

MINUTES OF MEETING OF BOARD OF DIRECTORS
January 14, 2016

THE STATE OF TEXAS
COUNTY OF HARRIS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 136

The Board of Directors (the "*Board*") 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 January 14, 2016; whereupon the roll was called of the members of the Board, to wit:

Neil Polansky, President
Barry Greer, Vice President
Harry L. Price, Second Vice President
Jay Singleton, Secretary
Brent Phelps, Assistant Secretary

Persons Attending. All members of the Board were present. Also attending all or parts of the meeting were Ms. Rose Montalbano of F. Matuska, Inc., bookkeeper for the District; Mr. Keith Arrant of Municipal Operations & Consulting, Inc. ("MOC"), operator for the District; Ms. Patty Rodriguez of Bob Leared Interests ("BLI"), tax assessor and collector for the District; Mr. Bob Wempe of AECOM Technical Services, Inc. ("AECOM"), engineer for the District; Mr. Eric Toureilles, Mr. Glenn Sommers, and Mr. Brian Harris from the Board of Trustees of Deerfield Village Community Association; and Ms. Yvette Deitrick of Norton Rose Fulbright US LLP ("NRF"), paralegal 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 December 10, 2015, previously distributed to the Board, were considered for review and approval. Upon motion by Director Price, seconded by Director Phelps, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting of December 10, 2015, as presented.

2. **Update on Exercise Stations, Phase Two.** The President recognized Mr. Toureilles, who reported that the Deerfield Village Community Association ("DVCA") has received the exercise equipment and plans to install the equipment next Thursday. He reported that the concrete foundation for the exercise station by the tennis courts will be poured on Thursday. Director Price reported that there is rust on the exercise station equipment in the north section of the District. Mr. Toureilles stated that the DVCA will arrange for inspection and any necessary repair of the existing exercise stations.

3. **Public comments.** Mr. Toureilles reported that the security meeting between the DVCA and the District was beneficial. Mr. Toureilles presented to and reviewed with the Board the DVCA letter requesting financial support from the District for the addition of a law enforcement contract for Deerfield Village, a copy of which is attached hereto as Exhibit "B."

He reported that the DVCA would like to have a pilot program for one year to determine if the hybrid approach of using SEAL Security and law enforcement would benefit the community. Mr. Summers reviewed with the Board the Constable's Office and Sheriff's Office contracts in the vicinity of the District. Mr. Summers noted that the Sheriff's Office assigns deputies to contracts by seniority which reduces the DVCA's control of the contract. The President noted that there needs to be accountability for both SEAL Security and any law enforcement retained by DVCA.

4. Review Bookkeeper's Report, investment report and authorize payment of bills. Ms. Montalbano presented to and reviewed with the Board the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "C." Ms. Montalbano reported that check no. 8753 to the Texas Commission on Environmental Quality is for the annual regulatory assessment fee. She reported that check no. 8754 to the U.S. Treasury is for the fourth quarter payroll taxes.

Ms. Montalbano disclosed that her brother-in-law has begun working as an analyst at Bank of America. Ms. Montalbano reported that the District currently has no funds with Bank of America; however, she noted that Bank of America is on the list of approved brokers for the District.

Upon motion by Director Price, seconded by Director Phelps, 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. 8736 through 8767 from the General Operating Fund in the amounts, to the persons, and for the purposes listed in the Bookkeeper's Report.

5. Review Tax Assessor and Collectors Report, authorize payment of bills, take action on delinquent tax accounts, including water termination. 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 "D." Ms. Rodriguez reported that the District has collected 69.4% of its 2015 taxes.

Upon review of the Delinquent List, Ms. Rodriguez reported that Mr. Obaro is current with his payment plan.

Upon motion by Director Price, seconded by Director Phelps, 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. 1072 through 1077 from the Tax Account in the amounts, to the persons, and for the purposes listed in such report.

6. Consider Property Tax Exemptions. The President reviewed with the Board the Order Adopting Exemption from Taxation for Individuals Who are Disabled or are 65 Years of Age or Older (the "Order"), a copy of which is attached hereto as Exhibit "E." Ms. Deitrick reported that last year the District had an exemption in the amount of \$20,000 of the appraised value of residence homesteads within the District for individuals who are disabled or are 65 years of age or older.

Upon motion by Director Greer, seconded by Director Phelps, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order with an exemption of \$20,000 of the appraised value of residence homesteads within the District for individuals who are disabled or 65 years of age or older.

7. **Adopt Resolution Authorizing Additional Penalty on Delinquent Taxes.** The President reviewed with the Board the Resolution Authorizing Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11 and 33.08, Tax Code (the "Resolution"), a copy of which is attached hereto as Exhibit "F."

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 Resolution.

8. **Authorize Hal R. Gordon to enforce the collection of delinquent 2015 taxes.** The President recognized Ms. Deitrick, who reported that the District's current delinquent tax attorney, Hal R. Gordon, currently has an evergreen contract with the District that will automatically renew unless cancelled by the District. Upon motion by Director Price, seconded by Director Phelps, after full discussion and the question being put to the Board, the Board voted unanimously to authorize Hal R. Gordon to enforce the collection of delinquent 2015 taxes.

9. **Consider need for electricity proposals (expires April 1, 2016).** It was the consensus of the Board to review electricity quotes at the next Board meeting.

10. **Review Engineer's Report, Jackrabbit Road Public Utility District matters, Asset Management Plan, and take appropriate action on engineer's recommendations.** Mr. Wempe reported that Harris County Flood Control District ("FCD") has acknowledged ownership of the broken storm drain inlet on the Deerfield Village trail near Vanbury Drive. He reported that FCD has been monitoring the inlet for four years with photographs and acknowledges there is an issue with the inlet. Mr. Wempe reported that repair of the inlet is on FCD's maintenance list; however, the repair is not a high priority. Director Singleton suggested contacting Mr. Fred Garcia at FCD, whom Mr. Tourelles has worked with in the past on DVCA issues. The President suggested a joint letter from the District and DVCA to FCD regarding repair of the inlet. It was the consensus of the Board to send a letter to FCD to request repair of the inlet.

Mr. Wempe reported that inspection of the District's ground storage tanks and hydropneumatic tanks is underway. He reported that Ground Storage Tank #1 and hydropneumatic tank #1 ("HPT1") have been inspected. Mr. Arrant reported that the tank inspection cost is \$1,800 for the two ground storage tanks and two hydropneumatic tanks. Mr. Wempe stated that the tank inspection report will be presented when final. Mr. Arrant reported that HPT1 requires recoating. Director Phelps reported that the tank inspector stated that the ground storage tanks were satisfactory on the inside. Director Phelps reported that some areas where there is rust and corrosion on the interior of the ground storage tanks may need to be repainted. Director Phelps stated that the lower 60% of the interior of Ground Storage Tank #1 is in good condition. He reported that there is a two-foot transition area, where the water level fluctuates, where there is rust and corrosion blisters which will need recoating. Mr. Wempe noted that a repair plan can be determined upon review of the final inspection report.

The President opened discussion to the sinkhole by the West Harris County Regional Water Authority ("WHCRWA") waterline. Mr. Arrant reported that there are no District facilities near the sinkhole. Director Singleton reported that he contacted the WHCRWA regarding the sinkhole and informed Mr. Ahrens that the location has had many sinkholes. The Board discussed the frequency of the sinkhole reappearance in the same location and possible causes.

The President opened discussion to a customer request regarding a depression adjacent to a resident's driveway at 5011 Hartwell Drive, along the sanitary sewer line. Mr. Arrant stated that he would inspect the depression.

Mr. Arrant reported that he researched the sanitary sewer rehabilitation list and reported that MOC had completed all of the repairs except those located under pavement which did not warrant repair at this time.

11. Review Operations Report, authorize repairs, and authorize termination of services to delinquent accounts. Mr. Arrant reviewed with the Board the Operations Report, a copy of which is attached hereto as Exhibit "G." Upon review of the Municipal Operations Invoices, Mr. Arrant reported that the Badger Meter invoices are for the monthly service fee.

Mr. Arrant reported that a resident at 4607 Woodland Plaza contacted MOC regarding a dead pine tree near a water meter box. Mr. Arrant reported that the resident stated that MOC had done a repair at the water meter box. Mr. Arrant reported that he researched the repair and found that the repair involved excavation which cut the tree roots. Mr. Arrant reported that he has a quote for \$650 to remove the dead pine tree and to grind the stump. Mr. Arrant requested that the Board authorize MOC to arrange the tree removal at a cost of \$650, plus 10% markup, per the terms of the District's agreement with MOC. Mr. Arrant stated that MOC can retain the company to remove the pine tree so the District is in compliance with House Bill 1295. Ms. Deitrick reported that House Bill 1295 became effective January 1, 2016. She reported that the bill requires business entities to file a Form 1295 with the Texas Ethics Commission and send the original Form 1295 to the District for all contracts that require Board approval or have a total value of \$1,000,000 or more.

Mr. Arrant reviewed the Cut-Off List, a copy of which is included in the Operations Report.

Mr. Arrant reported that the check valve at the Water Plant was leaking, and that replacement of the check valve has been arranged.

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; to terminate service to those accounts listed on the Cut Off List; to authorize MOC to coordinate removal of the dead pine tree, and to authorize necessary repairs.

12. Discuss date for tour of District facilities, West Harris County Regional Water Authority pumping station and Jackrabbit Road Public Utility District wastewater treatment plant. Mr. Arrant suggested February 13, 2016, February 20, 2016, and February 27, 2016, for potential dates for touring the Jackrabbit Road Public Utility District wastewater treatment plant. It was the consensus of the Board to tour the Jackrabbit Road Public Utility District wastewater treatment plant on February 27, 2016 at 9:00 a.m.

13. Approve Eminent Domain Annual Report to Comptroller of Public Accounts. Ms. Deitrick presented to and reviewed with the Board the Eminent Domain Report, a copy of which is attached hereto as Exhibit "H." Ms. Deitrick reported that a new state law requires annual filing with the Texas Comptroller of Public Accounts by entities that have eminent domain authority.

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 Eminent Domain Report and authorize NRF to file such report with the Texas Comptroller of Public Accounts.

14. **Discuss updating of District website and take appropriate action.** No action was taken on this item.

15. **Review Drought Contingency Plan and take appropriate action.** No action was taken on this item.

16. **Discuss incentives for conversion to low flow toilets and take appropriate action.** No action was taken on this item.

17. **Discuss trash collection operations and take appropriate action.** No action was taken on this item.

18. **Review Rate Order and take appropriate action.** No action was taken on this item.

19. **Discuss renewal of Hazardous Household Waste Collection contract – 60 day termination notice (expires May 1, 2016).** No action was taken on this item.

20. **Discuss hazardous waste collection program and take appropriate action.** No action was taken on this item.

21. **Report on WHCRWA monthly meeting.** No action was taken on this item.

22. **Article for DVCA Newsletter.** Director Singleton reported that he would compose the DVCA Newsletter article.

23. **Review agenda items for next meeting.** The Board discussed items to be addressed at the next Board meeting.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

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The above and foregoing minutes were passed and approved by the Board of Directors on February 11, 2016.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)