

MINUTES OF MEETING OF BOARD OF DIRECTORS  
December 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 December 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 except Director Phelps and Director Singleton. Also attending all or parts of the meeting were Ms. Rose Montelbano 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; Ms. Kim Courte of Arthur J. Gallagher & Co.; Ms. Lynetta Morell, member 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 November 10, 2016, previously distributed to the Board, were considered for review and 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 minutes of the meeting of November 10, 2016, as presented.

2. **Public comments.** The President recognized Ms. Morell, who stated that she has emailed the updated playground proposal to the Directors for their review. The President stated that the playground proposal from the Deerfield Village Community Association will be on the agenda for January.

3. **Review Bookkeeper's Report, investment report and authorize payment of bills.** The President recognized Ms. Montelbano, who presented to and reviewed with the Board the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "B." Ms. Montelbano presented check numbers 9038 through 9059 and check no. 9063 for the Board's approval.

Ms. Montelbano reviewed the revised Electricity Consumption table with the Board. The

Board advised Ms. Montelbano to add a dollar amount column to the table.

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. 9038 through 9063 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 13.6% of its 2016 taxes. Ms. Rodriguez presented four checks for the Board's approval. She stated that the Shoenfelt account has filed for a disability deferral.

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 1112 through 1115 from the Tax Account in the amounts, to the persons, and for the purposes 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 the Engineer's Report, a copy of which is attached hereto as Exhibit "D." Mr. Wempe stated that AECOM received a letter from the West Harris County Regional Water Authority ("WHCRWA") requesting water quality and quantity information from the District. The Board directed Mr. Wempe and Mr. Arrant to provide the minimal requested information to the WHCRWA.

Mr. Wempe stated that the proposal for the authorization for the preparation of the asset management plan increased to \$50,083 and can be tabled for approval until next month.

Mr. Wempe reviewed the costs of including Ground Storage Tank No. 1 as an alternate bid item for the repainting of the Ground Storage Tank No. 2. He stated that adding Ground Storage Tank No. 1 as an alternate bid item would add \$11,000 to AECOM's specs and construction management, as well as adding \$8,950 to the preventative services cost. He noted that adding Ground Storage Tank No. 1 as an alternate bid item would save the District roughly \$35,000 on engineering fees. Discussion ensued. The Board agreed to add Ground Storage Tank No. 1 as an alternate bid item for the repainting of Ground Storage Tank No. 2.

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 Engineer's Report, and to authorize Mr. Wempe to add the repainting of Ground Storage Tank No. 1 as an alternate bid item for the repainting of Ground Storage Tank No. 2.

**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 "E." Mr. Arrant stated that there are a total of 1,078 connections in the District, four of which are vacant. He reported that there was one main and

service line leak repaired in the District. He stated that MOC took four bacteriological samples and all results came back negative.

Mr. Arrant stated that the lead and copper samples collected from the Board members all came back fine.

Mr. Arrant reported that there has been some public concerns about Chromium levels in ground water. He stated that the District's Chromium levels are well within compliance with the Texas Commission on Environmental Quality's standards.

Mr. Arrant informed the Board that a new concrete slab will be needed for the proposed fountain. The Board discussed the location of the proposed fountain, and suggested that a Board member meet with Mr. Arrant at the proposed site. The President instructed Mr. Arrant to bring more fountain examples with cost estimates to the next meeting.

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.

8. **Authorize Municipal Operations & Consulting, Inc. to prepare Water Smart Application.** Mr. Arrant presented to and reviewed with the Board the Resolution authorizing MOC to prepare the District's Water Smart application for 2016. 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 MOC to prepare the District's Water Smart application for 2016.

9. **Indemnification of Directors.** The President recognized Ms. Maher, who stated that to the extent that the directors and officer's insurance policy does not cover losses and costs of directors carrying out the lawful business and duties of the District in good faith, then the District can indemnify the directors for losses from surplus amounts.

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 District's indemnification of directors for losses arising from the directors carrying out their lawful duty, to the extent that such losses are not otherwise covered by insurance.

10. **Report on Eminent Domain Filing.** The President recognized Ms. Maher, who stated that the District is required to file an annual report with the Texas Comptroller of Public Accounts to retain its right to eminent domain by the deadline of February 1, 2017. She stated that NRF will make this filing on behalf of the District.

11. **Discuss District website and take appropriate action.** No action was taken.

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

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

14. **Review Rate Order and take appropriate action.** The President discussed the option of including a leak adjustment clause to the District's rate order. Discussion ensued. Ms.

Maier informed the Board that the District's rate order needs to be amended to reflect the amendments made to the Safe Water Drinking Act regarding lead levels. Ms. Maier presented drafts of the amended rate order reflecting the proposed changes, a copy of which is attached hereto as Exhibit "F." Discussion ensued. The Board decided to table until the next meeting.

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

16. **Review Article for DVCA Newsletter.** There was no report.

17. **Review insurance renewal proposal (expires January 14, 2017).** The President recognized Ms. Courte, who reviewed with the Board the insurance proposal from Arthur J. Gallagher & Co., a copy of which is attached hereto as Exhibit "G." Ms. Courte discussed cyber liability coverage with the Board and asked if they would like to add it to their existing coverage. The Board stated that they would like the District's attorney to review the cyber liability coverage option before adding it to the existing coverage. Ms. Courte noted that the cyber liability coverage can be added at any time.

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 insurance proposal by Arthur J. Gallagher & Co. for the same coverage as last year.

18. **Review agenda items for next meeting (January 14, 2017) 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 January 12, 2017.

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President, Board of Directors

ATTEST:

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Secretary, Board of Directors

(DISTRICT SEAL)