

MINUTES OF MEETING OF BOARD OF DIRECTORS  
May 8, 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 May 8, 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 and residents Michael Henry and Kyle de Kay.

**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 April 10, 2008, 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 minutes of the regular meeting of April 10, 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 ledgers for the fiscal year ending March 31, 2008 have been sent to the District's auditor. She also presented the quarterly investment report.

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 accept the Bookkeeper's Report, and to authorize payment of check nos. 6555 through 6570 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 97% of the 2007 taxes and 99% of 2006 taxes have been collected. She reviewed the list of delinquent taxpayers and noted that they will be subject to both an interest penalty and also a 20% collection fee after July 1. Ms. Rodriguez presented a list of delinquencies more than four years old. She recommended that they be reclassified from delinquent to uncollectable. She noted that it will be another six years before they can be completely removed from the tax rolls.

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 reclassify the recommended delinquent accounts as uncollectible, and to authorize payment of check nos. 1158 through 1163 from the Tax Account in the amounts, to the persons, and for the purposes listed in such report.

**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 April the water wells were inspected during each working day to ensure proper operation and supplied 14,828,000 gallons of water through the end of the month. The 4-month water accountability is 92.3%. She said that Phase 2 of the sewer televising will begin soon.

Director Polansky asked about the frequency of repainting of hydrants. Ms. Falke stated that the hydrants are inspected twice per year, but are only painted as needed. The consensus of the Directors was that repainting should be done. Ms. Falke will arrange for the painting work to be done.

Upon motion by Director Price, 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. Consumer Confidence Report.** Ms. Falke presented the 2008 Consumer Confidence Report. There are no significant changes from last year's report. Upon motion by Director Price, seconded by Director Hewlett, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Consumer Confidence Report and to approve its mailing to the District's customers, to be included with June's water bills if possible.

**7. 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 that the final connection drawings were submitted to TCEQ last month and he expects approval to be received in June. Contract 17 for construction of the line will be awarded on May 14<sup>th</sup>.

Mr. Devillier presented a draft exhibit on the Phase 1 sewer televising and proposed repairs. After reviewing the exhibit, the Directors authorized him to issue the final exhibit and give a copy of it to Ms. Falke so that SWWC can start making repairs

Mr. Devillier discussed the modifications at the Jackrabbit WWTP designed to prevent future losses of the bleach chemical used in the disinfection process.

**8. Discuss Sewer Rates and Amend Rate Order.** Ms. Falke presented a chart comparing MUD 136 sewer rates with other districts. She also presented a summary of out-of-district agreements. After a thorough discussion of the rates, the Directors agreed to postpone further action on the matter and requested that Ms Falke and Ms Matuska prepare for the next meeting a report summarizing sewer revenue and expenses for the last to two fiscal years.

**9. Discuss Amending the 2008-2009 Budget and Take Appropriate Action.** The Board took no action on this matter.

**10. WHCRWA Meeting Report.** Directors Polansky, Greer, Hewlett, and Price will attend the meeting on May 14, 2008.

**11. Newsletter Article.** Director Singleton will prepare next article.

**12. Review Agenda Items for Next Meeting.** The agenda will have the regular items plus “Discuss Rate Order 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 Jun3 10, 2008.

\_\_\_\_\_  
President, Board of Directors

ATTEST: \_\_\_\_\_  
SECRETARY, BOARD OF DIRECTORS

(DISTRICT SEAL)