska to use a separate code for the Flow Monitoring Study expense.

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. 7388 through 7412 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 97.4% of its 2010 taxes. Ms. Rodriguez reported that the delinquent statements will be sent next month notifying the taxpayers of the additional 20% penalty effective July 1, 2011.

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 approve the Tax Assessor and Collector's Report, and to authorize payment of check nos. 1326 through 1329 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 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 14,201,000 gallons of water were purchased from the "WHCRWA" and 91,000 gallons were produced at Water Plant No. 1 during the month of March. He reported that the preventative maintenance schedule for the polyphosphate equipment has been revised from quarterly to annually.

Mr. Demel reviewed repairs included in the March invoice and repairs that will be invoiced in the future. He reported that SWWC performed preventative maintenance on the

Water Plant No. 1 fluoridation equipment. Mr. Demel reported that SWWC will perform the annual load test of the generators in preparation for hurricane season. He reported that SWWC replaced 32 water meters registering over one million gallons of usage.

Mr. Demel reported that he found no regulations on prohibited colors for bollards. It was the consensus of the Board to paint the bollards around the three subject fire hydrants dark green, similar to the color used by the WHCRWA on the bollards in the District.

Mr. Demel reported that SWWC will televise the sanitary sewer line at 4134 Deerfield Village Drive due to repeated backups that have occurred in the area, indicating a potential issue.

The President reported that the curb area by the fire hydrant at Oak Hampton Drive and Deerfield Village Drive is always damp and should be inspected for a possible leak.

Mr. Demel reported that another check valve at the lift station needs to be replaced. He reported that the lift station pump has been pulled due to improper operation. Mr. Demel requested Board authorization to repair the lift station pump at a cost of \$4,498. He reported that it would cost approximately \$14,000 to replace the lift station motor.

Mr. Demel reported that 14 commercial meters were tested and only one was found to be under-registering. He reported that an eight-inch water meter at Clay Road and Deerfield Village Drive was registering at 88.5%. Mr. Demel reported that it would cost \$1,600 to repair the water meter. Discussion ensued on what is being served by the eight-inch meter. Mr. Demel stated that he would follow-up on what is receiving water from the eight-inch meter and the confirm the meter location.

Upon review of the Commercial Usage Report, Mr. Demel reported that the commercial accounts not in the District are for wastewater treatment; however, SWWC uses the water usage to bill the out-of-District commercial accounts for wastewater treatment.

Mr. Demel reviewed with the Board the Annual Red Flag Compliance Report, a copy of which is included in the Operations Report. He reported that there were no serious incidences and no material changes in the policy.

Mr. Demel presented to and reviewed with the Board the draft Consumer Confidence Report, a copy of which is attached hereto as Exhibit "E."

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 Operations Report, to make necessary repairs, to terminate service to those accounts listed on the Delinquent List and to approve the lift station pump repair at a cost of \$4,498.

6. Review Engineer's Report and take appropriate action on engineer's recommendations. The President recognized Mr. Demel, who reported on the break in the main waterline underneath the tree by the Deerfield Village Community Association ("DVCA") marquee. He reported that it will cost approximately \$1,200 to \$1,500 to repair the waterline. Mr. Demel reported that it will cost approximately \$1,800 to remove the existing tree and

approximately \$3,000 to plant a six-inch diameter tree. Mr. Wempe reported that one option would be to leave the tree intact and bore deeper underneath the tree, which would cost approximately \$10,000. Mr. Wempe reported that another option would be to re-route the waterline in order not to disturb the tree. He reported that more waterline would be required for the re-route. Mr. Wempe reported that a re-route would also require acquiring easements, which would require a survey and City of Houston plan approval. He estimated that the easement and plan approval would cost \$5,000 and take a couple of months. It was the consensus of the Board to keep the tree intact and proceed with the option of boring deeper along the current waterline. The President requested a proposal for the repair to share with the DVCA in order to keep the community informed.

Mr. Wempe presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "F." He reported that the Jackrabbit Wastewater Treatment Plant Improvements are under design and expected to be complete in August. Mr. Wempe reported that construction may begin by the end of the year. He reported that the Flow Monitoring Study will require at least a few significant rain events.

Mr. Wempe asked the Board if it wanted to proceed with televising Phase III of the Sanitary Sewer Rehabilitation. He noted that the Sanitary Sewer Rehabilitation televising schedule is included in the Report and that Phase III consists of 10,458 linear feet. It was the consensus of the Board to have SWWC proceed with televising the Sanitary Sewer Rehabilitation, Phase III.

Director Price reported that the West Harris County Regional Water Authority ("WHCRWA") bollards in the District are beginning to peel. Mr. Wempe stated that he would notify the WHCRWA of the peeling bollards.

Director Price reported that the Wilson Elementary School meter vault panel is significantly rusting. Mr. Demel reported that the panel was painted when the lock was replaced a few months ago. Mr. Demel reported that he would arrange for painting of the meter vault cover panel.

Upon motion by Director Price, seconded by Director Greer, after full discussion and the question being put to the Board, the Board voted to approve the Engineer's Report and to authorize SWWC to televise Sanitary Sewer Rehabilitation, Phase III.

7. Review Status Report on Subcommittee Recommendations on Water Rates, Amend Rate Order for delinquency procedures and take appropriate action. The President recognized Ms. Deitrick, who presented to and reviewed with the Board the Order Amending and Restating Order Setting Water and Sewer Service Rates, Establishing Tap Fees, Adopting Rules and Regulations Concerning District's Waterworks and Sanitary Sewer System, and Establishing Policy with Respect to Fire Hydrants, Manholes, Meter Boxes, and Clean-Out Valves ("Amended Rate Order"), a copy of which is attached hereto as Exhibit "G." She reported that the Amended Rate Order requires the customer to pay all delinquent balances to prevent water termination.

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 Amended Rate Order.

8. **Jackrabbit Road Public Utility District matters and take appropriate action.** No action was taken on this item.

9. **Update on Immediate Response Information System and take appropriate action.** Director Price reported that Director Phelps and himself will be trained on the TechRadium Immediate Response Information System ("IRIS").

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

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

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

13. **Article for DVCA Newsletter.** The President stated that he would compose the Deerfield Village Community Association Newsletter article and note the change in the Rate Order for delinquent accounts.

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

15. **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 May 12, 2011.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)

