

MINUTES OF MEETING OF BOARD OF DIRECTORS  
January 8, 2009

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 January 8, 2009; whereupon the roll was called of the members of the Board, to wit:

Neil Polansky, President  
Jim Hewlett, Vice President  
Harry Price, Second Vice-President  
Jay Singleton, Secretary  
Barry Greer, Assistant Secretary

**Persons Attending.** All members of the Board were present. Also attending all or parts of the meeting were Ms. Cathy Falke of Southwest Water Company (SWWC) operator for the District; Ms. Fran Matuska of FMatuska, Inc, bookkeeper for the District; Ms. Michelle Guerrero of Bob Leared Interests ("BLI"), tax assessor and collector for the District; Mr. Robert Devillier of AECOM, engineers for the District, Mr. Jerry Levy with Harco Insurance Services, and Ms. Kimberly Courte with Highpoint Insurance Group.

**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".

**Agenda Item 1. Minutes.** Proposed minutes of the regular meeting of December 11, 2008, previously distributed to the Board, were considered for review and approval. Upon motion by Director Price, seconded by Director Hewlett, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the regular meeting of December 11, 2008.

**Agenda Item 2. Comments from Residents.** Speaking as a resident, Director Price commented on the condition of sidewalks in the subdivision.

**Agenda Item 4. Tax Assessor and Collector's Report.** The President recognized Ms. Guerrero who presented to and reviewed with the Board the report, a copy of which is attached hereto as Exhibit "C". She reported that 66% of the 2008 taxes and 98% of 2007 taxes have been collected. In response to a question concerning an aerial photo survey, she stated that the last one was done in June of 2005. She estimated the cost of a new survey to approximately \$450.00.

Upon motion by Director Price, seconded by Director Hewlett, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Tax Assessor and Collector's Report, to authorize payment of check nos. 1190 to 1193 from the Tax Account in the amounts, and to the persons, and the purposes listed in such report and to obtain a new aerial survey of the District.

**Agenda Item 5. Consider Property Tax Exemption.** Ms. Guerrero stated that 200 persons over 65 and 9 handicapped persons received the \$15,000.00 exemption in the 2007 tax year. Upon motion by Director Hewlett, seconded by Director Price, after full discussion and the question being put to the Board, the Board voted unanimously to renew the \$15,000.00 exemption for the 2008 tax year.

**Agenda Item 9. Renew District Insurance.** Mr. Levy presented the insurance proposal from Harco Insurance Services and recommended that the Directors consider increasing the Public Officials Liability coverage from \$1,000,000 to \$2,000,000. He then answered the Directors' questions about his proposal and recommendations. After his departure, Ms. Courte made her presentation. The Directors discussed her proposals. In response to a question concerning the Directors and Officers Liability coverage, she stated that the coverage could be increased to \$2,000,000 at an additional cost of \$600.00. Upon motion by Director Price, seconded by Director Singleton, after full discussion and the question being put to the Board, the Board voted unanimously to accept the insurance coverage proposal from Highpoint Insurance Group, amended to include Directors and Officers Liability coverage of \$2,000,000.00 at an additional cost of \$600.

At this point Director Polansky left the meeting.

**Agenda Item 3. Bookkeeper's Report.** The President recognized Ms. Matuska, who presented to and reviewed with the Board the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "B." She noted that no invoices for construction work on the surface water conversion had yet been received. She reminded the Directors that work needs to begin on the new fiscal year budget at the February meeting.

Upon motion by Director Greer, seconded by Director Hewlett, 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. 6732 to 6754 from the General Operating Fund in the amounts, to the persons, and for the purposes listed in the Bookkeeper's Report.

**Agenda Item 6. Operations Report.** The President recognized Ms. Falke, who presented to and reviewed with the Board the Operations Report and Delinquent List, copies of which are attached hereto as Exhibit "D".

Ms. Falke reported that during the month of December the District's water wells were inspected during each working day to ensure proper operation and produced 11,784,000 gallons of water. Four-month water accountability is 95%.

Concerning the damaged fence along Barker Cypress, Ms Falke said that SWWC is still waiting for Fencecrete Corp. to inform them of a date to start repairs.

Ms. Falke stated that there are no state regulations that would prohibit the use of ant killer around the electrical control panel.

Ms. Falke noted that Director Price had received training on web site maintenance. Director Price stated that he needed to purchase the appropriate software for his computer in order to begin working on the site. He also recommended that SWWC continue to pay and pass through the monthly \$25.00 web hosting fee.

Ms. Falke reminded the Directors about the rust-degraded condition of the hatch on lift station #2. After discussing potential liability for injury, the Directors authorized Ms. Falke to proceed with repairs to the hatch.

Upon motion by Director Singleton, seconded by Director Hewlett, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Operations Report, make necessary repairs, and terminate service to those accounts listed on the Delinquent List.

**Agenda Item 7. Engineers Report.** The President recognized Mr. Devillier, who presented and reviewed the Engineer's Report (Exhibit "E").

Concerning the change to a larger chemical storage tank than the one originally designed, the additional cost for the larger tank and its installation by lifting the building will be \$950.00, to be covered by change order #1.

Concerning the water pipeline construction, Mr. Devillier presented a proposal from HTS, Inc Consultants for testing of the concrete work and recommended its approval by the Directors.

Upon motion by Director Singleton, seconded by Director Hewlett, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Engineer's Report, to approve Change Order #1 to cover the additional \$950.00 cost for the chemical storage tank, and to accept the proposal from HTS, Inc Consultants for concrete testing.

**Agenda Item 8. Review Rate Order and Take Appropriate Action.** Action on this item postponed until the February meeting.

**Agenda Item 10. Indemnification of Directors.** Action postponed until February meeting

**Agenda Item 11. WHCRWA Meeting Report.** WHCRWA meeting to be held on January 14, 2009.

**Agenda Item 12. DVCA Newsletter Article.** Director Singleton will prepare next article.

**Agenda Item 13. Review Agenda Items for Next Meeting.** The agenda will have the regular items as well as “Review Current Rate Order and Take Appropriate Action”, and “Indemnification of Directors”.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

The above and foregoing minutes were passed and approved by the Board of Directors on February 12, 2009.

Original Signed by Neil M. Polansky  
President, Board of Directors

ATTEST: Original Signed by J. J. “Jay” Singleton  
SECRETARY, BOARD OF DIRECTORS

(DISTRICT SEAL)