

MINUTES OF MEETING OF BOARD OF DIRECTORS
June 9, 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 June 9, 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 Polansky and Singleton. 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., engineer for the District; Ms. Ginny Buschbom and Ms. Samantha Lacwell of the Peggy Wilson Elementary Playground Committee, and Ms. Yvette Deitrick of Fulbright & Jaworski L.L.P. ("F&J"), paralegal for the District.

Call to Order. The Vice 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 12, 2011, previously distributed to the Board, were considered for review and approval. 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 minutes of the meeting of May 12, 2011, 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 check #7446 to Crostex Construction, Inc. is for the main waterline repair on Deerfield Village Drive, check #7451 to McCall Gibson Swedlund Barfoot is for Director Price's investment training to comply with the Public Fund Investment Act, and check #7452 to McCall Gibson Swedlund Barfoot is for the interim audit invoice.

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. 7438 through 7459 from the General Operating Fund in the amounts, to the persons, and for the purposes listed in the Bookkeeper's Report.

4. Review Operations Report, authorize repairs, and authorize termination of services to delinquent accounts. The Vice 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 "C."

Mr. Demel reported that 22,051,000 gallons of water were purchased from the West Harris County Regional Water Authority ("WHCRWA") and 1,422,000 gallons were produced at Water Plant No. 1 during the month of May. He reported that water accountability for May was 102.1%.

Mr. Demel reviewed the maintenance and repairs performed by SWWC. He reported that SWWC arranged load bank testing of the District's generators in preparation for hurricane season. Mr. Demel reported that SWWC replaced worn electrical wiring at the ground storage tank. He reported that SWWC is repairing the fire hydrants identified in the recent fire hydrant survey. Mr. Demel reported that SWWC performed a dye test of the depression at 18118 Shireoak Drive. He reported that infiltration into the storm system was detected and that Harris County was notified of the issue.

Mr. Demel reviewed the Delinquent List with the Board. He reported that only seven accounts remain unpaid. Mr. Demel reported that the new policy for delinquencies begins this month.

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 Operations Report, to make necessary repairs, and to terminate service to those accounts listed on the Delinquent List.

5. Review Tax Assessor and Collector's Report and authorize payment of bills. The Vice 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 98.2% of its 2010 taxes.

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 approve the Tax Assessor and Collector's Report, and to authorize payment of check nos. 1333 through 1337 from the Tax Account in the amounts, to the persons, and for the purposes listed in such report.

6. Review Drought Contingency Plan and take appropriate action. Mr. Demel reported that the District should have sufficient water capacity to meet customer demand with the surface water provided by the West Harris County Regional Water Authority ("WHCRWA") and the District's water well. The Board discussed the WHCRWA's plan to provide water to high priority utility districts, those without water wells, and the fact that

implementation of the WHCRWA Drought Contingency Plan is not foreseen in the near future. Director Phelps asked about restrictions in the maximum amount of water the District can produce from water well #1, per the contract with WHCRWA. Mr. Demel stated that he would research the matter further.

7. Review Engineer's Report and take appropriate action on engineer's recommendations. The Vice 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 reported that Jackrabbit Road Public Utility District ("Jackrabbit") has installed the flow monitoring equipment onto the District's facilities.

Mr. Wempe reported that the Deerfield Village Drive waterline repair is complete.

Mr. Wempe reported that SWWC continues the Sanitary Sewer Rehabilitation, Phase III, televising. Mr. Wempe reported that he will prioritize repairs of the sanitary sewer lines upon completion of the televising.

Mr. Wempe reported on options to create an additional waterline source for Deerfield Village, Section Six. He reported that installing approximately 1,500 feet of waterline along Keith Harrow Boulevard to Deerfield Village, Section Six, would add a second source of water for the subdivision in case a waterline breaks. He estimated that the additional waterline would cost between \$150,000 and \$200,000. Mr. Wempe reported that easement acquisition may be required for such installation. He reported that the location of the waterline break may still preclude the subdivision from receiving water. Mr. Wempe reported that another option would be the installation of small waterlines to the subdivision. He reported that such a plan would necessitate approval by the City of Houston. Mr. Wempe reported that he would prepare a cost estimate of the installation of small waterlines to the subdivision and discuss the issue with the City of Houston.

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

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

10. Update on Immediate Response Information System and take appropriate action. No action was taken on this item.

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

12. Update on selling water conservation credits and take appropriate action. Ms. Deitrick reported that the District received an offer of \$1.25 per 1,000 gallons for 5,000,000 of Groundwater Credits, Series B. 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 offer of \$1.25 per 1,000 gallons for 5,000,000 of Groundwater Credits, Series B.

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

14. **Article for DVCA Newsletter.** Director Phelps stated that he would compose the DVCA Newsletter article.

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.

Director Price left the meeting.

17. **Peggy Wilson Elementary Playground Committee request for support and any necessary action.** Ms. Buschbom and Ms. Lacwell reviewed with the Board the goals for the Peggy Wilson Elementary playground, including improved drainage and new playground equipment.

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 14, 2011.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)

