

MINUTES OF MEETING OF BOARD OF DIRECTORS
June 14, 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 June 14, 2007; 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 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, Ms.Heather De La Garza of Fulbright and Jaworski, attorneys 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 special meeting of April 24, 2007, previously distributed to the Board, were considered for review and approval. Upon motion by Director Price, 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 April 24, 2007.

Proposed minutes of the meeting of May 10, 2007, previously distributed to the Board, were considered for review and approval. Upon motion by Director Greer, seconded by Director Price, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting of May 10, 2007.

2. Comments from Residents. There were no resident comments

3. Approve Contribution to WHCRWA Community Education Program. 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 participate in the WHCRWA Community Education Program and to approve the sum of \$1000.00 to be

provided to the Program with the specification that it be used to purchase educational materials for Wilson and Watkins schools..

4. Bookkeeper's Report. The 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 "B." She reported that the auditor had completed the initial review of the District's financial documents.

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. 6306 through 6336 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 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." She reported that 99.5% of the 2005 taxes and 97.17% of 2006 taxes have been collected. She also reported that the initial total appraised values and taxable values for the District have been received. These values will not be the same as the final certified values, due to changes resulting from protests.

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. 1101 and 1105 from the Tax Account in the amounts, to the persons, and for the purposes listed in such report.

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 May the water wells were inspected during each working day to ensure proper operation and supplied 13,435,000 gallons of water through the end of the month. The 4-month water accountability is 92%. Director Singleton noted that the percentage was down significantly from previous reports. Ms. Falke said that the previous reports had the average for a 12 month period. However, ECO is investigating and will report on any problems that are found. Director Polansky asked if the Monthly Water Production bar chart could be changed to having each month of the previous years' production bar graphs positioned next to the months of the current year. Ms. Falke said it could be done and next month's report will reflect that change.

Ms. Falke noted that the chlorine injection system is complete and will be installed in July.

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

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

Mr. Devillier stated that the pipeline construction schedule was moving up and that design work for the connection needs to start this coming August or September. He noted that provision for covering the cost of doing this was not the 2007 budget. An amendment to the current budget will have to be made.

Mr. Devillier has received the preliminary letter of approval from TCEQ for the surface water connection design. The letter did question the size of the ammonia storage tank. He thinks the TCEQ is calculating the size requirement based on the maximum production capabilities of the District wells, not the normal production amount. He will investigate this matter.

Mr. Devillier stated that it was his understanding the procurement rules are going to be changed to allow purchases under \$25,000.00 without bidding and purchases \$25,000-\$50,000.00 with 3 bids. Ms. De La Garza will check into this.

Mr. Devillier said he has not been successful in his efforts to get additional bids for the generator garage. A discussion ensued concerning the suitability of a metal building. The consensus of the directors was that a metal building would provide sufficient protection and that an engineered building is preferred. Upon motion by Director Price, seconded by Director Greer, after full discussion and the question being put to the Board, the Board voted unanimously to accept the engineers report and to authorize Mr. Devillier and Ms. Falke to work together to procure and install an engineered metal building at a cost not to exceed \$25,000.00, and if that is not possible, a regular metal storage building at a cost not to exceed \$15,000.00.

9. WHCRWA Meeting Report. Director Greer stated that he attended the WHCRWA meeting held on June 13. He said that, although there were many items on the agenda, very few were acted upon. During the meeting it was reported that the conversion to surface water to date is 6%.

10. Newsletter Article. Director Singleton will prepare an article for the July edition of the Deerfield Newsletter.

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 July 12, 2007.

President, Board of Directors

ATTEST: _____
SECRETARY, BOARD OF DIRECTORS
(DISTRICT SEAL)