

MINUTES OF MEETING OF BOARD OF DIRECTORS
November 10, 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 November 10, 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. Bob Wempe of AECOM, Inc., engineer 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. Daniel Domenech of MDG; 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 October 13, 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 October 13, 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 presented check numbers 8988 through 9037 for the Board's approval.

Ms. Matuska reviewed a table for the total kilowatts per hour for the District, a copy of which is attached to the Bookkeeper's Report. Director Polansky stated that there needs to be a title for the table. Director Phelps suggested that the Harrow Hill column be changed to Water Plant, the Clay Rd column be changed to Lift Station One, and the Walnut Cove column be changed to Lift Station Two. Ms. Matuska stated that she will make the suggested edits and that the table will be updated every month.

Ms. Matuska stated that there are new employees in her office and she would like for the Board to approve banking authorization on behalf of the District for the new employees.

Upon motion by Director Green, 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, to authorize payment of check nos. 8988 through 9037 from the General Operating Fund in the amounts, to the persons, and for the purposes listed in the Bookkeeper's Report, and to approve banking authorization on behalf of the District for the new employees at F. Matuska, Inc.

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 4.66% of its 2016 taxes. Ms. Rodriguez presented one check for the Board's approval. She stated that the Shoenfelt account has filed for a disability deferral.

Upon motion by Director Phelps, seconded by Director Green, 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 1111 from the Tax Account in the amount, to the person, and for the purpose listed in such report.

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

6. Review Engineer's Report, Jackrabbit Road Public Utility District ("Jackrabbit") matters, Asset Management Plan, and take appropriate action on engineer's recommendations. The President recognized Mr. Wempe, who presented to and reviewed with the Board a letter authorizing engineering services for repainting Ground Storage Tank No. 2, a copy of which is attached hereto as Exhibit "D." Mr. Wempe stated that Ground Storage Tank No. 2 is in worse condition than Ground Storage Tank No. 1. The Board discussed the option of repairing both tanks at the same time. Director Phelps suggested that the District repair Ground Storage Tank No. 2 but only do maintenance on Ground Storage Tank No. 1. The Board decided to include Ground Storage Tank No. 1 in the bid as an alternate item to be repaired.

The Board discussed the sinkholes in the north end of the District. Mr. Wempe said that he will continue to follow up to determine who is responsible for making the repairs.

Mr. Wempe reviewed the ten year maintenance plan with the Board, a copy of which is attached hereto as Exhibit "E." Director Phelps stated that he would like the plan to include all the valves, manholes, and infrastructure within the District. Mr. Wempe stated that he will send Director Phelps examples of other districts' maintenance plans. The Board decided to review the ten year maintenance plan again at the next meeting.

7. 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 Districts, five of which are vacant. He reported that there were three main and service line leaks repaired in the District. He stated that MOC took four bacteriological samples and all results came back negative.

The Board expressed interest in the fire department coordinating with MOC when the fire department flushes so the Board can determine more accurately the District's loss of water. The Board asked Mr. Arrant about two fire hydrants within the District that are bagged. Mr. Arrant stated both fire hydrants are currently out of service but will be repaired tomorrow.

Mr. Arrant informed the Board that MOC is seeing elevated numbers in the lead and copper samples. He stated that the District is still in compliance with the rules of the Texas Commission on Environmental Quality, but MOC would like to take more samples. Mr. Arrant gave sample kits to the Board and stated that the samples are precautionary. He noted that if there are any elevated numbers with the Board member samples, MOC will continue to collect samples.

Mr. Arrant presented to the Board photos of different water fountain options for the proposed water fountain at the playground at the north end of the District. The Board noted it would like to include a new concrete slab for the fountain. Mr. Arrant stated he will look into pricing and the logistics to include the new slab. He stated that can send the Board other options for water fountains.

Upon motion by Director Price, seconded by Director Green, 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.

8. **Discuss District website, review proposals for updating site, and take appropriate action.** Mr. Domenech reviewed with the Board how to navigate and use the District's new website.

9. **Review letter from WHCRWA regarding fee increase.** The Board reviewed the letter from the WHCRWA regarding the fee increase, a copy of which is attached hereto as Exhibit "G."

10. **Review Drought Contingency Plan and take appropriate action.** No action was taken.

11. **Discuss trash and recycling collection operations and take appropriate action.** There was no report.

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

13. **Report on WHCRWA monthly meeting.** There was no report.

14. **Review Article for DVCA Newsletter.** Director Singleton stated that the DVCA Newsletter will mention that the District's website will no longer be under construction.

15. **Review insurance renewal proposal (expires January 14, 2017).** Ms. Maher presented the insurance renewal proposal from Waterworks Insurance Network, a copy of which is attached hereto as "H." The Board decided to review the insurance proposal at the next meeting when a representative from Waterworks Insurance Network is able to attend.

16. **Review agenda items for next meeting (December 8, 2016) and such other matters as may properly come before the board.** No action was taken.

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 December 8, 2016.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)