

MINUTES OF MEETING OF BOARD OF DIRECTORS
December 10, 2020

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") convened in regular session on December 10, 2020, at 6:00 p.m. via teleconference and videoconference pursuant to Section 551.125, Texas Gov't Code as modified by the temporary suspension of certain provisions thereof pursuant to guidelines issued by the Texas Attorney General and approved by the Governor for use during the COVID-19 statewide disaster. A roll call was taken of the persons present:

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 Mr. Kevin Atkinson of Texas Pride Disposal; Ms. Kim Courte of Arthur J. Gallagher Risk Management Services, Inc.; Ms. Fran Matuska of F. Matuska, Inc., bookkeeper for the District; Ms. Patty Rodriguez of Bob Leared Interests ("BLI"), tax assessor and collector for the District; Mr. Bob Wempe of Pape-Dawson Engineers ("Pape-Dawson"), engineer for the District; Mr. Eric Toureilles of the Deerfield Village Community Association ("DVCA"), Mr. Keith Arrant of Municipal Operations & Consulting, Inc. ("MOC"), operator for the District; and Ms. Jane Maher of Norton Rose Fulbright US LLP ("NRF"), attorneys for the District.

Pursuant to Section 551.054, Texas Gov't Code, as modified by the temporary suspension of certain provisions thereof, notice of the meeting was posted on the District's website within the time limits prescribed by law. The agenda packet was posted on the website as items became available. Certificates of such posting are attached hereto as Exhibit "A."

Call to Order. The President called the meeting to order. He noted that the meeting was being held by teleconference in accordance with federal, state and county directives to slow the spread of COVID-19 by avoiding meetings that bring people together. He said the notice of the meeting included a toll-free dial-in number for members of the public to call so they can hear the meeting and address the Board. He noted that the meeting was being recorded and a recording would be available upon public request. The President then set out guidelines for the conduct of the meeting. He asked each speaker to identify themselves before speaking. He then proceeded with the meeting business:

1. **Public comments.** There were no public comments.
2. **Minutes.** Proposed minutes of the meetings of November 12, 2020, 2020 previously distributed to the Board, were considered for review and approval. 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 minutes of the meetings of November 12, 2020, as presented.

3. **Accept Oaths of Office of elected directors and Certificate of Election.** Ms. Maher stated that Directors Polansky and Phelps executed their Oath of Office and Statement of Officer qualifying them to serve as Director their new elected terms. Ms. Maher presented the Certificate of Election, a copy of which is attached hereto as Exhibit "B." 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 accept the Certificates of Election for Directors Polansky and Phelps.

4. **Election of Officers.** Ms. Maher stated that the Board can determine the slate of positions. The Board discussed the current positions. 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 keep the same slate of positions.

5. **Review Bookkeeper's Report, investment report and authorize payment of bills.** The President recognized Ms. Matuska, who presented the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "C." The Board requested that on the budget the line item for the Jackrabbit Wastewater Treatment Plant Improvements be separated between the SCADA system expense and the floodwall expense, with the floodwall expense being at \$0.

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. 10275 through 10298 from the General Operating Fund in the amounts, to the persons, and for the purposes listed in the Bookkeeper's Report.

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 and Delinquent Roll, copies of which are attached hereto as Exhibit "D."

Ms. Rodriguez stated that the District had collected 99.46% of the 2019 taxes as of November 30, 2020.

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 approve the Tax Assessor and Collector's Report, and to authorize payment of check nos. 1285 through 1288 from the Tax Account in the amount, to the person, and for the purposes listed in such report.

7. **Discuss trash and recycling operations, including Texas Pride's proposal.** The President recognized Mr. Atkinson, who presented to and reviewed with the Board the Requested Price Adjustment proposal, a copy of which is attached hereto as Exhibit "E." He stated that the current service rate is \$14.65 and that the requested increase is \$0.719 for a proposed new service rate of \$15.37. He reported that the rice adjustment request is due to the increase in volume due to COVID-19.

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 Requested Price Adjustment proposal subject to the review of NRF.

8. **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 recognized Mr. Wempe, who presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "F." He stated that that Progress Payment No. 4 in the amount of \$76,668.30 for the Water Plant Electrical Improvements was submitted for approval. He noted that the Progress Payments was approved under the Bookkeeper's Report.

9. **Discuss Jackrabbit Public Utility District matters and take appropriate action.** Director Worthington stated that he will attend the meeting.

10. **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 "G."

Mr. Arrant discussed the Risk Assessment compliance for the American Water Infrastructure Act ("AWIA"). He stated that MOC is reviewing the population requirement to see if the District will need to complete the assessment. He noted that if the District needs to complete the assessment, the assessment will be good for five years.

Mr. Arrant reviewed the data collected from the meter that monitors the flow of the eight-inch gravity line at Pine Forest Country Club. He stated that the data is not conclusive on any inflow and infiltration. He stated that the current contract for the meter rental expires in January 2021. It was the consensus of the Board to discuss extending the contract at the next meeting.

Mr. Arrant discussed diagnostic work on the sanitary sewer system and stated that he would send the Board a proposal to smoke test the system from Source Point Solutions.

Mr. Arrant reported that there are bats at the Water Plant and stated he received a proposal to remove the bats and that the proposal includes a one year warranty in the amount of \$1,185.34.

The President reported on a sinkhole near the water fountain slab. Mr. Arrant stated that MOC would look at the area.

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

Mr. Arrant discussed the delinquent accounts. He stated that MOC has been in contact with customers regarding setting up payment plans. Discussion ensued. It was the consensus of the Board to further discuss the termination of service for delinquent accounts at the next meeting.

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 accept the Operations Report, to approve the proposal for the removal of bats in the amount of \$1,185.34, to continue to notify delinquent accounts of delinquency, and to continue to suspend service disconnections until January 31, 2021.

11. **Discuss options for DVCA fencing project and take appropriate action.** The President recognized Mr. Toureilles, who provided an update on the DVCA fence project. Mr. Toureilles stated that due to the economic impacts of COVID-19, the DVCA would like to take another vote in the community regarding the support for the fencing project. He noted that the

DVCA is still reviewing the budget. It was the consensus of the Board to discuss the fencing project at a later meeting.

12. **Discuss and consider Rate Order and take any necessary action.** The Board discussed the trash service rate increase and revising the Rate Order. It was the consensus of the Board to discuss the Rate Order at the next meeting .

13. **Report on WHCRWA monthly meeting, and related service and construction issues.** The President reported on the WHCRWA meeting.

14. **Consider insurance proposals (expires January 14, 2021).** The President recognized Ms. Courte, who presented to and reviewed with the Board the insurance proposal from Arthur J. Gallagher Risk Management Services, Inc. ("AJG") a copy of which is attached hereto as Exhibit "H." Discussion ensued. 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 proposal from AJG.

15. **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 "I." Upon motion by Director Rodriguez, seconded by Director Phelps, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Resolution Authorizing Indemnification of Directors.

16. **Report on Eminent Domain Filing.** Ms. Maher 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, 2021. She stated that NRF has made this filing on behalf of the District.

17. **Discuss tour of District facilities, WHCRWA pumping station and Jackrabbit Road Public Utility District wastewater treatment plant.** It was the consensus of the Board to tour the District facilities on December 12, 2020.

18. **Discuss District website.** Director Rodriguez provided an update on the District website. He presented an invoice from Mpire Design Group for website maintenance in the amount of \$300, a copy of which is attached hereto as Exhibit "J." He noted that the payment would be a one-time annual fee. Upon motion by Director Phelps, seconded by Director Worthington, after full discussion and the question being put to the Board, the Board voted unanimously to approve the invoice for website maintenance, subject to NRF's review of a need for a contract.

19. **Review Article for DVCA Newsletter.** Director Greer stated that he will prepare the article for the DVCA Newsletter.

20. **Review agenda items for next meeting (January 14, 2021) and such other matters as may properly come before the board.** There were no further reports.

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 14, 2021.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)