

MINUTES OF MEETING OF BOARD OF DIRECTORS
June 9, 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 June 9, 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 Greer. 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, Inc., engineers for the District; Mr. Daniel Domenech of MDG; Ms. Jane Maher, paralegal of Norton Rose Fulbright US LLP ("NRF"), attorneys for the District; and Mr. Tom Gerrity, resident of 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 May 12, 2016, previously distributed to the Board, were considered for review and approval. Upon motion by Director Phelps, 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 meeting of May 12, 2016, as presented.

2. **Review Engineer's Report, Jackrabbit Road Public Utility District matters, Asset Management Plan, and take appropriate action on engineer's recommendations.** The President recognized Mr. Wempe, who reviewed with the Board the Engineer's Report. Mr. Wempe stated that the final coat of painting for the hydropneumatic tank should be done this week. He noted that since the paint has to cure for five days, the District is currently operating on one hydropneumatic tank.

Mr. Wempe informed the Board that one corner of the fence at lift station 1 goes off of the District's property. He stated that the Board will need to acquire an easement to build the fence to that corner, or they can retract the fence to the edge of the concrete slab to avoid acquiring an easement. The Board unanimously agreed to build the fence to the edge of the concrete slab to avoid acquiring an easement.

In response to a question regarding the status of various sink holes near the District, Mr. Wempe stated he has not heard back from West Harris County and the sink holes are still there.

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

4. **Public comments.** The President recognized Mr. Gerrity, who asked the Board about the District's hazardous trash removal. Director Singleton stated that since there was not enough demand in the District, the Board decided to not renew the service. He stated that the latest community newsletter mentions sites where residents can drop off their hazardous waste. He also stated that in September the District will have shredding and electronic recycling on a Saturday morning.

The President stated he received an email from a resident who stated that the water quality report on the website is not current. The resident stated that he would like a more detailed water quality report.

5. **Appoint Agent for 2016 Directors Election.** Ms. Maher presented to the Board the Appointment of Agent for the 2016 Directors Election, a copy of which is attached hereto as Exhibit "B." Ms. Maher stated that she will act as the District's election agent. Upon motion by Director Singleton, seconded by Director Phelps, after full discussion and the question being put to the Board, the Board voted unanimously to appoint Jane Maher as the agent for the 2016 Directors Election.

6. **Review Bookkeeper's Report, investment report and authorize payment of bills.** The President recognized Ms. Montalbano, who presented to and reviewed with the Board the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "C." Ms. Montalbano stated that check 8888 is the annual payment to the Texas State Comptroller for the District's unclaimed property.

Upon motion by Director Price, seconded by Director Singleton, 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. 8871 through 8901 from the General Operating Fund in the amounts, to the persons, and for the purposes listed in the Bookkeeper's Report.

7. **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 "D." Ms. Rodriguez reported the District has collected 98.5% of its 2015 taxes. Ms. Rodriguez reviewed with the Board a list of the top delinquent taxpayers in the District. She stated that if the delinquent taxpayers do not pay by July 1, a 20% collection penalty will be added to their accounts.

Ms. Rodriguez reviewed an email from Hal Gordon regarding the Shoenfelt account, a copy of which is attached to the Tax Assessor and Collector's Report. She stated that Harris County has filed a Motion for Non-Suit since the daughter has filed for a disability exemption. She also stated that Hal Gordon is putting further collection efforts on this account on hold.

Ms. Rodriguez reviewed a list of the 2015 tax rates for nearby utility districts, a copy of which is attached hereto as Exhibit "E."

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. 1093 through 1095 from the Tax Account in the amounts, to the persons, and for the purposes listed in such report.

8. **Delinquent Tax Attorney Report and take any necessary action regarding delinquent accounts including termination of service.** No action was taken on this item.

9. **Security service with Deerfield Village Community Association and take appropriate action.** The President stated that a resident on the Nextdoor website reported of vehicle break-ins. He also stated that the report has been forwarded to the Deerfield Village Community Association.

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 "F." Mr. Arrant stated that there are a total of 1,078 connections, five of which are vacant. He noted that the District accounted for 100% of the water it produced for the month ending April 29. He also stated that the hydropneumatic tank work should be complete by mid-July.

Mr. Arrant reported that a main line and a service line leak was repaired in the District. Mr. Arrant stated that MOC took four bacteriological samples and all results came back negative.

Mr. Arrant stated that G-M Services completed well testing in April. He noted that the gallons per minute for the District's well is 1,019.

Mr. Arrant stated he will replace the signs at lift station 2.

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

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 Operations Report and to terminate service to those accounts listed on the Cut Off List.

11. **Review Lift Station fencing proposals and award project.** Mr. Arrant stated that the fencing at Lift Station 1 will be wrought iron. He noted that the fence will be retracted to the edge of the concrete slab as discussed under item number two.

12. **Discuss water received from HCMUD No. 183 interconnect and take appropriate action.** Mr. Arrant stated that he has reached out to the operator for HCMUD No. 183 to obtain an accurate number of gallons of water used by the District while on the interconnect. He stated he has not received an accurate number, but once he does he will address the issue at the next meeting.

13. **Discuss District website, review proposals for updating site, and take appropriate action.** The President recognized Mr. Domenech, who presented to and reviewed with the Board a proposal from MDG to update the District's website, a copy of which is attached hereto as Exhibit "G." Mr. Domenech stated that the estimated proposal cost to update

the District's website is \$3,000 with an optional maintenance fee. He noted that the website would be rebuilt in a content management system and optimized for smart phones. Upon motion by Director Price, seconded by Director Singleton, after full discussion and the question being put to the Board, the Board voted unanimously to accept the proposal from MDG dependent on further review from the District's attorney.

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

15. **Discuss incentives for conversion to low flow toilets and take appropriate action.** No action was taken on this item. The Board decided to remove agenda item until needed.

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

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

18. **Report on WHCRWA monthly meeting.** The President suggested that the Board start rotating who attends the WHCRWA monthly meeting.

19. **Review Article for DVCA Newsletter.** Director Singleton mentioned that the DVCA Newsletter will mention the Consumer Confidence Report, the fencing around the lift station, the update of the District's website and the electronic recycling and shredding service.

20. **Review agenda items for next meeting (July 14, 2016) and such other matters as may properly come before the board.** No action was taken on this item.

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 July 14, 2016.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)