

MINUTES OF MEETING OF BOARD OF DIRECTORS
January 12, 2017

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 January 12, 2017; 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 Greer. 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. 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 December 8, 2016, previously distributed to the Board, were considered for review and approval. 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 minutes of the meeting of December 8, 2016, as presented.

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

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 9064 through 9087 for the Board's approval.

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

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. 9064 through 9087 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 69.4% of its 2016 taxes. Ms. Rodriguez presented four checks for the Board's approval.

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 Tax Assessor and Collector's Report, and to authorize payment of checks 1116 through 1119 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. **Authorize Hal. R. Gordon to enforce the collection of delinquent 2016 taxes.** The President recognized Ms. Maher, who reported that the District's current delinquent tax attorney, Hal R. Gordon, currently has an evergreen contract with the District that will automatically renew unless cancelled by the District. 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 authorize Hal R. Gordon to enforce the collection of delinquent 2016 taxes.

7. **Consider Property Tax Exemptions.** The President reviewed with the Board the Order Adopting Exemption from Taxation for Individuals Who are Disabled or are 65 Years of Age or Older (the "Order"), a copy of which is attached hereto as Exhibit "D." Ms. Maher reported that last year the District had an exemption in the amount of \$20,000 of the appraised value of residence homesteads within the District for individuals who are disabled or are 65 years of age or older.

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 Order with an exemption of \$20,000 of the appraised value of residence homesteads within the District for individuals who are disabled or 65 years of age or older.

8. **Adopt Resolution Authorizing Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11 and 33.08 Tax Code.** The President reviewed with the Board the Resolution Authorizing Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11 and 33.08, Tax Code (the "Resolution"), a copy of which is attached hereto as Exhibit "E." Ms. Maher reported that the revenue collected by levying this penalty is used to pay the delinquent tax attorney for the services provided to the District.

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 adopt the Resolution.

9. **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 "F." Mr. Wempe stated that adding Ground Storage Tank No. 1 as an alternate bid item for the repainting of the Ground Storage Tank No. 2 would save the District around \$35,000 on engineering fees. He also stated that if AECOM received the bids prior to the next meeting,

AECOM would present the bids to the Board at the next meeting.

Mr. Wempe presented to and reviewed with the Board the proposal for the preparation of the asset management plan, a copy of which is attached hereto as Exhibit "G." He noted that the budget for the plan is \$50,083. Discussion ensued. The Board decided to authorize AECOM to prepare the asset management plan for the basic services price of \$50,083.

Mr. Wempe updated the Board about Jackrabbit Public Utility District sewage treatment plant matters. He stated that a change order is expected because holes were discovered in the airdrops after the tanks were drained. He stated that AECOM is waiting to hear back from the contractor.

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 Engineer's Report, and to authorize the proposal for the preparation of the Asset Management Plan in the amount of \$50,083.

10. 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, seven of which are vacant. He stated that MOC took four bacteriological samples and all results came back negative.

Mr. Arrant stated that there is an issue with the transfer switch at the water plant. Mr. Arrant stated that to replace the transfer switch would cost an estimated \$15,000. Discussion ensued. The Board authorized the President to review quotes from MOC and to authorize MOC to replace the transfer switch.

Mr. Arrant stated that a manhole off Pine Forest Drive does not have a lid. He stated that the manhole will be repaired by the end of next week. The Board stated they would like to have a record of when the manhole was damaged and when it was repaired.

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.

11. Review DVCA playground proposal and take any necessary action. The President recognized Ms. Morell, who reviewed with the Board the DVCA playground proposal, a copy of which is attached hereto as Exhibit "H." Mr. Morell stated that since it is the beginning of the year, Landscape Structures, Inc., has increased their quote by 3%. The President requested that Ms. Morell forward the revised estimate to the Board.

The Board discussed what agreement will need to be drafted between the District and the DVCA. The President instructed Ms. Maher to provide the Board with a cost estimate for the agreement so the Board and the DVCA can decide how to split the cost.

12. Discuss District website and take appropriate action. Director Price stated that the current Rate Order is on the District's website. He also suggested that the Directors send a test email.

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

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

15. **Review Rate Order and take appropriate action.** The Board decided to table this item until the next meeting.

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

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

18. **Consider need for cyber liability coverage and take any necessary action.** Ms. Maher reviewed the proposal for the cyber liability coverage from BCS Insurance Company, a copy of which is attached hereto as Exhibit "I." Discussion ensued. The Board decided not to include cyber liability with their insurance coverage.

19. **Review agenda items for next meeting (February 9, 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 February 9, 2017.



President, Board of Directors

ATTEST:



Secretary, Board of Directors
(DISTRICT SEAL)

