

MINUTES OF MEETING OF BOARD OF DIRECTORS
December 12, 2019

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 12, 2019; 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
Adam Rodriguez, Secretary
Eric Worthington, 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; Ms. Patty Rodriguez of Bob Leared Interests (“BLI”), tax assessor and collector for the District; Mr. Keith Arrant of Municipal Operations & Consulting, Inc. (“MOC”), operator for the District; and Mr. Dimitri Millas and Ms. Jane Maher of Norton Rose Fulbright US LLP (“NRF”), attorney 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. **Public comments.** There were no public comments.
2. **Minutes.** Proposed minutes of the meeting of November 14, 2019, previously distributed to the Board, were considered for review and approval. Upon motion by Director Phelps, seconded by Director Rodriguez, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meetings of November 14, 2019, as revised.
3. **Review Bookkeeper’s Report, investment report and authorize payment of bills.** The President recognized Ms. Montelbano, who presented the Bookkeeper’s Report, a copy of which is attached hereto as Exhibit “B.”

Upon motion by Director Phelps, seconded by Director Greer, 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. 9966 through 9990 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 and Delinquent Roll, copies of which are attached hereto as Exhibit "C."

Ms. Rodriguez stated that the District had collected 10.8% of the 2019 taxes as of November 30, 2019.

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 approve the Tax Assessor and Collector's Report, and to authorize payment of check nos. 1240 through 1242 from the Tax Account in the amount, to the person, and for the purposes listed in such report.

5. Review Engineer's Report, Jackrabbit Road Public Utility District ("Jackrabbit") matters, Pine Forest Country Club matters, Asset Management Plan, and take appropriate action. The President summarized an email update from the engineer. He stated that Pape-Dawson is continuing to address the detention basin comment from Harris County regarding the water plant electrical improvements.

Mr. Millas stated that Pape-Dawson would like the Board's authorization to conduct a title search on the property where the manhole on Pine Forest country club was found to see if the District has an easement, or if the manhole is in Harris County's right-of-way. Discussion ensued. It was the consensus of the Board to authorize Pape-Dawson to conduct a title search on the found manhole. The Board requested that NRF review the District's files for agreements between Deerfield Park and Pine Forest Country Club.

6. Discuss Jackrabbit Public Utility District matters and take appropriate action. There was no report.

7. Discuss District's participation in funding the flood wall proposed by Jackrabbit Road Public Utility District and take appropriate action. The President stated that the Jackrabbit PUD has not reached out for a special meeting yet. There was no further report.

8. 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 "D."

Mr. Arrant reported on various maintenance items in the District.

Mr. Arrant reported that MOC televised the 18 inch gravity line for Pine Forest Country Club and stated that the line is beginning to show signs of failure. He stated that the line is roughly 1,500 linear feet of sanitary sewer. He stated that the cost would be approximately \$10,000 to slip the line. He noted that he can provide an estimate at the next meeting.

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 authorize terminations according to the Rate Order.

9. Consideration of MOC contract amendment and take appropriate action. The President recognized Mr. Arrant, who reviewed with the Board the First Amendment to Professional Services Agreement (the "Amendment"), a copy of which is attached hereto as Exhibit "E." Discussion ensued. Mr. Arrant stated that with the approval of the Amendment, the

residential tap fees will need to be amended in the District's Rate Order. It was the consensus of the Board to table the consideration until the January meeting.

10. **Discuss water fountain at Vanbury playground and any necessary action.** The President recognized Mr. Millas, who presented to and reviewed with the Board the Agreement for Shared Recreational Facilities (the "Agreement"), a copy of which is attached hereto as Exhibit "F." Mr. Millas noted that the District will operate and maintain the water fountain and that the Deerfield Village Community Association ("DVCA") will own the water fountain but authorize the District access to maintain the water fountain. He noted that a map of the area will need to be provided as an exhibit to the Agreement. The President requested that NRF distribute the Agreement to the DVCA's attorney for review.

11. **Report on Eminent Domain filing.** Mr. Millas reported that the District is required to file an annual report with the Texas Comptroller of Public Accounts to retain its right to exercise eminent domain by February 1, 2020. He stated NRF will make this filing on behalf of the District.

12. **Discuss date for tour of District facilities, West Harris County Regional Water Authority pumping station and Jackrabbit Public Utility District wastewater treatment plant.** The Board discussed tour dates either in January or February 2020.

13. **Report on WHCRWA monthly meeting, and related service and construction issues.** There was no report.

14. **Discuss trash and recycling operations.** There was no report.

15. **Discuss District website.** Director Rodriguez discussed the updates to the website. It was the consensus of the Board to post the next meeting agenda on the website.

16. **Review Article for DVCA Newsletter.** The President stated that he will prepare the article for the November DVCA Newsletter.

17. **Discuss District insurance (expires January 14, 2020).** The Board reviewed insurance proposals from Arthur J. Gallagher Risk Management Services, Inc. ("AJG") and Harco Insurance Services, copies of which are attached hereto as Exhibit "G" and "G-1." Discussion ensued. The Board instructed that NRF request a revised proposal from AJG, as page 7 had a typo for the equipment breakdown deductible. Upon motion by Director Greer, seconded by Director Worthington, after full discussion and the question being put to the Board, the Board voted unanimously to approve the proposal from AJG subject to the requested revised proposal.

18. **Indemnification of Directors.** The President recognized Ms. Maher, who noted that to the extent that Directors are acting in good faith in carrying out their duties, the District may indemnify Directors from current surpluses for losses or costs in connection with law suits that are not otherwise covered by the Directors and Officers liability insurance. She reviewed a Resolution Authorizing Indemnification of Directors, a copy of which is attached as Exhibit "H." 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 the Resolution Authorizing Indemnification of Directors.

19. **Review agenda items for next meeting (January 9, 2020) and such other matters as may properly come before the board.** The Board requested that the discussion of the Rate Order be on the January agenda.

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 9, 2020.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)