

MINUTES OF MEETING OF BOARD OF DIRECTORS
September 8, 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 September 8, 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. Fran Matuska of F. Matuska, Inc., bookkeeper for the District; Mr. George Blich of Blich Associates, financial advisor 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; Ms. Jennifer Endicott, Mr. Arthur McDanel, and Ms. Lynetta Morell, members of the Deerfield Village Community Association; 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 August 11, 2016, previously distributed to the Board, were considered for review and approval. 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 approve the minutes of the meeting of August 11, 2016, as amended.

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

3. **Review Bookkeeper's Report, investment report and authorize payment of bills.** The President recognized Ms. Matsuka, who presented to and reviewed with the Board the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "B." Ms. Matsuka stated that there is a column on the report designated for the capital improvements fund. Ms. Matsuka presented checks 8963 through 8985 for the Board's approval. She noted that three of those checks are customer deposit refunds.

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 Bookkeeper's

Report, and to authorize payment of check nos. 8963 through 8985 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 the District has collected 99.25% of its 2015 taxes. She presented three checks for the Board's approval.

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 Tax Assessor and Collector's Report, and to authorize payment of checks nos. 1101 through 1103 from the Tax Account in the amounts, to the persons, and for the purposes listed in such report.

5. Consider Financial Advisor's tax rate recommendations and Order Designating officer to Calculate and publish Tax Rates and taking other actions in connection with the Levy of a Tax for 2016. The President recognized Mr. Blicht, who presented and reviewed the tax rate, a copy of which is attached hereto as Exhibit "D." Mr. Blicht stated that the District's taxable value for 2016 is \$242,561,409. Mr. Blicht suggested the Board consider a tax rate between \$0.1640 and \$0.1757. Discussion ensued.

Upon motion by Director Phelps, seconded by Director Singleton, after full discussion and the question being put to the Board, the Board voted to decline the proposed tax rate of \$0.1700. Upon motion by Director Price, seconded by Director Greer, after full discussion and the question being put to the Board, the Board voted by majority vote to approve the proposed tax rate of \$0.1640.

Ms. Maher then presented to and reviewed with the Board the Order Designating Officer to Calculate and Publish Tax Rates and Taking Other Actions in Connection with the Levy of a Tax for 2016 (the "Order"), a copy of which is attached hereto as Exhibit "E." Ms. Maher informed the Board that this order authorizes the tax assessor to publish notice of the proposed tax rate and the District's next meeting date.

6. Delinquent Tax Attorney Report and take any necessary action regarding delinquent accounts including termination of service. There was no report this month.

7. Review Engineer's Report, Jackrabbit Road Public Utility District matters, Asset Management Plan, and take appropriate action on engineer's recommendations. The President reviewed an email from the District's engineer, a copy of which is attached hereto as Exhibit "F." The email stated that Jackrabbit has received bids for additional work at the wastewater treatment plant. The low bidder was C3 Construction with a bid of \$260,000. The contract has not yet been awarded. Discussion ensued about future maintenance repairs.

8. 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." Mr. Arrant stated that there are a total of 1,078 connections in the District, five of which are vacant. He noted that the District accounted for 92% of the water it produced for the month ending August 31, 2016. He informed the Board that the increase of the number of gallons flushed was due to a failed indicator, which caused the tank to overflow on two different occasions.

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

Mr. Arrant informed the Board that for the Discharge Monitoring Report for the month ending July 31, 2016, there was a violation for Ammonia. He stated that MOC will keep monitoring this level.

Mr. Arrant stated that there will be an invoice next month for the new fence around the lift station. He passed out a photo of the completed fence, a copy of which is attached hereto as Exhibit "H."

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

9. **Adopt Order Declaring Unopposed Candidates Elected to Office.** Ms. Maher stated that all candidates were unopposed and reviewed with the Board an Order Declaring Unopposed Candidates Elected to Office, a copy of which is attached hereto as Exhibit "I." 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 such Order, thereby canceling the 2016 Directors Election and declaring the unopposed candidates, Directors Polansky and Phelps, elected to office.

10. **Discuss District website, review proposals for updating site, and take appropriate action.** The Board discussed what to include on the updated website. The Board requested that a list of website requirements be provided by Ms. Maher prior to the next meeting. Director Price informed the Board that in order to make the updated website compatible on mobile devices, the Board will need to upgrade their hosting service. The Board agreed to upgrade the hosting service.

11. **Review Drought Contingency Plan and take appropriate action.** Directors Singleton and Price stated that they will review other districts' Drought Contingency Plans, and present any ideas at the next meeting.

12. **Discuss trash and recycling collection operations and take appropriate action.** Director Singleton stated that the Deerfield Village Community Association ("DVCA") will include on their website a list of what residents can discard. The Board discussed different options for a trash service, and requested that Ms. Maher send the District's agreement with WCA Waste Corporation to the Board prior to the next meeting.

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

14. **Report on WHCRWA monthly meeting.** The President stated he will try to attend the next WHCRWA meeting.

15. **Review Article for DVCA Newsletter.** Director Singleton stated that the DVCA Newsletter will mention that the District's website is still under construction, but should be completed in October.

16. **DVCA Presentation.** The President recognized Mr. McDaniel, Ms. Morell, and Ms. Endicott to the meeting. Ms. Morell presented a playground proposal for the Deerfield

Village Recreation Center, a copy of which is attached hereto as Exhibit "J." Discussion ensued about different playground equipment and pricing. The President requested that Ms. Morell obtain more information regarding pricing for different materials.

17. Review agenda items for next meeting (October 13, 2016) and such other matters as may properly come before the board.

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 October 13, 2016.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)