

MINUTES OF MEETING OF BOARD OF DIRECTORS
August 11, 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 August 11, 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; 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 July 14, 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 July 14, 2016, as amended.

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

3. **Adopt Order Calling Directors Election.** The President recognized Ms. Maher, who presented to and reviewed with the Board the Order Calling Directors Election, a copy of which is attached hereto as Exhibit "B." Ms. Maher reported that the Order Calling Directors Election states that the District is required to hold a Directors Election on the first Tuesday in November, unless each candidate in the election is unopposed. 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 Order Calling the Directors Election.

4. **Approve Joint Election.** Ms. Maher stated that the District will hold the election with Harris County, which will minimize election expenses. 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 having a joint election with Harris County.

5. **Approve opening bank account.** The President recognized Ms. Montalbano, who stated that the Board will need to authorize opening a bank account that is specifically for capital improvements. The Board decided to move half of the balance in the operating fund into the new account for capital improvements. Ms. Montalbano stated the account will be a TexPool account. 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 authorize Ms. Montalbano to move half of the balance in the operating fund into a new TexPool account designated for capital improvement projects.

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 four checks were voided due to the freezing of the general fund account. She noted they have since been reissued.

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. 8932 through 8960 from the General Operating Fund in the amounts, to the persons, and for the purposes listed in the Bookkeeper's Report.

7. **Review Investment Policy and accept related party disclosure.** The President recognized Ms. Maher, who presented to and reviewed with the Board the Resolution Reviewing Investment Policy, a copy of which is attached hereto Exhibit "D." Ms. Maher reported that the Public Funds Investment Act requires the Board to review the District's investment policy annually. She reported that there are no recommended changes at this time.

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 adopt the Resolution Reviewing the Investment Policy and to maintain the current investment policy.

8. **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 "E." Ms. Rodriguez reported the District has collected 99.10% of its 2015 taxes. Ms. Rodriguez presented four checks for the Board's approval.

Ms. Rodriguez stated that the quarterly delinquent report is attached to her report. She also stated that the County has filed a new law suit on the Shoenfelt account. She noted that the deferral has not been filed by the account holder.

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 approve the Tax Assessor and Collector's Report, and to authorize payment of checks nos. 1097 through 1100 from the Tax Account in the amounts, to the persons, and for the purposes listed in such report.

9. **Delinquent Tax Attorney Report and take any necessary action regarding delinquent accounts including termination of service.** This item was discussed under the previous item.

10. **Security service with Deerfield Village Community Association and take appropriate action.** No action was taken on this item, and the Board decided to take this item off the agenda until further notice.

11. **Review Engineer's Report, Jackrabbit Road Public Utility District matters, Asset Management Plan, and take appropriate action on engineer's recommendations.** There was no Engineer's report this month.

12. **Review hydropneumatic tank recoating project status.** Mr. Arrant stated that this project has been completed.

13. **Review Lift Station fencing proposals and award project.** The President recognized Mr. Arrant, who stated that the fencing for Lift Station Two is complete, and that the fencing for Lift Station One should be finished within the next week. He also stated that at Lift Station Two, MOC drilled holes in the frame to possibly have a wrought iron post that goes into the concrete slab, to prevent the gate from moving.

14. **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, six of which are vacant. He noted that the District accounted for 99% of the water it produced for the month ending July 31.

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

Mr. Arrant stated that MOC will find a new spot for the sign for Lift Station One.

Mr. Arrant presented to and reviewed with the Board a logsheet for the water treatment plant, a copy of which is attached hereto as Exhibit "G."

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

15. **Discuss District website, review proposals for updating site, and take appropriate action.** Director Price stated that once Mpire Design Group receives the District's check, he will give Mr. Domenech the District's website information. The Board decided to include the District's agendas and minutes from January 2015 to the present.

16. **Review Drought Contingency Plan and take appropriate action.** The Board requested that Mr. Arrant email the Directors samples of other districts' drought contingency plans.

17. **Discuss incentives for conversion to low flow toilets and take appropriate action.** No action was taken on this item, and the Board decided to take this item off the agenda until further notice.

18. **Discuss trash collection operations and take appropriate action.** Director Singleton stated that the District will have a recycling and shredding service on September 10. He also suggested that recycling be included in this agenda item.

19. **Review Rate Order and take appropriate action.** No action was taken on this item.
20. **Report on WHCRWA monthly meeting.** There was no report at this meeting.
21. **Review Article for DVCA Newsletter.** Director Singleton mentioned that the DVCA Newsletter will mention the update of the District's website and explain the daily switching between well and surface water.
22. **Review agenda items for next meeting (September 8, 2016) and such other matters as may properly come before the board.** Director Greer stated that the DVCA may have a presentation on the rehabilitation of the District's playground equipment at next month's meeting.

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 September 8, 2016.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)