

MINUTES OF MEETING OF BOARD OF DIRECTORS
June 12, 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 June 12, 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 May 8, 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 May 8, 2008.

2. Comments from Residents. There were no comments from residents.

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 operator charges from Jackrabbit Road had not yet been received. She also presented the revenue and expense report in a revised format. She agreed to continue to do so.

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. 6571 through 6599 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 97.7% of the 2007 taxes and 99% of 2006 taxes have been collected. She noted that HCAD had never added the Walgreens tract to the tax rolls for reasons as of yet undetermined. She assured the directors that HCAD has been given all of the documents needed to correct this. As soon as the amended tax roll is received from HCAD, she will bill Walgreens for all past due taxes. There was discussion about continuing legal and other bills related to the filling of appropriate materials with HCAD, with a sense of the Board that they not be charged further.

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, and to authorize payment of check nos. 1164 through 1166 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 May the water wells were inspected during each working day to ensure proper operation and supplied 20,552,000 gallons of water through the end of the month. This is less than 50% of pumping capacity. The 4-month water accountability is 93.6%. She said that Phase 2 of the sewer televising will begin soon.

Director Polansky asked about the chlorine spill at the Jackrabbit Road Sewer Plant. Ms. Falke explained that MUD 136 has a 9.8% ownership in the plant capacity and could be responsible for a like percentage of any pollution fines. It was agreed that the ownership contract should be reviewed at the July meeting.

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. 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 he had received comments from TCEQ, most of which were insignificant. However, they are requiring a larger chemical storage tank than originally designed. This would necessitate redesigning the storage building, which he estimated would add \$10M to the cost of the project. He is looking at design options, in case TCEQ rejects his request for a smaller tank.

Mr. Devillier stated that WHCRWA was trying to set up a town hall meeting at Wilson Elementary, but without success. He will contact Cy-Fair ISD to discuss this.

Mr. Devillier presented a draft of a map created from spread sheets with the raw data from Phase 1 sewer televising. The data points were placed on top of each other, making

the information almost unreadable. He also presented an easily readable map with proposed repair locations. After reviewing the maps, the Directors agreed that work on the data map should stop and that work on the repair locations map should be completed. A discussion ensued as to whether it is necessary to proceed with any of the repairs. The discussion concluded with the Directors requesting that Mr. Devillier prioritize the repairs, starting with those repairs most immediately in need of attention.

7. Discuss Rate Order and Take Appropriate Action. No action take. Item to be deleted from the agenda.

8. WHCRWA Meeting Report. Directors Price attended the meeting on June 11, 2008. Among the items discussed was the reimbursement request from MUD 257. The request was reduced by 50%. During the discussion, the statement was made that there is a maximum reimbursement for the chloramine equipment and installation of \$125M and there is an engineering cost cap of 25% of the total conversion cost. Mr. Devillier will get a clarification of the reimbursement policy and email his findings to the Directors.

9. Newsletter Article. Director Price will prepare next article.

10. Qualify Directors. Directors Polansky and Hewlett stated that they accept their oaths of office. Both directors completed the necessary documents.

11. Election of Officers. Upon motion by Director Price, seconded by Director Greer, after full discussion and the question being put to the Board, Directors Greer, Hewlett, Price, and Singleton voted to keep the current officer assignments. Director Polansky abstained.

12. Review Agenda Items for Next Meeting. The agenda will have the regular items plus "Review the Tax Assessor-Collector Contract" and "Review the Jackrabbit Road Contract".

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 10, 2008.

President, Board of Directors

ATTEST:

SECRETARY, BOARD OF DIRECTORS

(DISTRICT SEAL)