

MINUTES OF MEETING OF BOARD OF DIRECTORS
September 24, 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 September 24, 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; Mr. Robert Devillier of Turner Collie & Braden, Inc. ("TC&B"), engineers for the District, Mr. Carlin Short, financial consultant for the District, and Deerfield Village residents Ron Sanches and Steven Lesikar..

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 August 20, 2008, 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 regular meeting of August 20, 2008.

2. Comments from Residents. Mr. Sanches and Mr. Lesikar addressed the Board concerning an erosion problem that exists along the swale next to the water plant. This problem is affecting their fence lines. After a brief discussion, Mr. Devillier and Ms. Falke agreed to work with Mr. Sanches and Mr. Lesikar to devise an acceptable solution to the problem.

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 reported that expenditures for the year are below budget, due mainly to sewer repairs not yet completed and billed and surface water conversion work yet to be done. She noted that the current interest is 2.3%.

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 accept the Bookkeeper's Report, and to authorize payment of check nos. 6644 through 6660 the General Operating Fund in the amounts, to the persons, and for the purposes listed in the Bookkeeper's Report.

4. Consider and Approve Depository Pledge Agreement. The Directors and Ms Matuska reviewed the agreement. 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 Depository Pledge Agreement with Compass Bank and Federal Home Loan Bank Board Atlanta.

5. Consider Accepting Letter of Credit. Ms. Matuska explained the purpose of the letter of credit. 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 letter of credit with Federal Home Loan Bank Board Atlanta as collateral for deposits with Compass Bank.

6. 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 99.6% of the 2007 taxes and 98.6% of 2006 taxes have been collected. She noted that the Walgreens tract has been added to the tax rolls. The increase in the total assessed value in the District reduces the percentage of taxes collected. Walgreens is making payments on 5 years of back taxes.

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 approve the installment plan request, and to authorize payment of check nos. 1172 through 1174 from the Tax Account in the amounts, to the persons, and for the purposes listed in such report.

7. Consider Financial Advisor's Recommendations and Adopt Order Designating Officer to Calculate and Publish Tax Rate. Mr. Short reviewed with the Board his recommendation that the 2008 tax rate be the same as for 2007. He stated that rate of \$0.270 per \$100 assessed valuation (\$0.055 for debt service and \$0.215 for maintenance and operations) should produce sufficient revenue to cover the District's needs. He stated that he saw no reason to expect any significant reduction in Deerfield home values. 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 Adopt Order Designating Officer to Calculate and Publish Tax Rate.

8. Operations Report. The President recognized Ms. Falke, who presented 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 August purchased 17,494,000 gallons of water from MUD 183. The 4-month water accountability is 94.1%.

Ms. Falke noted that during hurricane Ike the emergency procedures worked well. The only problem the crew experienced was difficulty in starting the portable generator due to a dead battery. Ms Falke will look into ways to prevent the reoccurrence of this problem.

Ms. Falke recommended the Board take no action on delinquent accounts, since an updated list will be presented in two weeks at the October 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 accept the Operations Report and make necessary repairs.

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 bids for the infrastructure work necessary for the conversion to surface water at the water plant site have been reviewed. He presented a summary of the bids and a recommendation that the work be awarded to W.W. Payton. He noted that Payton is performing similar work for HC UD 6. He estimated that the contract would begin in early October and be finished by March, 2009. Actual construction probably won't begin until sometime in November. He said that WHCRWA has issued contract #20 for construction of the water line to the Districts plant. That work will be completed by June, 2009.

Concerning repairs to Equipment at Water Well #1, Mr. Devillier stated the new pump and rental motor will be tested and operational by October 2.

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 Engineers Report and accept the bid from W.W. Payton to construct the surface water connection.

9. Review Jackrabbit Road Contract. Action postponed until the October meeting. Ms. Falke will provide copies of the contract

10. Review Tax Assessor-Collector Contract. Action postponed until the October meeting.

11. WHCRWA Meeting Report. Director Price reported that WHCRWA has issued contracts for all projects necessary to meet the 2010 deadline for having 20% of the Authorities water supplied with surface water.

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

13. Review Agenda Items for Next Meeting. The agenda will have the regular items plus "Review the Tax Assessor-Collector Contract and Take Appropriate Action" and "Review the Jackrabbit Road Contract and Take Appropriate Action", "Review bids to replace the hatch at lift station#2" and "Review the new WHCRWA fee".

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 9, 2008.

Original Signed by Neil M. Polansky
President, Board of Directors

ATTEST: Original Signed by J. J. "Jay" Singleton
SECRETARY, BOARD OF DIRECTORS

(DISTRICT SEAL)