

MINUTES OF MEETING OF BOARD OF DIRECTORS
February 9, 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 February 9, 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. 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; Mr. Hans von Meier of Residential Recycling of Texas, Inc., 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 January 12, 2017, previously distributed to the Board, were considered for review and approval. 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 approve the minutes of the meeting of January 12, 2017, 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 9112 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 accept the Bookkeeper's Report, and to authorize payment of check nos. 9064 through 9112 from the General Operating Fund in the amounts, to the persons, and for the purposes listed in the Bookkeeper's Report.

4. **Adopt budget for fiscal year ending March 31, 2017.** The President recognized Ms. Montelbano, who presented to and reviewed with the Board the draft budget for the fiscal year ending March 31, 2017, a copy of which is attached hereto as Exhibit "C." Ms. Montelbano stated that the budget will not be adopted tonight as further discussion with the District's Operator and Engineer is needed. The Board proposed that the budgeted amount for the playground upgrade be a separate line item for \$43,000. The Board discussed the HPT line item and Mr. Arrant stated that the HPT recoating is finished and that line item can be zeroed out.

5. **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 "D." Ms. Rodriguez reported the District has collected 95.6% of its 2016 taxes. Ms. Rodriguez presented five checks for the Board's approval. Ms. Rodriguez stated that the report includes a full delinquent list for the Board's review.

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 1120 through 1124 from the Tax Account in the amounts, to the persons, and for the purposes listed in such report.

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

7. **Engage Auditor for fiscal years ending March 31, 2017 and March 31, 2018.** The President recognized Ms. Maher, who stated that she received an email from the District's auditor, who stated that the District signed a two year engagement in March 2016 to engage McCall Gibson Swedlund Barfoot PLLC to prepare the District's audit for its fiscal years ending March 31, 2016 and March 31, 2017 and therefore there is no need to engage an auditor at this meeting.

8. **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 "E." Mr. Wempe stated that the change order from Jackrabbit for the replacement of the air drops was received. He stated that the District's share of the change order is \$11,000.

Mr. Wempe stated that AECOM is currently cataloging the District's equipment for the asset management plan.

Mr. Wempe presented to and reviewed with the Board a bid tabulation for the repainting of Ground Storage Tank No.2 and Ground Storage Tank No. 1, a copy of which is attached hereto as Exhibit "F." He stated that bid items one through nine are for Ground Storage Tank No. 2, bid items s-1 through s-4 are supplemental items for Ground Storage Tank No. 1, and bid items s5 through s34 are supplemental items that may or may not be necessary. He stated that if the Board would like to repaint both tanks, AECOM recommends going with the low bidder for the amount of \$519,300. Discussion ensued.

Upon motion by Director Price, seconded by Director Singleton, after full discussion and the question being put to the Board, the Board voted by majority vote, with Director Polansky

abstaining, to approve the Engineer's Report, and to award the contract for repainting Ground Storage Tank No. 1 and Ground Storage Tank No. 2 to the low bidder in the amount of \$519,300.

9. **DVCA playground proposal and take any necessary action.** The President recognized Ms. Morell, who stated that if the Board approves the proposal tonight, the equipment can be ordered. She stated that it would take three weeks for the equipment to arrive.

Ms. Maher presented to and reviewed with the Board a draft of the Agreement for Shared Costs for Recreational Facilities, a copy of which is attached hereto as Exhibit "G." The Board agreed to participate at the requested amount of \$43,128. The Board discussed insurance for the playground upgrades.

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, with Director Singleton abstaining, to provide \$43,128 to the DVCA for the playground upgrades, and to approve the Agreement for Shared Costs for Recreational Facilities subject to Attorney review.

10. **Discuss trash and recycling collection operations and take appropriate action.** The President recognized Mr. Von Meier, who stated that the District's recycling contract renewal is in October. He stated that Residential Recycling of Texas, Inc., rates will be increasing. He also stated that Residential Recycling of Texas, Inc., offers trash pick-up as well. The President requested that Residential Recycling of Texas, Inc., prepare a proposal for the recycling service and a proposal for recycling and trash services.

11. **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 "H." Mr. Arrant stated that there are a total of 1,078 connections in the District, nine of which are vacant. He stated that MOC took four bacteriological samples and all results came back negative.

Mr. Arrant stated that the transfer switch at the water plant ended up costing \$13,000.

Mr. Arrant stated that the manhole off Pine Forest Drive has been 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.

12. **Review Sanitary Sewer Contract between HCMUD No. 136 and Pine Forest Country Club and take appropriate action.** The Board reviewed the Sanitary Sewer Contract between HCMUD No. 136 and Pine Forest Country Club, a copy of which is attached hereto as Exhibit "I." The President stated that he corresponded with the District's Attorney, who stated that the contract is in the automatic five year renewal phase, and that if the District would like to renegotiate the contract they would have leverage to do so by giving notice of termination of the contract. The notice would have to be given by March 23, 2017.

Mr. Arrant presented to and reviewed with the Board the pay history for Pine Forest Country Club, along with photos of the damage, a copy of which is attached hereto as Exhibit "J." Mr. Arrant stated that a pump tripped at the country club during a rain event. He stated that

the sanitary sewer lines are private and that MOC does not have access to inspect the lines. He also stated that an insurance claim has been filed.

The Board discussed renegotiating the contract to include certain amendments. The Board discussed notifying Pine Forest Country Club of the possible amendments prior to terminating the contract. Ms. Maher stated she will check with the District's Attorney for further direction.

The President suggested having a special meeting on March 1 to further discuss the contract with Pine Forest Country Club.

13. **Discuss and Approve District's Water Smart Application.** Mr. Arrant stated that MOC is currently working on the Water Smart Application.

14. **Discuss District website and take appropriate action.** There was no report.

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

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

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

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

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



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

