

MINUTES OF MEETING OF BOARD OF DIRECTORS  
December 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 December 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 Mr. Keith Arrant of Municipal Operations & Consulting, Inc. ("MOC"), operator for the District; Ms. Fran Matsuka of F. Matuska, Inc., bookkeeper 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. Todd Burrer of Inframark Water Infrastructure Operations; Mr. Benjamin Sommers of the Deerfield Swim Pool Committee; Ms. Kim Courte of Arthur J. Gallagher & Co.; Mr. Jim Tucker, Mr. Eric Worthington, and Ms. Gradi Hamman, 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 November 9, 2017, 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 November 9, 2017, as presented.

2. **Public comments.** The President welcomed Ms. Hamman to the meeting, who stated she had a sewer back-up. The President stated that this would be addressed under the Engineer's Report.

3. **Consideration of Deerfield Village Swim Pool Committee rate.** The President recognized Mr. Sommers, who stated that the Deerfield Village Swim Pool Committee ("SPC") has begun the project of re-plastering the pool. He stated that SPC is requesting a consideration of a rate reduction for refiling the pool. He stated that the amount of water needed to refill the pool is approximately 160,000 gallons.

The Board discussed a rate of \$1.09 per 1,000 gallons. The President informed Mr.

Sommers that the Board would not be able to waive any fees from the West Harris County Regional Water Authority ("WHCRWA"). Discussion ensued regarding proposed rates. It was the consensus of the Board to reduce the rate, however the rate was not determined. The President stated that the Board will continue discussion and will keep the agenda item for next month's agenda.

4. **Consideration of 'Annual Rate Adjustment Notification' from WCA for waste services to District.** The Board reviewed the Annual Rate Adjustment Notification letter from WCA, a copy of which is attached hereto as Exhibit "B." 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 reject the proposed rate adjustment of \$0.26 cents per month per connection with no counter offer.

5. **Consideration of rate adjustment from Residential Recycling for recycling services to the District.** The Board reviewed the request for increase from Residential Recycling, a copy of which is attached hereto as Exhibit "C." 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 reject the proposed rate increase of \$0.70 per home per month.

6. **Update on Regional WWTP response planning.** The President recognized Mr. Burrer, who reported on the response planning for the wastewater treatment plant. Mr. Burrer stated that he has drafted a preliminary plan for emergency response processes. He stated that he is currently incorporating comments from the attorneys for the Regional WWTP. He stated that once available, he will distribute the revised plan to Ms. Maher to distribute to the Board.

7. **Review Bookkeeper's Report, investment report and authorize payment of bills.** The President recognized Ms. Matsuka, who presented to the Board the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "D."

Upon motion by Director Greer, seconded by Director Singleton, 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. 9348 through 9369 from the General Operating Fund in the amounts, to the persons, and for the purposes listed in the Bookkeeper's Report.

8. **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 "E." Ms. Rodriguez stated that the District has collected 15.7% of the 2017 taxes as of November 30, 2017.

Ms. Rodriguez presented to and reviewed with the Board a full delinquent tax roll, a copy of which is attached hereto as Exhibit "F."

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 Tax Assessor and Collector's Report, and to authorize payment of checks 1159 through 1161 from the Tax Account in the amounts, to the persons, and for the purposes listed in such report.

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

10. **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 "G."

Mr. Wempe stated that progress payment no. 4 for the repainting of three ground storage tanks in the amount of \$117,883.30 has been submitted for payment. He stated that change order no. 1 in the amount of \$65,533 has also been submitted for payment, which reconciles the contract to the final in place quantities. Upon motion by Director Rodriguez, seconded by Director Greer, after full discussion and the question being put to the Board, the Board voted unanimously to approve progress payment no. 4 in the amount of \$117,883.30, and change order no. 1 in the amount of \$65,533.

Mr. Wempe stated that the engineers for Jackrabbit will be producing a map of the different ownerships between the districts.

Mr. Wempe presented to and reviewed with the Board a draft of the District's asset management plan, a copy of which is attached hereto as Exhibit "H." He suggested that the Board have a special meeting to discuss the plan in further detail when the plan is closer to being finalized.

11. **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 "I."

Mr. Arrant stated that there are a total of 1,078 connections in the District, five 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 received two quotes to replace the water plant fence. He stated that one quote for 616 linear feet of cedar picket fence was \$21,237, and the other quote was \$25,000. Discussion ensued. It was the consensus of the Board to obtain a third quote.

The President recognized Mr. Tucker, who stated that he wrote a letter to the Board requesting that the fence along the access road be replaced. The President stated that the Board will not be replacing the fence along the access road at this time.

The President recognized Ms. Hamman, who stated that she had a sewer back-up in November. Ms. Hamman stated she had a plumber verify that the back-up was due to a District issue. Mr. Arrant stated that MOC verified that the back-up was on the District's line. Ms. Hamman stated that her insurance did not cover the back-up. The President requested that Mr. Hamman send all expenses accrued and the coverage denial letter to Mr. Arrant, who would send the information to Ms. Courte.

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 accept the Operations Report and to terminate service to those accounts listed on the Cut Off List.

12. **Authorize Municipal Operations & Consulting, Inc. to prepare Water Smart Application.** The Board stated that they were not participating in Water Smart this year.

13. **Discuss Jackrabbit Road Wastewater Treatment Plant, Lift Station operation, and board member attendance, and take appropriate action.** There was no discussion.

14. **Discuss Water Plant fence condition and develop plan for systematically repairing and/or replacing portions of the fence.** This item was addressed under the Operator's Report.

15. **Consider insurance proposals (expires January 14, 2018).** The President recognized Ms. Courte, who presented to and reviewed the insurance proposal from Arthur J. Gallagher & Co. Waterworks Insurance Network, a copy of which is attached hereto as Exhibit "J." 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 insurance proposal submitted by Arthur J. Gallagher & Co.

16. **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 Singleton, seconded by Director Rodriguez, 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.

17. **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, 2018. She stated that NRF will make this filing on behalf of the District.

18. **Discuss District website and take appropriate action.** Director Rodriguez stated that he will update the website.

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

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

21. **Review Article for DVCA Newsletter.** Director Singleton stated that he will prepare the DVCA Newsletter.

22. **Review agenda items for next meeting (January 11, 2018) 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 January 11, 2018.

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President, Board of Directors

ATTEST:

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Secretary, Board of Directors

(DISTRICT SEAL)