

MINUTES OF MEETING OF BOARD OF DIRECTORS
January 18, 2007

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 18, 2007; whereupon the roll was called of the members of the Board, to wit:

Steve Dornak, President
Neil Polansky, Vice President
Jim Hewlett, Second Vice President
Jay Singleton, Secretary
Barry Greer, Assistant Secretary

Persons Attending. All members of the Board were present except Director Dornak. Also attending all or parts of the meeting were Ms. Cathy Falke of ECO Resources ("ECO"), operator for the District; Ms. Rose Montalbano of FMataska, Inc, bookkeeper for the District; Ms Patty Rodriguez of Bob Leared Interests ("BLI"), tax assessor and collector for the District; Mr. Robert Devillier of Turner Collie & Braden, Inc. ("TC&B"), engineers for the District, and resident Kathryn Daquilla

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 December 14, 2006, previously distributed to the Board, were considered for review and approval. 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 approve the minutes of the meeting of December 14, 2006 (Exhibit "B")

2. Comments from Residents. Ms. Daquilla requested a reimbursement in the amount of \$249.99 for the cost of a plumber who was called out in response to an ECO notice concerning a water leak that was filling the meter box with water. The Board approved the reimbursement after a review of the details of the matter revealed that the source of that leak was on the District's side of the meter for the adjacent property. Ms. Daquilla also described a problem she is having with HCAD concerning the listing of her property. Ms. Rodriguez agreed to help her resolve the problem.

3. Approve Purchase of Insurance Policy for 2007. Upon a 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 proposal in the amount of \$11,682.00 from The Essential Insurance Group covering insurance requirements for 2007.

4. Bookkeeper's Report. The Vice President recognized Ms. Montalbano, who presented to and reviewed with the Board the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "C." She pointed out that the payment to McDonald Electric was made after confirmation was received that the required modification to the clearance height of the generator trailer has been made. She noted that the most significant item that is over budget year-to-date is the Chemical Feed System. This is due to higher than expected engineering costs. The check making payment for these charges was still being held pending receipt and review of the specific details supporting the charges.

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 accept the Bookkeeper's Report, and to authorize payment of check nos. 6207 through 6235 from the General Operating Fund in the amounts, to the persons, and for the purposes listed in the Bookkeeper's Report.

5. Tax Assessor and Collector's Report. 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." She reported that 98.865% of the 2005 taxes and 64.02% of 2006 taxes have been collected.

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 approve the Tax Assessor and Collector's Report, and to authorize payment of check nos. 1075 and 1082 from the Tax Account in the amounts, to the persons, and for the purposes listed in such report.

6. Operations Report. The Vice 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 "E".

Ms. Falke reported that during the month of December the water wells were inspected during each working day to ensure proper operation and supplied 10,868,000 gallons of water through the end of the month. The 12 month accountability is 95%. She noted that the District will be credited for the reimbursement to Ms. Daquilla.

Ms. Falke investigated the recent repair work at lift station #2. She stated that the need to make 2 repairs with a few feet of each other suggests that an assessment of the lines in the area using a television camera may be needed.

Director Singleton noted that a 2 ½" hitch ball is needed to tow the generator trailer. Ms Falke will see to it that a ball will be available.

Plans for replacing the driveway apron at the water plant were reviewed. It was agreed that this work should be postponed until all other construction work at the plant is finished.

Plans for removing the chainlink fence along the east side of the water plant access road and relocating the gate to a position across the road. Authorization was given for ECO to proceed with this work.

Plans for extending the lift station #1 driveway were reviewed. Authorization was given ECO to proceed with this work as soon as weather and ground conditions permit.

Upon motion by Director Hewlett, seconded by Director Greer, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Operations Report, authorize necessary repairs, authorize the fence work at the water plant, authorize the driveway work at lift station #1, and terminate service to those accounts listed on the Delinquent List.,

7. Authorize Mailing of Chloramines Notice. No action required at this time. Director Polansky noted that he had sent to the Directors an email with a link to a website with information about chloramines. Some of this information should be included in the notice.

8. Amend Rate Order. Since the Rate Order already contains the formula for computing the homeowner charge for the increased WHCRWA fee, no amendment is needed.

9. Engineers Report. The President recognized Mr. Devillier, who presented and reviewed the Engineer's Report (Exhibit "F"). He reviewed with the Directors specific details of the hours worked on the District's account. After reviewing the information, the Directors agreed to release the check for payment of TC&B's invoice. Director Polansky emphasized the need for better communication concerning TC&B's work and better documentation of their charges. He requested that TC&B, prior to the monthly meeting, transmit the engineering report and documented monthly charges by email to the Directors for their review. Mr. Devillier agreed to do this.

10. Review Bids For Storage Building, Award Contract. Mr. Devillier stated that only one response had been received to the rebidding of the contract and that, in spite of some work being deleted from the job scope and the job completion time being extended, the bid price increased. Director Polansky emphasized the need for TC&B to become proactive in finding a solution to this non-competitive bidding situation. He requested a report, as soon as possible, of current bid results from other District's involved in construction for water conversion. Mr. Devillier agreed to do so. Director Greer will investigate the possibility of bidding the building structure separately. The Directors noted the urgency of the situation and agreed that action will have to be taken at the next meeting to assure that the building will be completed by the time the District's interconnect partners start receiving surface water.

11. Security Contract for Deerfield Village. No actions taken

12. Set Date for February Meeting. Directors Greer and Singleton will not be available on Feb 8. The Directors will consult on when a quorum will be available to meet in February.

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 8, 2007

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)