

MINUTES OF MEETING OF BOARD OF DIRECTORS
September 13, 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 September 13, 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 except for Directors Price and Singleton. Also attending all or parts of the meeting were Ms. Cathy Falke and Ms. Sorell Long 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 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 August 9, 2007, previously distributed to the Board, were considered for review and approval. 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 minutes of the meeting of August 9, 2007.

2. Approve Revised Minutes of the Meeting of June 14, 2007. The revised minutes of the meeting of June 14, 2007, previously distributed to the Board, were considered for review and approval. 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 approve the revised minutes of the meeting of June 14, 2007.

3. Comments from Residents. There were no resident comments

4 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." Ms. Matuska noted that invoices for July had now been received from Fulbright & Jaworski and from Turner, Collie & Braden.

Ms. Matuska discussed the rebate received from the Harris Galveston Subsidence District (“HGSD”). The rebate resulted from low water usage over the last period due to unusually wet conditions experienced through the Houston area. Ms. Matuska also pointed out that the current Jackrabbit Road PUD invoice is somewhat higher than normal because they did not include their electrical charges in last month’s bill that would have been prorated to Harris County MUD No. 136.

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. 6378 through 6396 the General Operating Fund in the amounts, to the persons, and for the purposes listed in the Bookkeeper’s Report.

5. Review Investment Policy, Accept Related Party Disclosures The District’s attorney has made several corrections to the Investment Policy as directed by the Board. However, due to the absence of Directors Price and Singleton, further action on this matter was postponed until the October meeting.

6. Review Auditor’s Management Letter. Mr. Mike McCall has provided the final version of the director’s response to the management letter and it is a part of the current District audit and was approved by the Board during our meeting of August 9, 2007. Therefore, no further action is needed at this time.

7. 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 98.2% of 2006 taxes have been collected. She noted that the Harris County Appraisal District now expects to have the tax rolls certified by September 17, 2007.

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 approve the Tax Assessor and Collector’s Report, to authorize payment of check nos. 1111 and 1119 from the Tax Account in the amounts, to the persons, and for the purposes listed in such report.

8. 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 introduced Ms. Sorell Long who will be working with her for ECO. Ms. Falke reported that during the month of August the water wells were inspected during each working day to ensure proper operation and supplied 16,038,000 gallons of water through the end of the month. The 4-month water accountability is 93%. The report included the Monthly Water Production and Accountability charts in the revised bar graph format. These charts covered the most recent billing cycle. The report also included a bar chart showing the water production for the current and previous calendar months.

Ms. Falke noted that she has two dates for a tour of the Jackrabbit Road treatment facility and a subsequent tour of Harris County MUD No. 136 facilities for either October 13th or

October 20th. She will notify the Board members when the exact date has been formalized with the Jackrabbit Operator. Ms. Falke also indicated that Jackrabbit Road PUD meets on the second Tuesday of each month at 16337 Park Row.

Director Polansky questioned Ms. Falke as to why the water accountability would be going down concurrently with production when it should be the opposite direction. Ms. Falke discussed this topic and indicated that she was not concerned as long as accountability does not drop below 90% for a period of several months. This might tend to indicate a significant leakage problem.

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 Operations Report, make necessary repairs, purchase the billing inserts, and terminate service to those accounts listed on the Delinquent List.,

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

Mr. Devillier stated that they (TC&B) received the drawings for the engineered building that will house the portable generator and are in the review process. Mr. Devillier is to question the Contractor if the personnel door and overhead door are included in their proposal.

Mr. Devillier presented a preliminary site plan identifying the proposed location for the valve and meter vault. Per the preliminary plan it will be located adjacent to the fence with the Randall's property and next to the water plant access road. Mr. Devillier attached a copy of a letter dated August 13, 2007 (copy provided to MUD 136 Directors) indicating that WHCRWA is projecting completion of Contract 20 (providing surface water to MUD 136) by late 2008. In the letter the WHCRWA requests that MUD 136 be completed with its infrastructure improvements to accept surface water by April 30, 2009. Mr. Devillier pointed out that they (TC&B) are projecting completion of MUD 136 site infrastructure installations to be completed in late 2008. He also noted that MUD 183 is not yet receiving surface water, but is treating its well water with chloramines.

Mr. Devillier indicated that work would begin by September 17th on the sanitary sewer line sections identified by TC&B as needing video review. Mr. Devillier noted that ECO would televise and clean approximately 9,400 lineal feet at an estimated cost is \$17,400. This work is to take approximately two weeks to complete.

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 engineer's report.

9. WHCRWA Meeting Report. Director Polansky reported on the WHCRWA Meeting of September 12th. At the WHCRWA meeting the district talked about reimbursement for converting to surface water, and the timetable for some districts going "online" with surface water. He reported that earlier in the week HCMUD 183 (Windsong) had started accepting and delivering surface water via the WHCRWA system. They also gave status reports on various

contracts for construction of underground pipelines, including those serving or passing through Harris County MUD 136.

10. Newsletter Article. Director Polansky will prepare next article.

11. Discuss Clay Road Brick Wall. Director Singleton secured three bids for replacement of the brick wall on the Harris County MUD 136 Lift Station property along Clay Road. Upon review of the three estimates, the Directors present at the meeting agreed to accept the bid from Stone Mason, dated August 27, 2007 in the amount of \$1,992. Mr. Singleton will notify the Contractor of this acceptance and ask that they schedule the work as soon as possible.

12. Review Agenda Items for Next Meeting. In addition to the regular items, the agenda should have an item for the approval of the investment policy, review and approve of the 2006 Tax Roll by HCAD and the financial advisor's recommendation for the 2007 Tax Rate.

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 October 11, 2007.

President, Board of Directors

ATTEST:

SECRETARY, BOARD OF DIRECTORS

(DISTRICT SEAL)