

MINUTES OF MEETING OF BOARD OF DIRECTORS
February 11, 2021

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 February 11, 2021, 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. Eric Toureilles of the Deerfield Village Community Association ("DVCA"), 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. 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 January 14, 2021, previously distributed to the Board, were considered for review and approval. 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 minutes of the meeting of January 14, 2021, as revised.

3. **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 "B."

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. 10322 through 10347 from the General Operating Fund in the amounts, to the persons, and for the purposes listed in the Bookkeeper's Report.

4. **Adopt budget for fiscal year ending March 31, 2022.** Ms. Matuska reviewed with the Board a proposed budget for fiscal year ending March 31, 2022, a copy of which is attached to the Bookkeeper's Report. Discussion ensued. It was the consensus of the Board to adopt the budget at the next meeting.

5. **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." She requested the Board's authorization to move one account totaling \$4.05 to the uncollectible accounts roll.

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 check nos. 1294 through 1299 from the Tax Account in the amount, to the person, for the purposes listed in such report, and to move account totaling \$4.05 to the uncollectible accounts roll.

6. **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 stated that there is no Progress Payment to approve for the Water Plant Electrical Improvements. He stated that there will be a on-site meeting tomorrow on the electrical engineering with Pape-Dawson, MOC and other consultants. He noted that there was a walk-through today and there were some programming issues that needed to be addressed before the District could go off the interconnect with Harris County Municipal Utility District No. 183 ("No. 183"). Mr. Arrant discussed some of the programming issues. Discussion ensued.

7. **Discuss Water Plant piping corrosion mitigation plan.** The President recognized Director Phelps, who presented to and reviewed with the Board the Water Plant Piping Corrosion Prevention summary and quotes, copies of which are attached hereto as Exhibit "D." He proposed that the Board consider installing the life extension corrosion protection system using zinc anodes. He noted that the anodes would be installed Brown Corrosion Services, Inc. with the excavation to be completed by MOC. He stated that the price of the zinc anodes is \$1,860.00 and the installation cost is \$3,250.00, with MOC's excavation cost to be determined. Discussion ensued.

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 installing the life extension corrosion protection system using zinc anodes.

8. **Discuss Jackrabbit Public Utility District matters and take appropriate action.** Director Worthington reported on the 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 "E."

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

Mr. Arrant stated that the water loss audit required by the Texas Water Development Board ("TWDB") is due by May 1, 2021 and that MOC is preparing the audit.

Mr. Arrant stated that the damaged light pole on Heathersage Drive has been repaired and the light is operational.

Mr. Arrant reported that MOC will insulate equipment at the Water Plant for upcoming Winter Storm Uri.

Mr. Arrant discussed the delinquent accounts. He stated that MOC has been in contact with customers regarding setting up payment plans. He noted that MOC is hanging door tags for the accounts who fail to reach out to MOC to make a payment or set up a payment plan.

Upon motion by Director Rodriguez, 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 continue to notify delinquent accounts of delinquency, and to continue to suspend service disconnections.

10. **Discuss and consider Rate Order and take any necessary action.** The Board reviewed the Rate Order, a copy of which is attached hereto as Exhibit "F." Ms. Maher stated that the Board requested to review the Rate Order due to the increase in the trash service rate, and noted that the rate is not currently reflected in the Rate Order. She also stated that there are additional proposed revisions that have not been approved by the Board. It was the consensus of the Board to discuss the Rate Order at the next meeting with the Rate Order being revised to include the trash service rate increase.

11. **Consider options for participating in Deerfield Village Community Association perimeter fence replacement project and take appropriate action.** The President recognized Mr. Toureilles, who presented to and reviewed with the Board the DVCA Fence Project Update, a copy of which is attached hereto as Exhibit "G." He reported that the DVCA board has reviewed the financial options and is prepared to move forward with pulling \$225,000.00 from reserves and finance the remaining \$785,000.00 through the Bank of Ozark at a 4.25% unsecured loan for a 20-year term. He asked the Board to consider contributing \$85,000.00, which would reduce the financing amount to \$700,000.00 and would knock the loan down to a 15-year term. Discussion ensued.

The Board conducted an informal poll to gauge the interest of the Board contributing to the project. It was the consensus of the majority of the Board to consider contributing \$85,000.00 to the DVCA for the fence replacement project contingent upon the community vote being held on February 17, 2021, and a formal request from the DVCA. The President noted that if the project moves forward, and the Board wishes to contribute, NRF may need to draft an agreement on the Board's behalf with the parameters to be determined at a subsequent meeting.

12. **Report on WHCRWA monthly meeting, and related service and construction issues.** Directors Phelps and Greer reported on the WHCRWA meeting.

13. **Discuss District website.** Director Rodriguez provided an update on the District website. He stated that he will update the website with the recent meeting recordings. Ms. Maher stated that NRF has prepared an agreement with Mpire Design Group for the monthly website maintenance that the District would pay for once a year. She noted that the agreement has been approved by Mpire Design Group, and that an agenda item will be placed on next month's agenda for the Board's approval.

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

15. **Review agenda items for next meeting (March 11, 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 March 11, 2021.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)