

MINUTES OF MEETING OF BOARD OF DIRECTORS
March 13, 2008

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 13, 2008; 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 Southwest Water Company (SWWC) 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; and 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,"

1. Minutes. Proposed minutes of the regular meeting of February 14, 2008, previously distributed to the Board, were considered for review and approval. Upon motion by Director Hewlett, 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 regular meeting of February 14, 2008.

2. Comments from Residents. There were no comments from resident taxpayers.

3. 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." She noted that the charges from Jackrabbit Road are higher than usual because they did not include their operator's bill last month. She also noted that receipts do not reflect \$190,000.00 transferred from maintenance tax funds on February 19.

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 Bookkeeper's Report, and to authorize payment of check nos. 6511 through 6531 the General Operating Fund in the amounts, to the persons, and for the purposes listed in the Bookkeeper's Report.

4. 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 95.6% of the 2007 taxes and 99% of 2006 taxes have been collected. She also presented a letter from resident C.E. Saunders requesting waiver of penalty and interest on his late payment of property taxes. After reviewing the terms of Sec. 33.011 of the Tax Code and the circumstances of the late payment, the directors agreed that there had been no negligence on the part of the District or the Tax Assessor-Collector and, therefore, the request should be denied.

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 Tax Assessor and Collector's Report, to authorize payment of check nos. 1145 and 1149 from the Tax Account in the amounts, to the persons, and for the purposes listed in such report, and to deny the waiver request from Mr. C.E. Saunders. Director Polansky requested that a copy of the denial letter be emailed to the directors.

5. 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 February the water wells were inspected during each working day to ensure proper operation and supplied 8,992,000 gallons of water through the end of the month. The 4-month water accountability is 92.6%. 90 day receivables are higher than previous months.

She noted that the Cub Scout tour of the water plant went well. She distributed a refrigerator magnet with emergency numbers that had been made for another district. She suggested making a similar magnet to be mailed with water bills to our District's residents. The directors will consider it at a future 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 accept the Operations Report, make necessary repairs, and terminate service to those accounts listed on the Delinquent List.,

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

Concerning the surface water line project, Mr. Devillier stated the final connection drawings will soon be submitted to TCEQ and approval should be received in April or May. He noted that the City of Houston is requiring that connection of the water collection lines be relocated from the bottom to the top of the water tank. The rationale appears to be prevention of contaminated water flowing back into the wells. He will check to see if TCEQ has such a requirement. At next month's meeting he will present a cost estimate for the additional work and will bring a final set of drawings for the water pipeline.. Director Polansky stated that that cost should be reimbursed by WHCRWA along with the other conversion costs. Director

Polansky also asked Mr. Devillier to find out what specific plans WHCRWA has for a town hall meeting with residents prior to the start of construction.

Mr. Devillier presented proposals for engineering services related to Phase I and Phase II of the sewer system repair, including preparation of drawings. Director Greer questioned the need for drawings. Ms Falke stated that SWWC has a table of locations where repairs are to be made. After further discussion, it was agreed that the information from this table could be used to update the GIS maps. Those maps can be used instead of new drawings. Mr. Devillier was authorized to proceed with updating the GIS maps and to proceed with the repairs for Phase I.

7. Discuss May Directors Election. The directors briefly discussed the fact that no one had filed to be on the ballot as of the deadline of March 10. If no one files as a write in candidate by March 17, the election will be cancelled.

8. Adopt Budget For Fiscal Year Ending March 31, 2009. Ms. Matuska presented and reviewed with the Directors a revised draft version of the 2008-2009 budget. She revised the water and sewer revenue projection based on an average of the past six years. The projection will not include any surface water conversion cost reimbursements from WHCRWA, whose policy is to reimburse the expenses only after a district starts receiving surface water. Director Polansky noted that there had not been a sewer rate increase in many years. It was agreed that this topic should be discussed at the next meeting. 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 adopt the proposed budget for the fiscal year March 31, 2009, including a footnote explaining the delay in reimbursement of the surface water conversion costs.

9. Approve AWBD Water Smart Program and Set Goals. Ms Falke reviewed the Water Smart Program and stated that she had completed the application form. Mr. Devillier presented the District's water conservation goals that will be part of the application. 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 participation in the Water Smart Program.

17. WHCRWA Meeting Report. There was no report.

18. Newsletter Article. Director Singleton will prepare next article.

19. Review Agenda Items for Next Meeting. The agenda will have the regular items plus "Discuss Sewer Rates and Take Appropriate Action", "Discuss Amending The 2008-2009 Budget and Take Appropriate Action", and. "Discuss Arbitrage Report and Take Appropriate Action".

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 10, 2008.

President, Board of Directors

ATTEST: _____
SECRETARY, BOARD OF DIRECTORS

(DISTRICT SEAL)