

MINUTES OF MEETING OF BOARD OF DIRECTORS
December 8, 2022

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 8, 2022; 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. Lisa Rickert of Artesian Financial Services (“*Artesian*”), 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*”), operators for the District; Mr. Bob Wempe of Pape-Dawson Engineers (“*Pape-Dawson*”), engineer for the District; and Ms. Jane Maher 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. **Public comments.** There were no public comments.
2. **Minutes.** Proposed minutes of the meeting of November 10, 2022, 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 meetings of November 10, 2022, as presented.
3. **Review Bookkeeper’s Report, investment report and authorize payment of bills.** The President recognized Ms. Rickert, who presented the Bookkeeper’s Report, a copy of which is attached hereto as *Exhibit B*.

The Board reviewed the budget and requested that the titles on the third and sixth column read “Variance” instead of “Over Budget.” Discussion ensued regarding the West Harris County Regional Water Authority (“*WHCRWA*”) budget and monthly billing. Mr. Arrant reviewed a WHCRWA monthly billing summary, a copy of which is attached hereto as *Exhibit C*. He stated that WHCRWA underbilled the District in September and then overbilled the District in October to make up the difference. He noted that the November payment is on track and that the previous billing is correct. Director Phelps stated that on the budget, the larger figure for the WHCRWA should be for surface water. The President requested that an agenda item for amending the

budget be placed on the next agenda.

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 accept the Bookkeeper's Report, and to authorize payment of check nos. 11391 through 11414, from the General Operating Fund in the amounts, to the persons, and for the purposes listed in the Bookkeeper's Report.

4. **Approve Depository Pledge Agreement with NewFirst Bank.** Ms. Maher stated that last month the Board approved moving from Central Bank to NewFirst Bank subject to any required documentation. She reviewed the Depository Pledge Agreement ("DPA") with NewFirst Bank, a copy of which is attached hereto as *Exhibit D*.

Upon motion by Director Greer, and seconded by Director Phelps, after full discussion and the question being put to the Board, the Board voted unanimously to approve the DPA with NewFirst Bank.

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 E*.

Upon motion by Director Worthington, 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. 1029 through 1032 from the Tax Account in the amount, to the person, for the purposes listed in such report.

6. **Review Engineer's Report, Water Plant walk through, Jackrabbit Road Public Utility District ("Jackrabbit") matters, Pine Forest Country Club matters, Asset Management Plan, and take appropriate action on engineer's recommendations.** The President recognized Mr. Wempe, who stated that Rolling Creek Municipal Utility District ("Rolling Creek") is interested in an emergency interconnect with the District to primarily serve Amesbury Park. He noted that Rolling Creek is willing to pay for the interconnect. Discussion ensued. Mr. Wempe stated that he will reach out to Rolling Creek for the connection count and to see if they have emergency interconnects with other districts and will send the information to the Board.

Mr. Arrant reported that there is a section of sidewalk, on the southside of Farnsfield Dr., west of Vanbury Dr. that has a depression. He reviewed a map of the area, a copy of which is attached hereto as *Exhibit F*. He noted that there is an existing 24-inch storm sewer line and that the section of sidewalk that needs to be replaced is 70 linear feet. He recommended that Harris County (the "County") come out to look at the storm sewer line, as there may be an issue with the line. He noted that the estimated cost to replace the section of sidewalk is \$5,000. He recommended that the sidewalk not be replaced until the County looks at the storm sewer line. He noted that MOC has reported the issue to the County and will follow-up.

7. **Renew District Insurance.** The President recognized Ms. Maher, who stated that the District received proposals from Arthur J. Gallagher Risk Management Services, Inc. ("AJG") and McDonald & Wessendorff Insurance. The Board reviewed the proposal from AJG, a copy of which is attached hereto as *Exhibit G*, and reviewed the proposal from McDonald & Wessendorff, a copy of which is attached hereto as *Exhibit H*. Discussion ensued regarding the worker's compensation invoice. Ms. Maher stated that she would follow-up regarding the worker's

compensation.

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, and to withhold the payment for worker's compensation until further clarification is provided.

8. **Consider Resolution Authorizing 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 Greer, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Resolution Authorizing Indemnification of Directors.

9. **Discuss Jackrabbit Public Utility District ("Jackrabbit") matters and take appropriate action.** There was no report.

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 J*.

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

Mr. Arrant reviewed the delinquent list and noted that 14 of those accounts on the old ACH have not set up new accounts for the ACH. Mr. Arrant stated that those customers have been notified and that MOC will continue to reach out to those customers. Discussion ensued.

Mr. Arrant presented to and reviewed with the Board the Notice Regarding Extreme Weather Emergencies, a copy of which is attached hereto as *Exhibit K*. Mr. Arrant stated that the District is required to make a one-time notice to customers by January 31, 2023, regarding extreme weather emergencies as required by a new regulation promulgated by the Public Utilities Commission to implement Senate Bill 3. He noted that the notice would be included as a bill insert.

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, to authorize termination of service to delinquent accounts in accordance with the terms of the District's Rate Order.

11. **Review and discuss water main break at intersection of Bradstone and Radworthy and recovery of expenses from AT&T.** The President recognized Mr. Arrant, who presented to and reviewed with the Board a summary of MOC's costs for the repair, a copy of which is attached hereto as *Exhibit L*. He reported that MOC contacted the subcontractor and provided them the summary of costs. He stated that he would forward the communication to NRF. He suggested that the Board send the supplemental letter to both the subcontractor and AT&T. It was the consensus of the Board to authorize NRF to prepare a supplemental letter to send to the subcontractor and AT&T.

12. **Develop a formal customer notification tree for district-wide emergency and public health events, with an implementation date no later than March 2023.** The President stated that this agenda item is in response to the City of Houston's recent boil water notice and the lack of information. He recommended that the Board consider guidelines on how to communicate information with residents. Discussion ensued. There was no action.

13. **Report on WHCRWA monthly meeting, and related service and construction issues, including WHCRWA installation of an 84" water line through the District.** Director Worthington stated that the meeting is next week.

14. **Discuss subcommittee to review consultant contracts and take necessary action.** There was no report.

15. **Review trash and recycling operations.** There was no report.

16. **Review Rate Order and take any appropriate action.** The President recognized Mr. Arrant, who stated that he provided a worksheet to the Directors via email for suggestions on commercial usage rates. Director Phelps discussed the irrigation meters. Mr. Arrant stated that he can revise the spreadsheet to breakout commercial and HOA usage.

17. **Discuss Fall 2022 Shredding event.** Director Worthington stated that the check from the Men's Group was approved today. He noted that he will confirm if the District will be receiving an invoice for the rental truck.

18. **Discuss District website and text message notification system and take any necessary action.** Director Rodriguez provided an update on the District website and text message notification system. He discussed adding CAPTCHA to the website and that he will look into the cost.

19. **Review Article for DVCA Newsletter.** Director Worthington stated that he will prepare the newsletter.

20. **Accept Oaths of Office of elected directors and certificates of election.** Ms. Maher stated that Directors Greer, Rodriguez and Worthington executed their Oaths of Office and Statement of Officer qualifying them to serve as Director their new elected terms. Ms. Maher presented the Certificates of Election, copies of which is attached hereto as *Exhibit M*.

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 Certificates of Election for Directors Greer, Rodriguez and Worthington.

21. **Election of officers.** Ms. Maher stated that the Board can determine the slate of positions. The Board discussed the current positions. The Board discussed Director Phelps as President, Director Worthington as Vice President, Director Greer as Assistant Vice President, Director Rodriguez as Secretary and Director Polansky as Assistant Secretary.

Upon motion by Director Worthington, seconded by Director Rodriguez, after full discussion and the question being put to the Board, the Board voted unanimously to accept the slate of positions as discussed.

22. **Review agenda items for next meeting (January 12, 2023) 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 12, 2023.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)