

MINUTES OF MEETING OF BOARD OF DIRECTORS  
November 10, 2011

THE STATE OF TEXAS  
COUNTY OF HARRIS  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 136

The Board of Directors (the "*Board*") 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 10, 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. 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; Ms. Kim Courte of Highpoint Insurance Group; Mr. Adam Rodriguez, District resident; 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 13, 2011, 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 October 13, 2011, as presented.

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

3. **Interlocal Agreement for Recreational Facilities for Peggy Wilson Elementary Playground Improvements and any necessary action.** This item was deferred.

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." The Board asked if Jackrabbit Road Public Utility District ("Jackrabbit") sanitary sewer monitoring data was available and if it was known when the cash call would occur for the Jackrabbit Wastewater Treatment Plant Improvements. The President

asked if Jackrabbit would have to extend the sanitary sewer flow monitoring contract. Mr. Wempe stated that he would contact the Jackrabbit engineer to obtain this information.

Ms. Matuska reviewed the Quarterly Investment Report, included in the Bookkeeper's Report.

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 Bookkeeper's Report, to authorize payment of check nos. 7557 through 7581 from the General Operating Fund in the amounts, to the persons, and for the purposes listed in the Bookkeeper's Report, and to approve the Quarterly Investment 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 98.92% of its 2010 taxes and 4.275% of its 2011 taxes.

Ms. Rodriguez reported that the resident requesting the installment plan two months ago did not respond to her letter regarding a payment plan or make a payment. Ms. Rodriguez reported that she notified the delinquent tax attorney to attempt collection from the delinquent taxpayer.

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 approve the Tax Assessor and Collector's Report, and to authorize payment of check nos. 1354 through 1356 from the Tax Account in the amounts, to the persons, and for the purposes listed in such report.

**6. Convene Public Hearing to tax goods in transit.** The President convened the public hearing to tax goods in transit. There were no comments. The hearing was closed.

**7. Adopt Resolution Authorizing Taxation of Goods in Transit.** Ms. Rodriguez reported that recent legislation provides for an exemption of newly defined goods-in-transit in public warehouses beginning with the 2012 tax year. She stated that a taxing unit may exercise a local option to tax goods-in-transit in public warehouses that are otherwise exempt if a public hearing is held, and the governing body thereafter passes an order to tax such property.

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 adopt the Resolution Approving Taxation of Goods-in-Transit that are Otherwise Exempt from Taxation under Section 11.253, Texas Tax Code, a copy of which is attached hereto as Exhibit "D."

**8. Harris County Appraisal District Board of Directors ballot.** The President recognized Ms. Rodriguez, who reported that the Board may vote for a director for the Harris County Appraisal District Board of Directors. This item was deferred.

9. **Renew District Insurance.** Ms. Courte presented to and reviewed with the Board the Highpoint Insurance Group, L.L.C. Insurance proposal, a copy of which is attached hereto as Exhibit "E." Ms. Courte explained that the equipment breakdown deductible increased to \$25,000 due to the District's claim history. She reported that the District has received approximately \$147,000 from claims made since 2002. The Board noted that the District is now providing mostly surface water and the water well equipment is not used as much as it was when the District was providing only groundwater. The Board asked Ms. Courte to attempt to negotiate a higher premium for a decrease in the equipment breakdown deductible. No action was taken on this item.

10. **Indemnification of Directors.** No action was taken on this item.

11. **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 "F." Mr. Demel reported that Deerfield Park paid for the meter repair. He reported that Ms. Matuska's meter registered 761,000 gallons of usage.

Mr. Demel reported that 17,815,000 gallons of water were purchased from the West Harris County Regional Water Authority ("WHCRWA") and 49,000 gallons were produced at Water Plant No. 1 during the month of October. He reported that water accountability for October was 102.69%.

Mr. Demel reviewed the maintenance and repairs performed by SWWC. He reported that the infra-red survey of the Master Control Center ("MCC") at the Water Plant is the most important diagnostic test that may be performed to prevent breakdown. Mr. Demel reported that the infra-red survey of the MCC and at the District's two lift stations was performed this month. He reported that SWWC winterized the District's facilities. Mr. Demel reported that SWWC continues the sanitary sewer line televising. He reported that SWWC replaced 41 water meters registering over one million gallons of usage in October.

Upon review of the Daily Pumpage Report, Director Phelps asked why the water well gallons per minute ("gpm") was 1,003 when the recent water well test showed 876 gpm. Mr. Demel reported that the report will be updated with the current pumping capacity. The Board informed Mr. Demel that the District has a submersible pump, contrary to what the insurance proposal facilities form stated. Director Singleton stated that he would notify Ms. Courte that the District has a submersible pump, and he will email to her a copy of the Operations Report.

Upon review of the Lift Station #2 report, Mr. Demel reported that SWWC is investigating potential reasons for the unusually long run times.

Upon review of the Delinquent List, Mr. Demel reported that due to the change in software, the Delinquent List is longer because it includes customers that were delinquent but have since paid.

Mr. Demel reviewed the SWWC procedure for managing a low water pressure complaint. The President asked that Mr. Demel arrange for SWWC to test the water pressure at

approximately fifty locations in the District to plot the low water pressure points in the District. Director Phelps asked Mr. Wempe to identify the low water pressure points in the District. Director Phelps asked that Mr. Demel research temporary water pressure recording equipment that could be used for customers complaining of low water pressure.

Mr. Demel presented to and reviewed with the Board the GM Services water well performance test results, a copy of which is attached hereto as Exhibit "G." He reported that the water well submergence has decreased approximately 62 feet to 87 feet of submergence.

Mr. Demel reviewed SWWC's meter re-read procedures. He reviewed the summary of District calls. The President requested that the summary of District calls be included in the monthly Operator's Report.

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

**12. Discuss date for tour of District facilities, West Harris County Regional Water Authority pumping station and Jackrabbit Public Utility District wastewater treatment plant.** It was the consensus of the Board to tour the District facilities, West Harris County Regional Water Authority pumping station and Jackrabbit Public Utility District wastewater treatment plant on December 3, 2011, beginning at 9:00 at the Water Plant, 18322 Harrow Hill Drive, Houston, Harris County, Texas, 77084.

**13. Review Engineer's Report, Master Control Center replacement, Jackrabbit Road Public Utility District matters, and take appropriate action on engineer's recommendations.** The President recognized Mr. Wempe, who estimated that replacement of the MCC would cost approximately \$175,000 to \$225,000. He reported that the current MCC is the original equipment for the District. Mr. Wempe reported that it is not feasible to only replace certain MCC components. Mr. Demel reported that there is no programmable logic controller and the equipment is pressure sensitive. Mr. Wempe stated that there is little risk of complete failure of the MCC at one time. Director Greer asked if the District should set aside funds each month for the eventual MCC replacement. Mr. Demel reported that there is air conditioning in the Water Plant control building. No action was taken on this item.

**14. Cy-Fair Volunteer Fire Department request for geographic information system data.** The Board reviewed the Cy-Fair Volunteer Fire Department request for the District's fire hydrant and water main systems geographic information system data, a copy of which is attached hereto as Exhibit "H." The Board asked that Mr. Wempe contact the Cy-Fair Volunteer Fire Department and provide the requested data.

The President asked when the fire hydrants were last painted. He noted that the fire hydrant by Randall's, where the bollards were recently installed, is in need of painting. Mr. Demel reported that he would provide a proposal for painting of the District's fire hydrants at the next Board meeting and determine when the fire hydrants were last painted.

15. **Review Drought Contingency Plan and take appropriate action.** The President reported that he would meet with Director Singleton to discuss revisions of the Drought Contingency Plan. The Board discussed whether to remove the District's water conservation signs. It was the consensus of the Board to remove the water conservation signs at this time. The Board asked that Mr. Demel have the two-sided water conservation signs made.

16. **Exercise Stations for the greenbelt with DVCA and take appropriate action.** The President reported that reported that the details are still being finalized with the Deerfield Village Community Association. No action was taken on this item.

17. **Consider Changing Date for Director Elections pursuant to Senate Bill 100.** The President recognized Ms. Deitrick, who reported that Senate Bill 100 allows for utility districts to change the directors election date from May 2012 to November 2012 or May 2013. She reported that if a utility district has a November 2012 election, it would provide the opportunity for a joint election with Harris County, which would relieve the District of lining up a polling location and election judges every two years. Ms. Deitrick reported that the Board should decide by the end of 2011 whether to change its election date. The Board discussed the advantages and disadvantages of the different election date options. No action was taken on this item.

18. **U.S. Department of Commerce 2011 Government Units Survey and any necessary action.** Ms. Deitrick reported that the U.S. Department of Commerce Survey is voluntary and asked the Board whether F&J should complete the survey. It was the consensus of the Board not to incur the cost for completion of the voluntary survey.

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

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

21. **Report on WHCRWA monthly meeting.** Director Price reported that the WHCRWA board did not satisfactorily provide a reason for the water rate increase at the town hall meeting. The President concurred that the difficult questions raised at the meeting were left unanswered.

22. **Article for DVCA Newsletter.** Director Singleton stated that he would compose the DVCA Newsletter article and include water conservation and that the upcoming WHCRWA water rate increase is not the District.

23. **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 December 8, 2011.

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President, Board of Directors

ATTEST:

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Secretary, Board of Directors

(DISTRICT SEAL)

