

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
November 19, 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. on Wednesday, November 19, 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 Directors Waters and Wilcox. Also attending all or portions of the meeting were Mr. Gary Hastings of Municipal Operations & Consulting, Inc. ("MOC"), operator for the District; Mr. Matt Froehlich and Mr. Jorge Bustamante 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. Doug Erdy; and Mr. Michael Swartz 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. **Minutes of the meeting of October 15, 2014.** Minutes of the meeting of October 15, 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.

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

3. **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 townhomes. Mr. Froehlich reported that the townhomes 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.

4. Dr. Quentel and Dr. Manon annexation and utility service request (16 acre tract) and any necessary action. The President recognized Mr. Erdy, who reported that Dr. Manon and Dr. Quentel own a 16-acre tract on the west side of West Lake Houston Parkway. He reported that there are two interested buyers for the tract. Mr. Erdy reported that one buyer is interested in developing high-end townhomes with a price range between \$200,000 and \$400,000 on the tract that would require approximately 85 ESFC. Mr. Erdy requested Board approval to provide utility service and annex the 16-acre tract into the District. Mr. Froehlich reported that capacity commitment to the 16-acre tract could be contingent upon service when Water Plant No. 2 is operational. Mr. Froehlich reported that the District has surplus capacity in Water Plant No. 2. Director Cocetti requested a Water Plant No. 2 construction timeline. No action was taken on this item.

5. Review Bids and award sale of Series 2014 Bonds. The President recognized Ms. Loup, who presented to and reviewed with the Board the bid results for the Unlimited Tax Bonds, Series 2014 (the "Bonds"), a copy of which is attached hereto as Exhibit "B." Ms. Loup reported that eight bids were received and that they have been verified. Ms. Loup reported that Raymond James & Associates, Inc. was the lowest bidder at a net effective interest rate of 3.52940%.

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 accept the bid from Raymond James & Associates, Inc.

6. Approve Order Authorizing Unlimited Tax Bonds, Series 2014, a Paying Agency Agreement and Other Matters in Connection Therewith. The President recognized Mr. Swartz, who presented to and reviewed with the Board the Order Authorizing Unlimited Tax Bonds, Series 2014, a Transfer and Paying Agency Agreement, and Other Matters in Connection Therewith (the "Order"), a Transfer and Paying Agency Agreement and an Escrow Agreement, copies of which are attached hereto as Exhibits "C," "D," and "E," respectively.

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, the Transfer and Paying Agency Agreement, and the Escrow Agreement.

7. Amended District Information Form. The President recognized Mr. Swartz, who presented to and reviewed with the Board the Amendment to the District Information Form, a copy of which is attached hereto as Exhibit "F." Mr. Swartz informed the Board that the amendment updates the District Information Form on file in the Harris County Real Property Records to notify purchasers of the increased District debt due to the bond issuance. 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 Amendment to District Information Form.

8. 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 October, a copy of which is attached hereto as Exhibit "G." Ms. Guerrero reported that as of October 31, 2014, 0.5% of the District's 2014 taxes had been collected.

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.

9. 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 "H." Mr. Burton reported that check nos. 5967 and 5968 to the Texas Attorney General and McCall, Gibson, & Company, PLLC, respectively, are related to the District's Series 2014 bonds. He reported that check no. 5984 to the City of Houston is for the annual water well permit fee. Mr. Burton reported that check no. 5992 to the Texas Commission on Environmental Quality ("TCEQ") is for the annual water system fee.

Mr. Burton presented to and reviewed with the Board the Quarterly Investment Report, a copy of which is attached hereto as Exhibit "I."

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 Bookkeeper's Report, to authorize payment of the checks listed therein, and to approve the Quarterly Investment Report.

10. Developer's Report. Mr. Froehlich reported that Harris County Municipal Utility District No. 494's ("MUD 494") developer, D.R. Horton has completed utility development in Section One. He reported that Section Two and the bridge are substantially complete. Mr. Froehlich reported that the Notice to Proceed has been issued for Sections Three and Four. He reported that 60 homes are under construction, nine of which are sold.

11. 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 "J."

Mr. Froehlich reported that he will work with F&J to revise the agreement between the District and MUD 494 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 reported BGE has begun design for the wet well configuration with submersible pumps for the shared lift station with Harris County Municipal Utility District No. 132 ("MUD 132").

Mr. Froehlich reported receipt of plans from the Atascocita Volunteer Fire Department ("AVFD") on Farmingham Road. He reported that the AVFD plans to demolish the current fire station and construct a new fire station at the same location. Mr. Froehlich reported that the AVFD is researching constructing a temporary facility on property owned by the Atascocita United Methodist Church on Pinehurst Trail Drive.

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 2,930 ESFC.

Mr. Froehlich reported that he notified the City of Houston that the District was

satisfied with the allocation of 402,000,000 gallons of groundwater to the District for 2015.

Mr. Froehlich reported that award of the contracts for 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") will be deferred until the bond closing on December 17, 2014. He reported that the lowest bidder for the Offsite Utilities has withdrawn his bid due to incorrect calculations. Mr. Froehlich reported that E.P. Brady is the next lowest bid for the Offsite Utilities. Mr. Froehlich reported that because MUD 494 will share a significant portion of the costs, he will discuss with MUD 494 which, if any, of the alternate items to award. He reported that the alternate items include the 1,000 kilowatt generator, a second 550,000 gallon ground storage tank, and a third 20,000 gallon hydropneumatic tank. Mr. Froehlich reported that he expects MUD 494 to agree to include the generator.

Mr. Froehlich reported on the Atascocita Joint Operations Board meeting. He reported that BGE added a second thickener sludge pump to the Capital Improvement Plan at the request of Severn Trent, the AJOB operator. Mr. Froehlich reported that the DryLet testing is proceeding and so far the data indicates a significant reduction in sludge production. He reported that that BGE will prepare an evaluation when the testing is complete in the next month or so.

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.

12. 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. This item was deferred.

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

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

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

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 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.

15. Extension of solid waste collection contract. This item was deferred.

16. Other matters. No action was taken on this item.

17. Next Meeting Date. It was the consensus of the Board to hold the next monthly Board meeting on December 17, 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 December 17, 2014.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

