

MINUTES OF MEETING OF BOARD OF DIRECTORS
March 8, 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 March 8, 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 Directors Dornak Also attending all or parts of the meeting were Ms. Cathy Falke of ECO Resources ("ECO"), operator for the District; Ms. Fran Matuska of FMatuska, 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.

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 February 8, 2007, previously distributed to the Board, were considered for review and approval. 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 minutes of the meeting of February 8, 2007 (Exhibit "B")

2. Comments from Residents. There were no resident comments

3. Bookkeeper's Report. The Vice 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 "C."

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 Bookkeeper's Report, and to authorize payment of check nos. 6249 through 6267 from the General Operating Fund in the amounts, to the persons, and for the purposes listed in the Bookkeeper's Report.

4. Adopt budget for fiscal year ending March 31, 2008. After a brief discussion concerning the budget, upon motion by Director Greer, seconded by Director Singleton, the Board voted unanimously to approve the budget for the fiscal year ending March 31, 2008.

5. Engage Auditor for fiscal year ending March 31, 2008. The District's Auditor, Mr. Mike McCall, was not present at the meeting and this issue was tabled until the next regularly scheduled meeting on April 12, 2007.

6. 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 99.1% of the 2005 taxes and 94.46% of 2006 taxes have been collected. Ms. Rodriguez presented a list of the most delinquent taxpayers. She also presented information on a taxpayer who has not followed the terms of a contract for scheduled payments of delinquent taxes.

Director Polansky asked if the contract for the tax attorney had a requirement for annual renewal of the contract. Ms Rodriguez will investigate this matter and provide an answer at the April 12 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 approve the Tax Assessor and Collector's Report, to authorize payment of check nos. 1083 and 1085 from the Tax Account in the amounts, to the persons, and for the purposes listed in such report, and to terminate the payment contract that is in default and bill the delinquent taxpayer for the full amount due plus recalculated interest.

7. Adopt Order Authorizing Exemption from Taxation. After a brief discussion concerning the matter, upon motion by Director Greer, seconded by Director Singleton, the Board voted unanimously to approve the authorization from taxation in the amount of \$15,000.00 for district taxpayers who are handicapped or over 65 years of age.

8. Authorize Additional 20% Penalty. After a brief discussion concerning the matter, upon motion by Director Hewlett, seconded by Director Greer, the Board voted unanimously to approve the authorization of an additional 20% penalty on taxes, penalty and interest remaining delinquent on July 1, 2007.

9. 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 8,821,000 gallons of water through the end of the month. The 12-month water accountability is 95%. She also noted that 20% of the district's customers are utilizing one of the new payment options (credit card, check-by-phone, online).

Ms. Falke presented a copy of the proposed Drinking Quality Report. She noted that the MCL violation verbiage is the same as last year. Results from the 3rd and 4th 2006 test results have not been received. She stated that the report will be mailed in June. Director Greer noted that the Districts meeting time in the report is incorrect. This will be corrected before the report is mailed.

Ms. Falke stated that all the necessary information has been assembled to prepare and submit the application for the Water Smart designation.

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

10. Authorize Mailing of Chloramines Notice. After a brief discussion concerning the matter, upon motion by Director Singleton, seconded by Director Greer, the Board voted unanimously to approve the mailing of the notice April 2.

11. Engineers Report. The Vice President recognized Mr. Devillier, who presented and reviewed the Engineer's Report (Exhibit "F").

Mr. Devillier presented pictures of holes in the wall bordering Randalls. He is attempting to contact the wall manufacturer to determine what should be done to fix the problem. In the mean time, he will work with ECO to devise and install a temporary repair.

Mr. Devillier presented pictures of the collapsed fence belonging to the adjacent property owned by Mr. & Mrs. Tucker. After a brief discussion, the Directors agreed with his assessment that the District had no liability in the matter. ECO will send a letter to the Tuckers informing them of the decision.

Mr. Devillier presented proposals submitted by bidders for different designs for the chemical injection building. After reviewing the proposals, the directors selected the concrete block building proposed by Resource Maintenance & Construction (RMC) as the preferred design. They request that Mr. Devillier contact RMC to submit a revised proposal that deletes items that the District's Operator can handle. Mr. Devillier will submit RMC's revised quote at the next meeting.

12. Accept resignation of Director Dornak, discuss a possible replacements. Upon a motion by Director Singleton, seconded by Director Greer, the Board voted unanimously to accept the resignation of Director Dornak. No applicant names were submitted for discussion.

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 April 12, 2007

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)