

MINUTES OF MEETING OF BOARD OF DIRECTORS
February 8, 2018

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 8, 2018; 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; Ms. Patty Rodriguez of Bob Leared Interests (“BLI”), tax assessor and collector for the District; Mr. Hudson Kennedy of McCall Gibson Swedlund Barfoot PLLC, auditor for the District; Ms. Alma “Gradi” Hamman, resident 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 January 11, 2018, previously distributed to the Board, were considered for review and approval. 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 approve the minutes of the meeting of January 11, 2018, as presented.

2. **Public comments.** The President welcomed Ms. Hamman to the meeting. Ms. Hamman stated that she had a sewer back-up at her residence in November 2017. Ms. Hamman stated that she spoke with her insurance adjuster, who stated that she needed to provide maintenance documentation from the District. Mr. Arrant stated that MOC has provided the insurance adjuster with the requested information. Mr. Arrant stated that he will follow up with the insurance adjuster tomorrow and that Ms. Hamman can contact him any time.

3. **Engage Auditor for fiscal years ending March 31, 2018 and March 31, 2019.** The President recognized Mr. Kennedy, who presented to and reviewed with the Board a proposed auditor engagement letter for the fiscal years ending March 31, 2018 and March 31, 2019, a copy of which is attached hereto as Exhibit “B.” Mr. Kennedy requested that the Board engage the services of McCall to prepare the District’s annual audit for fiscal years ending March 31, 2018 and March 31, 2019, at an estimated cost of \$10,500 to \$11,500 per year.

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 engage the services of McCall to prepare the District's audit for fiscal years ending March 31, 2018 and March 31, 2019, and to authorize the execution of the engagement letter.

4. **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 "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 accept the Bookkeeper's Report, and to authorize payment of check nos. 9398 through 9422 from the General Operating Fund in the amounts, to the persons, and for the purposes listed in the Bookkeeper's Report.

5. **Adopt budget for fiscal year ending March 31, 2018.** The Board reviewed the draft budget for fiscal year ending March 31, 2018, a copy of which is attached to the Bookkeeper's Report. Ms. Matsuka stated that the Board will be adopting the budget next month as she is waiting on information from Jackrabbit, MOC, and the District's engineer.

6. **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 stated that the District had collected 96% of the 2017 taxes as of January 31, 2018.

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 1164 through 1167 from the Tax Account in the amounts, to the persons, and for the purposes listed in such report.

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

8. **Review Engineer's Report, Jackrabbit Road Public Utility District ("Jackrabbit") matters, Asset Management Plan, and take appropriate action on engineer's recommendations.** There was no report.

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 "E."

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

Mr. Arrant stated that there was a service line leak at Hearthersage Drive and that two homes were affected.

Mr. Arrant stated that Harris County Municipal Utility District No. 183 ("HCMUD No. 183") was on interconnect with the District for a couple days during the recent freeze.

Mr. Arrant reported on various projects and repairs throughout the District.

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

10. **Discuss Water Plant fence condition and develop plan for systematically repairing and/or replacing portions of the fence.** Director Rodriguez stated that he and Mr. Arrant met with the contractor last Friday. He stated that the additional \$1,000 was added to the proposal for the addition of the galvanized posts and additional six inch wrought board on the North side of the fence. He stated the contractor would be able to start on February 19. Mr. Arrant stated that he will coordinate with the District's engineer to stake the area.

Director Rodriguez stated that the contractor can move the fence line by a foot on the District's side to keep the old fence intact until the new fence is built. Discussion ensued. It was the consensus of the Board to not move the fence line.

The Board discussed notifying the residents of the fence replacement. The President stressed that the Board needs to make the replacement of the fence easy for the residents it impacts. The Board requested that Ms. Maher follow up with the District's attorney regarding what steps the Board needs to take to properly notify the residents.

Director Rodriguez stated that he will notify the District's security service that the fence will be down for a night.

11. **Discuss Jackrabbit Road Wastewater Treatment Plant, Lift Station operation, and board member attendance, and take appropriate action.** The Directors reviewed the second draft of the Jackrabbit Communication Plan, a copy of which is attached hereto as Exhibit "F." Discussion ensued.

12. **Consider changing Director per diem reimbursement from the current limit.** The President opened discussion regarding increasing the Director per diem reimbursement. Discussion ensued. It was the consensus of the Board to not increase the Director per diem reimbursement, but to use sensible judgement and to consistently record their hours when on District duties.

13. **Discuss District website and take appropriate action.** Director Rodriguez stated that informational links have been added to the website. He also stated that he will add the District's trash information to the website.

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

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

16. **Review Article for DVCA Newsletter.** The Board stated that Director Singleton will prepare the article.

17. **Review agenda items for next meeting (March 8, 2018) 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 8, 2018.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)