

MINUTES OF MEETING OF BOARD OF DIRECTORS  
July 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 July 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 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. Joseph Ellis of McCall Gibson Swedlund Barfoot, P.L.L.C. ("McCall"), auditor 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 June 9, 2016, previously distributed to the Board, were considered for review and approval. Upon motion by Director Singleton, 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 June 9, 2016, as presented.
2. **Public comments.** There were no public comments.
3. **Approve audit for fiscal year ended March 31, 2016.** The President recognized Mr. Ellis, who presented to and reviewed with the Board a draft of the audit for the District for the fiscal year ending March 31, 2016, a copy of which is attached hereto as Exhibit "B." The Board requested that half of their general fund balance be moved to a new Capital Improvements Fund, so the funds could be designated. 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 draft of the audit for the District for the fiscal year ending March 31, 2016.
4. **Adopt Order Calling Directors Election.** This item will be addressed at the next meeting.

5. **Adopt Order Approving Joint Election.** This item will be addressed at the next meeting.

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."

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. 8902 through 8931 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 98.8% of its 2015 taxes. Ms. Rodriguez presented one check for the Board's approval.

Ms. Rodriguez reviewed with the Board a list of the top delinquent taxpayers in the District. She stated that the residential accounts have been turned over to the District's Delinquent Tax Attorney. In regards to the Shoenfelt account, she stated that the account has changed ownership to Catherine Shoenfelt. She also stated that the deferral has not been filed by the account holder.

The Board stated that they would like to receive a quarterly delinquent report showing the amount of penalties and interest the accounts have accrued. Ms. Rodriguez stated she will bring this report to the next meeting.

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 Tax Assessor and Collector's Report, and to authorize payment of check no. 1096 from the Tax Account in the amount, to the person, and for the purpose listed in such report.

8. **Delinquent Tax Attorney Report and take any necessary action regarding delinquent accounts including termination of service.** Ms. Rodriguez stated that she will contact the District's Delinquent Tax Attorney for more information regarding the Shoenfelt account.

9. **Security service with Deerfield Village Community Association and take appropriate action.** No action was taken on this item.

10. **Review Engineer's Report, Jackrabbit Road Public Utility District matters, Asset Management Plan, and take appropriate action on engineer's recommendations.** The President reviewed with the Board an email from Mr. Wempe, a copy of which is attached hereto as Exhibit "E." The President stated that in regards to the hydropneumatic tank recoating status the contractor has completed the repaint of tank one, and that tank two has been sand blasted. Painting of tank two should start within the next three to five days.

The President stated that Jackrabbit is planning on some additional improvements to the

plant. The improvements consist of air pipping and work on the splitter box, which could cost around \$300,000. He also stated that Jackrabbit will be opening bids on August 4.

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

12. **Review Lift Station fencing proposals and award project.** The President recognized Mr. Arrant, who stated that the fence at Lift Station Two will be torn down and replaced with an eight foot fence. He also stated that the fence at Lift Station One will be wrought iron on all four sides and will be retracted to edge of the concrete slab. The President suggested that the Board plan for possible landscaping expenses.

13. **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 in the District, nine of which are vacant. He stated that the number of gallons of water received from HCMUD No. 183 interconnect should be 2.6 million instead of 2.7 million. With this correction, the District would account for 98% of the water it produced for the month ending June 30. The Board decided to pay HCMUD No. 183 for the water received from the interconnect.

Mr. Arrant stated that MOC purchased an auxiliary tank.

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.

14. **Discuss water received from HCMUD No. 183 interconnect and take appropriate action.** This item was discussed under the previous item.

15. **Discuss District website, review proposals for updating site, and take appropriate action.** The Board reviewed the website proposal from Mpire Design Group, a copy of which is attached hereto as Exhibit "G." 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 approve the proposal from Mpire Design Group.

16. **Review Drought Contingency Plan 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. **Report on WHCRWA monthly meeting.** There was no report at this meeting.

20. **Review Article for DVCA Newsletter.** Director Singleton mentioned that the DVCA Newsletter will mention the update of the District's website and the electronic recycling and shredding service.

21. **Review agenda items for next meeting (August 11, 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 August 11, 2016.

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President, Board of Directors

ATTEST:

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Secretary, Board of Directors

(DISTRICT SEAL)