

MINUTES OF MEETING OF BOARD OF DIRECTORS
February 8, 2024

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, 2024; whereupon the roll was called of the members of the Board, to wit:

Brent Phelps, President
Eric Worthington, Vice President
Barry Greer, Assistant Vice President
Adam Rodriguez, Secretary
Neil Polansky, Assistant Secretary

Persons Attending. All members of the Board were present. Also attending all or parts of the meeting were Ms. Jessica Richardson of Texas Pride Disposal; Ms. Alyssa Saccomen of McCall Gibson Swedlund Barfoot PLLC (“*McCall*”), auditors for the District; Mr. Bob Wempe of Pape-Dawson Engineers (“*Pape-Dawson*”), engineer for the District; Ms. Cara Sliva 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. Ryan Vaughn of Municipal Operations & Consulting, Inc. (“*MOC*”), operators for the District; and Ms. Jane Maher of Norton Rose Fulbright US LLP (“*NRF*”), paralegal 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 January 11, 2024, previously distributed to the Board, were considered for review and approval. Upon motion by Director Greer, seconded by Director Polansky, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the January 11, 2024, as presented.
3. **Engage auditor for fiscal years ending March 31, 2024 and March 31, 2025.** The President recognized Ms. Saccomen, who presented to and reviewed with the Board a proposed auditor engagement letter for the fiscal years ending March 31, 2024 and March 31, 2025, a copy of which is attached hereto as *Exhibit B*. Ms. Saccomen requested that the Board engage the services of McCall to prepare the District’s annual audit for fiscal years ending March 31, 2024 and March 31, 2025, at an estimated cost of \$11,750 to \$13,750 per year. Director Rodriguez entered at this time. 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 engage the services of

McCall to prepare the District's audit for fiscal years ending March 31, 2024 and March 31, 2025, 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. Sliva, who presented the Bookkeeper's Report, a copy of which is attached hereto as *Exhibit C*. She reviewed the cash flow from January 12, 2024 to February 8, 2024. She noted that check no. 12258 to the Texas Commission on Environmental Quality ("TCEQ") was voided and reissued as the original invoice was incorrect.

Ms. Sliva presented to and reviewed with the Board an authorization document authorizing Artesian to release wire payment on a monthly basis to the West Harris County Regional Water Authority ("WHCRWA") (the "Authorization Document"), a copy of which is attached hereto as *Exhibit D*. She noted that the wire charge will be \$15.

Ms. Sliva reviewed the draft budget for the fiscal year ending March 31, 2025, a copy of which is attached to the Bookkeeper's Report. She noted that the budget will be sent to the consultants for review. Discussion ensued. She stated that she will add a \$175k line item for Jackrabbit capital improvements.

Ms. Sliva reviewed the five year projection, a copy of which is attached to the Bookkeeper's Report. Mr. Wempe discussed future capital projects and funds. He discussed the sanitary sewer rehabilitation televising and stated that if the Board is adhering to aim for a \$200k expense for the sanitary sewer rehabilitation, the main repair should be the trunk line through the District. Discussion ensued regarding bond elections. Ms. Rodriguez proposed that the maintenance tax collections be adjusted to \$465k. The President proposed that the maintenance tax collections increase by 6% every year for 2025, 2026, 2027 and 2028. He also proposed lowering sanitary sewer rehabilitation to \$200k. He requested that a watermark with "draft" be placed on the page. Ms. Sliva stated that she would update the projection sheet and send the revised report to NRF.

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 Bookkeeper's Report, and to authorize payment of check nos. 12240 through 12258, from the General Operating Fund in the amounts, to the persons, and for the purposes listed in the Bookkeeper's Report and the Authorization Document.

5. **Adopt budget for fiscal year ending March 31, 2025.** This item was deferred.

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 E*.

Ms. Rodriguez reported that 94.4% of 2023 taxes have been collected.

Upon motion by Director Worthington, seconded by Director Polansky, 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. 1094 through 1098.

7. **Review Engineer's Report, Water Plant walk through, Jackrabbit Road Public Utility District ("Jackrabbit") matters, Out-of-District reviews, Asset Management Plan, and**

take appropriate action on engineer's recommendations. The President recognized Mr. Wempe, who stated that there is no update on the interconnect request with Rolling Creek.

8. **Discuss emergency interconnect request with Rolling Creek Municipal Utility District ("Rolling Creek").** This item was addressed under the previous item.

9. **Discuss Jackrabbit Public Utility District ("Jackrabbit") matters and take appropriate action.** Director Worthington stated that Jackrabbit will meet next week.

10. **Review Operations Report, discuss water smart application, authorize repairs, authorize termination of services to delinquent accounts.** The President recognized Mr. Vaughn, who reviewed with the Board the Operations Report, a copy of which is attached hereto as *Exhibit F*. Mr. Vaughn reported on various maintenance items and operations during the freeze. He requested the Board's authorization for MOC to prepare the Consumer Confidence Report ("CCR").

Mr. Vaughn reported the District currently has 1,079 connections.

Mr. Vaughn reported the accountability for last month is at 98%.

Mr. Vaughn reviewed a list of delinquent accounts.

The President informed Mr. Vaughn that the brick wall by the lift station is falling over. Mr. Vaughn reported that two fire hydrants in the District were hit by cars. 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 accept the Operations Report and to authorize termination of service to delinquent accounts in accordance with the terms of the District's Rate Order and to authorize MOC to prepare the CCR.

11. **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 WHCRWA will meet next week. Director Polansky reported on the Association of Water Board Directors ("AWBD") winter conference. He discussed a seminar regarding security for water facilities. The President requested that MOC provide information on security services or vendors MOC can recommend.

12. **Review trash and recycling operations, including consideration of pricing adjustment or contract amendment and take any necessary action.** The President recognized Ms. Richardson, who presented to and reviewed with the Board proposed contract amendments for residential solid waste collection, copies of which are attached hereto as *Exhibits G, H and I*.

Ms. Richardson reported that the first contract option, *Exhibit G*, is a 3% CPI adjustment from \$17.15 to \$17.66, plus the addition of a MUD variable energy charge ("VEC"). She stated that this would be the base rate of \$17.66 plus a monthly floating adjustment of 1% for every \$0.25 that diesel averages over \$3.25 as published by the Energy Information Administration ("EIA"). She noted that this option would be revised to include an annual 3% CPI.

Ms. Richardson reported that the second contract option, *Exhibit H*, is an adjustment to \$18.50, plus an annual local CPI adjustment, for a three year term, with no VEC. She stated that

this would be the base rate of \$18.50, subject to an automatic local CPI adjustment once annually on the anniversary of the agreement. She noted that the most recent local CPI was 3.0%.

Ms. Richardson reported that the third contract option, *Exhibit I*, is an adjustment to \$18.50, plus an annual national CPI adjustment, for a three year term, with no VEC. She stated that this would be the base rate of \$18.50, subject to an automatic national CPI adjustment once annually on the anniversary of the agreement. She noted that the most recent national CPI was 6.7%.

Discussion ensued. The President recommended the first option with the VEC and local CPI to be effective April 1, 2024. He proposed that MOC set the rate at \$18.50 for customers to avoid billing conflicts. Ms. Richardson stated that she will revise the first option as discussed and send to NRF to be presented at the next Board meeting.

13. **Review Rate Order and take any appropriate action.** It was the consensus of the Board to defer this item. Ms. Maher stated that NRF would coordinate with MOC on any potential revisions to the Rate Order for the residential solid waste collection amendment.

14. **Discuss District website and text message notification system and take any necessary action.** Director Rodriguez provided an update on the website. He stated that the website provider needs to update the SSL certificate in order to update the front page.

15. **Review Article for DVCA Newsletter.** The President stated that he will prepare the newsletter.

16. **Review agenda items for next meeting (March 14, 2024) and such other matters as may properly come before the board.** The President requested that Mr. Vaughn reach out to WHCRWA regarding the Board's interest in touring the facility.

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 14, 2024.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)