

MINUTES OF MEETING OF BOARD OF DIRECTORS  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153  
October 15, 2014

THE STATE OF TEXAS  
COUNTY OF HARRIS  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153

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The Board of Directors (the "Board") of Harris County Municipal Utility District No. 153 (the "District") met in regular session, open to the public at offices of Norton Rose Fulbright, 1301 McKinney, Houston, Texas 77010, at 11:30 a.m., Wednesday, October 15, 2014, whereupon the roll was called of the members of the Board, to-wit:

Sam Claytor, Jr., President  
Rick Soliz, Vice President  
Alan Waters, Treasurer  
Ed Cocetti, Secretary  
Ed Wilcox, Assistant Secretary

All members of the Board were present, except Director Waters. Also attending all or portions of the meeting were Mr. Mike Williams of Municipal Operations & Consulting, Inc. ("MOC"), operator for the District; Mr. Matt Froehlich of Brown & Gay Engineers, Inc. ("BGE"), engineers for the District; Mr. Cory Burton of Municipal Accounts and Consulting, L.P. ("MA&C"), bookkeeper for the District; Ms. Michelle Guerrero of Bob Leared Interests, tax assessor-collector for the District; Ms. Linda Loup of Public Finance Group, LLC, financial advisor for the District; Mr. Dick Lewis and Mr. Rick Lewis of American Enerpower; Mr. Dave Ciarella of Enhanced Energy Services; and Mr. Neil Thomas and Ms. Yvette Deitrick of Fulbright & Jaworski LLP ("F&J"), a member of Norton Rose Fulbright, attorneys for the District.

The meeting was called 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. **Appointment of Director.** The President recognized Mr. Wilcox, who reported that he lives in the District and would like to serve on the Board. Mr. Thomas had Mr. Wilcox complete his oath of office and statement of appointed officer. Upon motion by Director Cocetti, seconded by Director Soliz, after full discussion and the question being put to the Board, the Board voted unanimously to appoint Mr. Wilcox to the Board.

2. **Election of Officers.** Upon motion by Director Cocetti, seconded by Director Soliz, after full discussion and the question being put to the Board, the Board voted unanimously to elect Director Wilcox as Assistant Secretary and to otherwise retain the current officers.

3. **Minutes of the meeting of September 17, 2014.** Minutes of the meeting of September 17, 2014, previously distributed to the Board, were presented for consideration and approval. Upon motion by Director Cocetti, seconded by Director Soliz, after full discussion and the question being put to the Board, the Board voted unanimously to approve such minutes as presented.

4. **Public Comments.** There were no public comments.

5. **Wheless annexation and utility service request (30-acre tract) and any necessary action.** Mr. Froehlich reported that he met with Mr. Wheless regarding annexation of his 30-acre tract on the west side of West Lake Houston Parkway. He reported that there is a potential buyer interested in utility service for approximately 660 apartment units. Mr. Froehlich reported that the 660 apartment units would require about 315 equivalent single-family connections ("ESFC"). He reported that there is sufficient capacity to serve 315 ESFC upon completion of the Water Plant No. 2 construction. Mr. Froehlich reviewed the change in cost allocation for the construction of the offsite water and sanitary sewer to serve annexation tracts, Water Plant No. 2, Lift Station No. 4, and Expansion of Shared Lift Station ("Project") if the 30-acre tract is annexed into the District. In response to a question from Director Cocetti, Mr. Froehlich reported that there are no limitations on how Harris County Municipal Utility District No. 494 ("MUD 494") uses the water provided by the District, but that the District is only obligated to provide 1,000 ESFC to MUD 494.

6. **Consider electricity proposals and any necessary action.** The President recognized Mr. Lewis, who reported that the District's current electricity contract terminates December 2014. Mr. Lewis presented to and reviewed with the Board electricity quotes, a copy of which is attached hereto as Exhibit "B." Mr. Lewis discussed entering into a contract for a 17-month or 29-month term to adjust the contract termination to the periods between summer and winter, so that renewals would fall when there are to no hurricanes or cold weather to increase electricity prices. Mr. Lewis stated that American Enerpower's fee to the District will be \$0.0025 per kilowatt hour.

Upon motion by Director Cocetti, seconded by Director Wilcox, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the President to enter into a contract with Direct Energy on the behalf of the District for a two-year term with a rate not to exceed \$0.0553 per kilowatt hour.

7. **Convene Public Hearing on Proposed Tax Rate for 2014.** The President convened the public hearing on the proposed tax rate for 2014. There was no public in attendance. The President closed the hearing.

8. **Adopt Order Setting Tax Rate and Levying Tax for 2014.** Ms. Loup presented to the Board the Comparison of Historical Assessed Valuations and Tax Rates, a copy of which is attached hereto as Exhibit "C." Mr. Thomas presented to and reviewed with the Board the Order Setting Tax Rate and Levying Tax for 2014, a copy of which is attached hereto as Exhibit "D." Mr. Thomas informed the Board that its adoption of the Order would levy the District's ad valorem tax for 2014. Ms. Guerrero reported that the notice of public hearing was published.

Upon motion by Director Cocetti, seconded by Director Soliz, after full discussion and the question being put to the Board, the Board voted unanimously to Adopt the Order Setting Tax Rate and Levying Tax for 2014 with a total tax rate of \$0.46 per \$100 assessed valuation, comprised of a rate of \$0.4310 for debt service and \$0.0290 for operation and maintenance expenses.

9. **Consider matters related to issuance of Series 2014 Bonds.** No action was taken on this item.

**10. Tax Assessor and Collector's Report, status of delinquent tax accounts, and payment of bills.** Ms. Guerrero presented to and reviewed with the Board the Tax Assessor-Collector's Report for September, a copy of which is attached hereto as Exhibit "E." Ms. Guerrero reported that 99% of the District's 2013 taxes had been collected as of September 30, 2014. Ms. Guerrero noted that one taxpayer has arranged a homestead payment plan as noted in the Tax Assessor-Collector Report, and that the taxpayer has paid in full.

Upon motion by Director Cocetti, seconded by Director Soliz, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Tax Assessor-Collector's Report and to authorize the expenditures listed therein.

**11. Bookkeeper's Report, Investment Report, payment of bills and take any necessary action.** Mr. Burton presented to and reviewed with the Board the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "F." Mr. Burton reported that check no. 5921, the per diem check to Director Waters for today, will be voided.

Upon motion by Director Soliz, seconded by Director Cocetti, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Bookkeeper's Report and to authorize payment of the checks listed therein.

**12. Developer's Report.** Mr. Froehlich reported that BGE has been retained as the engineer for MUD 494. He reported that the developers in MUD 494 had completed the bridge and that homes are under construction in the Bridges on Lake Houston.

Mr. Froehlich reported that the Houston City Council had approved the Merrylands Interests annexation request. He reported that the District will annex the Merrylands Interests' tract after the upcoming bond sale closes.

Mr. Froehlich reported that Jess Fields sold the 4.49 acre tract to Rosewood Holdings. He reported that the District must re-apply for annexation approval to the City of Houston due to the change in ownership.

**13. Engineer's Report, including review of Engineer's projects, and capital repairs.** Mr. Froehlich presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "G."

Mr. Froehlich reported that F&J is awaiting receipt of the Texas Commission on Environmental Quality ("TCEQ") order approving the District's Series 2014 Bonds. He reported that if the Series 2014 Bonds close at the December 17 Board meeting, the Project bid validity period will have expired. Mr. Froehlich reported that he would contact the contractors with the lowest bids for the Project about extending the bid validity period until the District is able to issue its bonds and award the construction contracts for the Project.

Mr. Froehlich reported that the agreement between the District and MUD 494 will need to be updated for the 150 ESFC that will initially be directed to the shared lift station between the District and Harris County Municipal Utility District No. 152. He reported that when MUD 494 exceeds the initial 150 ESFC, MUD 494 will route all sanitary sewer to Lift Station No. 4.

Mr. Froehlich provided an update on the connection count computation. He reported that the District can provide water for 3,618 equivalent single family connections

("ESFC") based on the recent water well test, and wastewater treatment for 5,250 ESFC. Mr. Froehlich reported that the District currently serves 2,939 ESFC.

Mr. Froehlich reported that Harris County Municipal Utility District No. 132 ("MUD 132") authorized BGE to begin design of the wet well configuration with submersible pumps for the shared lift station.

Mr. Froehlich reported that Harris County renewed the Water Plant No. 1 storm water quality permit.

Mr. Froehlich reported that the City of Houston had allocated 402,000,000 gallons of groundwater to the District for 2015. Mr. Froehlich reported that he reviewed the District's 2014 water usage and did not recommend requesting an increase in the pumpage allocation from the City of Houston.

Mr. Froehlich reported that the Atascocita Joint Operations Board meets next week. Mr. Froehlich reported that he had met with Director Cocetti and DryLet representatives on October 3, 2014, to discuss the DryLet product and the test protocol.

Upon motion by Director Cocetti, seconded by Director Soliz, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report and to approve the City of Houston groundwater permit allocation of 402,000,000 gallons for 2015.

**14. Review bids and award Offsite Water and Sanitary Sewer to serve Annexation Tracts, Water Plant No. 2, Lift Station No. 4, and Expansion of Shared HCMUD 152/153 Lift Station.** Mr. Froehlich reported that Resicom contacted him and stated that they had miscalculated their bid and will not be able to honor it. This item was deferred.

**15. Atascocita Joint Operations Board report.** This item was covered under the Engineer's Report.

**16. Accept Petition for Addition of Land (Rosewood Holding Company) and Approve Petition for City Consent.** This item was deferred.

**17. Operator's Report and hearing on delinquent accounts.** Mr. Williams presented to and reviewed with the Board the Operations Report, a copy of which is attached hereto as Exhibit "H."

Mr. Williams reviewed the Termination List and Uncollectible Accounts List, included in the Operations Report.

Upon motion by Director Cocetti, seconded by Director Wilcox, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operator's Report, to terminate the delinquent accounts in accordance with the District's rate order, and to transfer the Uncollectible Accounts to the Uncollectible Roll.

**18. Consider extension of Republic Services solid waste and recycling contract.** Mr. Thomas reported that the District's solid waste collection contract with Republic Services terminates June 30, 2015, and that either party may extend the contract for a three-year term with 180-day notice. Mr. Thomas asked the Board if it wanted to extend its current

contract with Republic Services for a one-year term. Upon motion by Director Cocetti, seconded by Director Soliz, after full discussion and the question being put to the Board, the Board voted unanimously to authorize F&J to provide notification to Republic Services that the District wants to extend the solid waste collection contract for one year.

19. **Other matters.** No action was taken on this item.

20. **Next Meeting Date.** It was the consensus of the Board to hold the next monthly Board meeting on November 19, 2014, at 11:30 a.m. at the offices of Norton Rose Fulbright, 1301 McKinney, Houston, Texas 77010.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

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The foregoing minutes were passed and approved by the Board of Directors on November 19, 2014.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors

(DISTRICT SEAL)

