

MINUTES OF MEETING OF BOARD OF DIRECTORS  
April 12, 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 April 12, 2007; whereupon the roll was called of the members of the Board, to wit:

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, Mr. Chris Swelund of McCall, Gibson & Co, the District's auditor, Mr. Hal Gordon, tax attorney for the District and residents Harry Price, Bill Gammerdinger, Hal Wolff, and Brent Phelps.

**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 March 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 March 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." She also presented the quarterly investment report. She noted that a new investment officer will have to be appointed at the May meeting.

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. 6268 through 6288 from the General Operating Fund in the amounts, to the persons, and for the purposes listed in the Bookkeeper's Report.

**4. Engage Auditor for fiscal year ending March 31, 2008.** Mr. Swedlund presented a letter of engagement for signature and a fraud questionnaire that did not have to be completed as long as all of the answers were negative. He also proposed an estimated audit budget for 2008 in the range of \$7,750.00 to \$8,750.00. He noted that the figure is higher than it historically has been, due to the increased requirements of GASB 34, as well as the effects of inflation on administrative costs, particularly insurance. 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 letter of engagement for auditor, which is attached hereto as Exhibit "D".

**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 "E." She reported that 99.3% of the 2005 taxes and 95.85% of 2006 taxes have been collected.

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 Tax Assessor and Collector's Report, to authorize payment of check nos. 1091 and 1096 from the Tax Account in the amounts, to the persons, and for the purposes listed in such report.

**6. Engage Tax Attorney.** Mr. Gordon reviewed the current contract, which is ongoing unless cancelled by either party upon 60 days written notice. He presented an amendment to the contract that reflects the fact that the other partner in firm has assigned his interest in the contract to Mr. Gordon, and also to reflect a change in the business address. It was mutually agreed that Mr. Gordon should submit the amendment to the District's legal counsel for review before any further action is taken on it.

**7. 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 "F".

Ms. Falke reported that during the month of December the water wells were inspected during each working day to ensure proper operation and supplied 14,067,000 gallons of water through the end of the month. The 12-month water accountability is 95%. The quarterly production test will be done this month.

Ms. Falke stated that the surface water conversion notice letter to all customers. Also, a letter was sent to the Tucker family denying their claim concerning the collapse of their fence.

Concerning the chemical injection facilities, Ms. Falke said that the foundation has been poured, the associated equipment has been purchased, and the building has been shipped. In response to a question concerning testing procedures for the new chemical treatment, she stated that testing will basically be the same as it currently is. During the ensuing discussion, it was noted that some districts that have completed the conversion have experience rusty water when flushing the lines.

Director Singleton stated that the Deerfield Village Homeowner's Association (DVCA) needs to refill its swimming pool as soon as the pool replastering is done. They are requesting to take fill water from a hydrant, and they also are in need of a hose to do this. Ms Falke stated that ECO could supply a hose. She stated that DVCA or its contractor could rent a meter and be billed for the actual gallons used or give ECO the gallonage capacity of the pool and be billed at that figure. After further discussion it was agreed to authorize DVCA to use hydrant water with the stipulation that the hydrant is to be turned on and turned off only by an ECO operator. A question arose as to whether or not the District could donate the water. Director Polansky will ask the District's legal counsel for an opinion.

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.,

**8. Approve Consumer Confidence Report.** After a brief discussion about the Consumer Confidence Report, 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 Report.

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

Mr. Devillier presented a proposal from Superior Concrete Products to repair the wall bordering Randalls. He has reached an agreement with Randall's to share the cost equally.

Mr. Devillier discussed the results of the resolicitation of bids for the generator garage with modified design. None of the firms contacted wished to bid. A discussion ensued concerning alternate types of buildings that could be used. Director Greer will attempt to locate potential bidders for a concrete block building.

**10. Appoint Chief Investment Officer.** Action on this matter was deferred until the May meeting.

**11. Discuss Vacant Director Position, Schedule Special Meeting Date.** Brief presentations were given by Messrs. Price, Gammerdinger, Wolff, and Phelps concerning their qualifications for the position of director. Afterwards, the Directors decided to hold a special meeting on April 24, 2007 at 7:30 PM to review the presentations and select a replacement director.

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 May 10, 2007.

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President, Board of Directors

ATTEST:

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Secretary, Board of Directors

(DISTRICT SEAL)