

MINUTES OF MEETING OF BOARD OF DIRECTORS
September 14, 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 September 14, 2017; whereupon the roll was called of the members of the Board, to wit:

Neil Polansky, President
Barry Greer, Vice President
Brent Phelps, Assistant Vice President
Jay Singleton, Secretary
Adam Rodriguez, 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. Keith Arrant of Municipal Operations & Consulting, Inc. ("MOC"), operator for the District; Mr. Bob Wempe of AECOM Engineering, Engineer for the District; Ms. Patty Rodriguez of Bob Leared Interests ("BLI"), tax assessor and collector for the District; Mr. Doug Young, Ms. Karen Collins, Ms. Colleen Vera, Ms. Beth Ann Lalumiere, Mr. Simon Hughes, and Ms. Teresa Audirach, residents of the District; 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 10, 2017, previously distributed to the Board, were considered for review and approval. Upon motion by Director Phelps, 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 August 10, 2017, 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. Montelbano, who presented to and reviewed with the Board the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "B." The President stated that the District will not release the final payment to N.G. Painting until the repainting of the ground storage tanks is complete and the reimbursement to residents who received damage is confirmed.

Upon motion by Director Greer, 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. 9264 through 9288 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 99.4% of its 2016 taxes.

Upon motion by Director Greer, 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 1148 through 1150 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. Order Designating Officer to Calculate and Publish Tax Rates and Taking Other actions in Connection with the Levy of a Tax for 2017. Ms. Rodriguez presented to and reviewed with the Board the 2017 Tax Rate Study prepared by Blich Associates, a copy of which is attached hereto as Exhibit "D." Ms. Rodriguez stated that the District's 2017 taxable value is \$245,857,309. 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 by majority to publish a tax rate of \$0.1640 for maintenance and operations.

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 2017 (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 the proposed tax rate and the District's next meeting date.

7. Review Investment Policy and accept related party disclosures. The President recognized Ms. Maher, who presented to and reviewed with the Board the Ethics and Investment Policy, a copy of which is attached hereto as Exhibit "F." Ms. Maher stated the Ethics and Investment Policy was revised to include the recent legislative changes. Upon motion by Director Singleton, seconded by Director Greer, after full discussion and the question being put to the Board, the Board voted unanimously to approve the revised Ethics and Investment Policy and to accept the related party disclosures.

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 stated that N.G. Painting should be done with the repainting of the ground storage tanks next week. The Board stated they would like to attend the final walkthrough.

Mr. Arrant presented to the Board an update on the Jackrabbit WWTP, a copy of which is attached hereto as Exhibit "G." Mr. Arrant stated that Jackrabbit is currently operating on a generator. Residents of the District asked about the status of the District's facilities after Hurricane Harvey. Mr. Arrant stated that the District's facilities are fully operational.

The Board discussed attending the next Jackrabbit meeting and asked that Ms. Maher post a special agenda. Mr. Rodriguez stated that he will post an update about Jackrabbit to the District's website.

The residents of the District asked the Board about the status of continuing to conserve

wastewater. The Board instructed residents to continue with their normal activities but to be mindful of their water usage.

Director Phelps asked about the status of the District's asset management plan. Mr. Wempe stated he will have an update for the next meeting.

9. **Review Operations Report, authorize repairs, and authorize termination of services to delinquent accounts.** The President recognized Mr. Arrant, who 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, six of which are vacant. He stated that MOC took four bacteriological samples and all results came back negative.

Mr. Arrant reported on various repairs throughout the District.

Mr. Arrant stated that he is not aware of any flooding in the District due to Hurricane Harvey. Director Phelps proposed that the Board postpone tagging and terminating services until the next billing cycle due to mail issues caused by Hurricane Harvey.

Upon motion by Director Greer, seconded by Director Rodriguez, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Operations Report and to postpone tagging and terminating services until the next billing cycle.

10. **Discuss Water Plant fence condition and develop plan for systematically repairing and/or replacing portions of the fence.** Mr. Wempe stated that the survey which shows where the fence lies in the District's boundaries will be completed soon.

11. **Discuss greenbelt exercise stations usage, maintenance, and upkeep and take appropriate action.** The President stated that he invited a representative from the DVCA to attend the meeting to discuss the replacement of the rusted exercise stations. The President requested that this item be on the next agenda.

12. **Discuss DVCA Big Event and take any necessary action.** Director Singleton stated that the DVCA Big Event has been moved to September 30, 2017. He also stated that he will order business cards for the Board.

13. **Consider HGSD Interlocal Agreement and take any necessary action.** The President recognized Ms. Maher, who stated that she spoke with a representative from the Harris-Galveston Subsidence District "HGSD." She stated that the Board can sponsor any school, both public or private, within Harris and Galveston County. The Board proposed the possibility of sponsoring Lieder Elementary or Watkins Middle School. Ms. Maher stated that she will follow up with the HGSD.

14. **Discuss District website and take appropriate action.** Director Phelps stated that he has been keeping the District's website up to date.

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

16. **Discuss trash and recycling collection operations and take appropriate action.** The President recognized Ms. Maher, who presented to the Board trash and recycling proposals from Texas Pride Disposal, Residential Recycling & Refuse of Texas, Inc., and Best

Trash, copies of which are attached hereto as Exhibit "I." The President requested that a subcommittee review the proposals and have a recommendation for the next meeting. Director Singleton stated that he would lead the subcommittee.

17. **Review Rate Order and take appropriate action.** The Board tabled this item until the next meeting.

18. **Report on WHCRWA monthly meeting.** The President stated that he and Director Phelps attended the WHCRWA meeting. He stated that there is a town hall meeting scheduled for October 26, 2017.

19. **Review Article for DVCA Newsletter.** Director Singleton stated that he will mention the DVCA Big Event.

20. **Review agenda items for next meeting (October 12, 2017) 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 12, 2017.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)