

MINUTES OF MEETING OF BOARD OF DIRECTORS  
May 12, 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 May 12, 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 except for Director Price. 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; and Ms. Jane Maher, paralegal of Norton Rose Fulbright US LLP ("NRF"), attorneys 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 April 14, 2016, previously distributed to the Board, were considered for review and approval.

Upon motion by Director Greer, seconded by Director Singleton, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting of April 14, 2016, as presented.

2. **Public comments.** There were no public comments.

3. **Review Bookkeeper's Report, investment report and authorize payment of bills.** 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." Ms. Matuska informed the Board that the interest rate paid by TexPool is rising.

Upon motion by Director Phelps, 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. 8848 through 8870 from the General Operating Fund in the amounts, to the persons, and for the purposes listed in the Bookkeeper's Report.

**4. Review Tax Assessor and Collectors Report and authorize payment of bills.**

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." Ms. Rodriguez reported that the District has collected 98.3 % of its 2015 taxes. Ms. Rodriguez reviewed with the Board a list of the top delinquent taxpayers in the District. She stated that resident Mr. Narans may ask for another payment plan. She stated that if he fails to pay off his account by July 1<sup>st</sup>, there will be a 38% collection penalty including interest.

Director Phelps asked Ms. Rodriguez if she was aware of the appraisal rates in Harris County being up to 28%. Ms. Rodriguez stated she was aware that commercial values are increasing this year, but she has not heard a specific percentage. She said the homes in the District might see a 10% increase in their appraised values this year.

Upon motion by Director Singleton, 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. 1091 and 1092 from the Tax Account in the amounts, to the persons, and for the purposes listed in such report.

**5. Delinquent Tax Attorney Report and take any necessary action regarding delinquent accounts including termination of service.** Ms. Rodriguez stated there was nothing to report. No action was taken on this item.

**6. Security service with Deerfield Village Community Association and take appropriate action.** The President noted that no action will be taken on the security proposal at this meeting.

**7. Review Engineer's Report, Jackrabbit Road Public Utility District matters, Asset Management Plan, and take appropriate action on engineer's recommendations.** The President noted that Mr. Wempe had sent him an email with his report, a copy of which is attached hereto as Exhibit "D". He noted that the contractor for the hydropneumatic tank recoating project is scheduled to move in by Monday and start working. He also noted that Jackrabbit is planning on some minor improvements to the sewage treatment plant. These improvements consist of replacing some of the airlines and resurfacing the concrete at the chlorine contact basin. He noted that Jackrabbit has not provided a cost estimate or construction schedule at this time.

The President stated that Mr. Wempe is gathering information regarding the rights in the existing easement and property ownership for the fence at lift station 1. The President reported that Mr. Wempe will have more information at the June meeting.

**8. Review hydropneumatic tank recoating project status.** This was addressed under the previous item.

**9. Review Lift Station fencing proposals and award project.** Mr. Arrant reported that he is waiting on the exact footage to receive accurate prices. No action was taken on this item.

**10. 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 "E." Mr. Arrant stated that there are a total of 1,078 connections, seven of which are vacant. He noted that the District is at 97%

accountability.

Mr. Arrant reported to the Board of two main and service line leaks, and one meter leak that were repaired in the District. Mr. Arrant stated that MOC took four bacteriological samples and all results came back good.

Mr. Arrant informed the Board a couple of violations on the Discharge Monitoring Report. One violation was an exceedance of the two hour peak flow rate, and the other was a surge in E. Coli. Mr. Arrant pointed out that both violations were caused by the recent flood event of April 18<sup>th</sup>. Discussion ensued regarding potential penalties and enforcement by the State if more violations happen. Mr. Arrant stated he does not foresee potential penalties or enforcement being an issue.

Mr. Arrant informed the Board that the valves on each hydrotank were inspected. Both valves were replaced in preparation for the recoating. He also informed the Board that a valve inside in the water plant is leaking and will be replaced.

The President asked Mr. Arrant how much water they received from HCMUD 183 during the flood event, and how much they owe HCMUD 183. Mr. Arrant stated that the District was on the interconnect for seven days, and estimates the cost to be around \$7,000. He stated that it is up to the District if they would like to pay back HCMUD 183 in money or in water. Director Greer suggested the Board ask to see what HCMUD 183 would prefer. The President asked Mr. Arrant to bring an accurate cost estimate to the next meeting.

The President suggested that the Board visit the Nextdoor website. He stated that there are around 400 residents on the page talking about neighborhood issues.

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

Upon motion by Director Singleton, 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 to terminate service to those accounts listed on the Cut Off List.

**11. Approve Consumer Confidence Report (due to customers by July 1, 2016).** Mr. Arrant reviewed with the Board the Consumer Confidence Report, a copy of which is attached hereto as Exhibit "F." Mr. Arrant informed the Board that the samples are collected by the State. He reported the District had no violations.

Mr. Arrant noted that the District is under the goal on Copper levels, and above the goal on Lead levels. Mr. Arrant stated he would like to collect more samples and monitor Lead and Copper levels for the District's own information. The President asked Mr. Arrant to find out the pricing for radioactive testing for the next meeting.

Mr. Arrant suggested that the Consumer Confidence Report be available electronically to residents.

Upon motion by Director Greer, seconded by Director Singleton, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Consumer Confidence Report and to make the report available electronically to residents.

12. **Discuss District website, review proposals for updating site, and take appropriate action.** The President asked to have a representative from The Texas Network attend next month's meeting. The Board deferred action to the next meeting.

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

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

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

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

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

18. **Review Article for DVCA Newsletter.** No action was taken on this item.

19. **Review agenda items for next meeting (June 9, 2016) and such other matters as may properly come before the board.** The President asked that the discussion of the water received from HCMUD 183 interconnect and taking the appropriate action be added to the next agenda.

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 June 9, 2016.

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President, Board of Directors

ATTEST:

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Secretary, Board of Directors

(DISTRICT SEAL)