

MINUTES OF MEETING OF BOARD OF DIRECTORS
May 12, 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 regular session, open to the public, at 4045 Deerfield Village Drive, Houston, Texas at 6:00 p.m. on May 12, 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. Also attending all or parts of the meeting were Mr. Jason Demel of SouthWest Water Company ("SWWC"), operator for the District; Ms. Rose Montalbano 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 April 14, 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 April 14, 2011, as presented.

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

3. **Review Bookkeeper's Report and authorize payment of bills.** Ms. Montalbano presented to and reviewed with the Board the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "B." Ms. Montalbano reported that check #7427 to Water Lily Press, Inc. is for the sponsor education program and check #7436 to Penn Credit is for Penn Credit's fee, which is a percentage of recovered utility service receivables by the collection agency.

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 Bookkeeper's Report, and to authorize payment of check nos. 7413 through 7437 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 97.5% of its 2010 taxes. Ms. Rodriguez reported that the delinquent statements were sent this week notifying the taxpayers of the additional 20% penalty effective July 1, 2011.

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 approve the Tax Assessor and Collector's Report, and to authorize payment of check nos. 1330 through 1332 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 19,016,000 gallons of water were purchased from the West Harris County Regional Water Authority ("WHCRWA") and 107,000 gallons were produced at Water Plant No. 1 during the month of April.

Mr. Demel reviewed the maintenance and repairs performed by SWWC. He reported that SWWC performed the preventative maintenance on the Water Plant four booster pumps and air compressor. Mr. Demel reported that booster pump #1 has been removed and provided to the vendor for repair.

Mr. Demel reported that he inspected the curb area by the fire hydrant at Oak Hampton Drive and Deerfield Village Drive for a possible leak and determined that the dampness is related to an irrigation system. He reported that SWWC replaced 14 water meters registering over one million gallons of usage.

Mr. Demel reported that SWWC performed the final three Phase 2 sanitary sewer point repairs. He reported that SWWC replaced the Lift Station #1 dry well sump pump. Mr. Demel reported that SWWC repaired the Lift Station #2 lift pump #2 check valve.

Mr. Demel reported that the lift station increased electricity usage is because of the advanced age of the lift station and the check valve failures. He reported that the worn propellers in the lift station operate less efficiency, which increases electricity usage. Mr. Demel reported that the check valves have been repaired.

Mr. Demel asked the Board whether to retain the Scheduled Maintenance and Repair Timetable in the Operations Report. The Board asked that the Scheduled Maintenance and Repair Timetable contain additional items.

Upon review of the Daily Pumpage Report, Mr. Demel reported that the District will never meet the Drought Contingency Plan threshold because it receives surface water from the West Harris County Regional Water Authority ("WHCRWA"). The Board asked that Mr. Demel research drought contingency plan thresholds for other utility districts on surface water.

Mr. Demel reported that the eight-inch water meter at Clay Road and Deerfield Village Drive registering at 88.5% serves Deerfield Park. He reported that SWWC tests the District's fourteen commercial meters annually. Mr. Demel reported that it will cost approximately \$1,500 to \$1,600 to repair the under-registering meter at Clay Road and Deerfield Village Drive. The Board requested that Mr. Demel provide ample notice to the Deerfield Park association management company prior to the repair with the date and time window for potential loss of water service, even if loss of water service is not anticipated. The Board discussed reviewing the Water Supply Contract with Deerfield Park to determine if the repair cost is Deerfield Park's responsibility.

Mr. Demel reported that the Phase 2 sanitary sewer point repair at 18122 Hollywell Drive was necessitated by a root ball dislodging the connection to the main sanitary sewer line. He reported that the dislodgement was discovered by the sanitary sewer line televising.

Mr. Demel reported that the Wilson Elementary School meter vault panel will be sanded and painted with a rust-proof paint.

The President reported that the Deerfield Village Community Association ("DVCA") requested a message on the water bill for residents to update their contact information with the DVCA. Mr. Demel stated that he would provide the President the message length limit so the DVCA can prepare the message.

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, to terminate service to those accounts listed on the Delinquent List and to approve repair of the eight-inch water meter at Clay Road and Deerfield Village Drive at an approximate cost of \$1,600, to be billed to Deerfield Park if the Water Supply Contract permits.

6. **Approve Consumer Confidence Report.** The President recognized Mr. Demel, who requested Board authorization to distribute the draft 2010 Drinking Water Quality Report provided at the last Board meeting.

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 approve the 2010 Drinking Water Quality Report.

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 at Deerfield Village Drive and Heathersage Drive. He reported that Mr. Wempe, the District engineer, obtained proposals to keep the tree intact, bore deeper along the current waterline,

install the new waterline and connect to the fire hydrant. Mr. Demel reviewed three proposals for the repair, Crostex Construction, Inc. in the amount of \$15,500, SWWC in the amount of \$18,000 and Kenneth Lamb Construction in the amount of \$20,500. Mr. Demel reported that the fire hydrant is currently not functioning. Director Greer stated that a black bag should be placed over the non-functioning fire hydrant. Mr. Demel reported that the sidewalk will not be disturbed for the proposed repair. Mr. Demel reported that the proposals do not include sodding installation after the repair, which will be performed by SWWC. He recommended award of the project to SWWC because it has a vested interest in the District's water distribution system and has a proven history of exemplary service to the District. The Board discussed alternatives to retaining the tree.

Upon motion by Director Phelps, seconded by Director Price, after full discussion and the question being put to the Board, the Board voted unanimously to award the waterline repair at Deerfield Village Drive and Heathersage Drive to Crostex Construction, Inc. in the amount of \$15,500.

7. Review Status Report on Subcommittee Recommendations on Water Rates, Review Rate Order and take appropriate action. No action was taken on this item.

8. Jackrabbit Road Public Utility District matters and take appropriate action. Mr. Demel reported that Jackrabbit Road Public Utility District has not proceeded with the Flow Monitoring Study, which will require a few significant rain events to be informative.

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") via the Internet. He reported that he will research the TechRadium mailers for residents to update their contact information.

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

11. Resolution Authorizing Charging Personnel Costs for Public Information Requests. The President recognized Ms. Deitrick, who presented to and reviewed with the Board the Resolution Authorizing Charging Personnel Costs for Public Information Requests (the "Resolution"), a copy of which is attached hereto as Exhibit "E." Ms. Deitrick reported that the Resolution establishes that the District may recover personnel costs if greater than 36 hours of personnel time is used on an open records request by a single requestor.

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.

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 DVCA Newsletter article and include the waterline repair beneath the DVCA tree and the need for water conservation during these drought conditions.

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.

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The above and foregoing minutes were passed and approved by the Board of Directors on June 9, 2011.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)

