

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
December 17, 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, December 17, 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. Gary Hastings 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; Ms. Virginia Blake of McCall, Gibson, Swedlund, Barfoot, PLLC, auditor for the District; Mr. Bill Wheless; 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. **Minutes of the meeting of November 19, 2014.** Minutes of the meeting of November 19, 2014, previously distributed to the Board, were presented for consideration and approval. 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 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 Mr. Wheless is requesting annexation into the District of his 30-acre tract on the west side of West Lake Houston Parkway. Mr. Froehlich reported that timing and type of development of the tract is uncertain; however, discussion of development of 660 apartment units has been discussed. He stated that 660 apartments 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. Wheless reported that five families have owned the thirty-acre tract for longer than 60 years. He reported that the owners are exploring utility commitments to the tract for future development. Mr. Wheless reported that the timing and type of development for the tract is unknown at this time.

Mr. Froehlich reported that there is also Dr. Manon's and Dr. Quentel's request for utility service and annexation into the District for the 16-acre tract adjacent to Mr. Wheless's tract. Director Cocetti expressed concern of committing to utility service prior to completed construction of Water Plant No. 2. Mr. Froehlich reported that the capacity commitment to the 30-acre tract and 16-acre tract would be contingent upon the Water Plant No. 2 being operational. Mr. Froehlich estimated that Water Plant No. 2 construction will be completed by mid-summer of 2016.

Mr. Wheless thanked the Board for its consideration and left the meeting.

Mr. Thomas stated that Mr. Wheless will want a reimbursement agreement for his share of costs for the facilities. He stated that reimbursement would be contingent upon the assessed valuation of his property being sufficient to generate taxes to pay for the bonds issued to reimburse his costs.

Mr. Thomas stated that the District has no control over development once property is annexed into the District. He stated that the type of development may be integrated into the reimbursement agreement as a condition of reimbursement but that generally the Board may not regulate the type of improvements to a tract within its boundaries as a condition of service.

Director Soliz joined the meeting.

4. Dr. Quentel and Dr. Manon annexation and utility service request (16 acre tract) and any necessary action. Mr. Froehlich reported that there is also Dr. Manon's and Dr. Quentel's request for utility service and annexation into the District for the 16-acre tract adjacent to Mr. Wheless's tract. He estimated that the 16-acre tract would require 85 ESFC. Mr. Froehlich reported that there is sufficient capacity to serve 85 ESFC upon completion of the Water Plant No. 2 construction.

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 BGE and F&J to prepare the annexation documents upon receipt of \$15,000 deposits for the 30-acre tract owned by Mr. Wheless and the 16-acre tract owned by Dr. Manon and Dr. Quentel, with agreements committing utility service to be contingent upon completion of the Water Plant No. 2 construction.

5. Consider matters relating to Series 2014 Bonds. The President recognized Ms. Loup, who presented to and reviewed with the Board the Bonds Closing Memorandum, a copy of which is attached hereto as Exhibit "B." She reported that the District's Series 2014 Bonds closed this morning.

6. Approve Developer Reimbursement Audit, Developer Reimbursement and Conveyance of Facilities. The President recognized Ms. Blake, who presented to and reviewed with the Board the draft of the Report on Applying Agreed-Upon Procedures to Construction, Engineering and Related Costs Reimbursable to Waterhaven, Ltd. ("Auditor

Report”), a copy of which is attached hereto as Exhibit “C.” Ms. Blake reviewed the audit procedure with the Board.

Upon motion by Director Soliz, seconded by Director Wilcox, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Auditor Report.

Upon motion by Director Wilcox, seconded by Director Cocetti, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the fund wires specified in the Bonds Closing Memorandum.

Mr. Thomas presented to and reviewed with the Board the Conveyance of Facilities for Water, Sewer, and Drainage Facilities to Serve Waterhaven, a copy of which is attached hereto as Exhibit “D.” He noted that the District was paying for these facilities with the Bond proceeds and the Developer was conveying them to the District.

Upon motion by Director Wilcox, seconded by Director Cocetti, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Conveyance of Facilities from the Developer.

7. 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 November, a copy of which is attached hereto as Exhibit “E.” Ms. Guerrero reported that as of November 30, 2014, 5.6% of the District’s 2014 taxes had been collected.

Ms. Guerrero presented to and reviewed with the Board the updated Business List for the District’s Strategic Partnership Agreement with the City of Houston, a copy of which is attached hereto as Exhibit “F.” Ms. Guerrero noted that the accounts listed in red will be removed from the list.

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.

8. 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 “G.” Mr. Burton reported that a Certificate of Deposit was purchased for the Operating Fund at Green Bank.

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 and to authorize payment of the checks listed therein.

9. Developer’s Report. Mr. Froehlich reported on Bridges on Lake Houston. He reported that Harris County Municipal Utility District No. 494’s (“MUD 494”) developer, D.R. Horton, is coordinating Harris County acceptance of Section Two, the entry road and the bridge into the one-year maintenance period. He reported that utilities construction is underway in sections Three and Four. Mr. Froehlich reported that 60 homes are under construction, nine of which are sold.

Mr. Froehlich reported that all homes, except the model, have been sold in Waterhaven.

10. 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 "H."

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 plans to route all sanitary sewer to Lift Station No. 4. Mr. Froehlich reported that he confirmed the utility service scenario with the MUD 494 engineer.

Mr. Froehlich reported BGE has is designing 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 that BGE commented on the plans for the Atascocita Volunteer Fire Department ("AVFD") on Farmingham Road and the plans for the temporary fire station at Atascocita United Methodist Church on Pinehurst Trail Drive. He noted that the plan to construct the fire station on Farmingham Road is not definite.

Mr. Froehlich reported that an engineer contacted BGE regarding potential construction of a credit union at the southeast corner of FM 1960 and Dinero Road.

Mr. Froehlich provided an update on the connection count computation. He reported that based on the recent water well test, the District can provide water for 3,618 equivalent single family connections ("ESFC") and wastewater treatment for 5,250 ESFC. Mr. Froehlich reported that the District currently serves 2,939 ESFC.

Mr. Froehlich reported that five bids were received on September 11, 2014, to construct the offsite utilities. Mr. Froehlich recommended award to the low bidder, E.P. Brady, in the amount of \$3,299,296.60.

Mr. Froehlich reported that seven bids were received on September 11, 2014, to construct Lift Station No. 4. Mr. Froehlich recommended award to the low bidder, Quadvest Construction, in the amount of \$682,150.00.

Mr. Froehlich reported that two bids were received on September 11, 2014, to construct the Expansion of Shared Lift Station with Harris County Municipal Utility District No. 152. Mr. Froehlich recommended award to the low bidder, Peltier Brothers in the amount of \$149,900.00.

Mr. Froehlich reported that he discussed the Water Plant No. 2 alternate bid items with MUD 494 because MUD 494 will share a significant portion of the costs. He reported that MUD 494 approved the 1,000 kilowatt generator alternate item in the award.

Mr. Froehlich reported that six bids were received on September 11, 2014, to construct Water Plant No. 2. Mr. Froehlich recommended award to the low bidder, Gemini Construction, in the amount of \$4,208,800.00, for the base bid, plus alternate item A5.

Mr. Froehlich reported on the Atascocita Joint Operations Board meeting. He reported that DryLet requested a 30-day extension of the test period. Mr. Froehlich reported that BGE is reviewing and analyzing the initial data.

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.

11. 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. 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 award of the contract to E.P. Brady in the amount of \$3,299,296.60 for the offsite utilities; to approve award of the contract to Quadvest Construction in the amount of \$682,150.00 for the Lift Station No. 4; to approve award of the contract to Peltier Brothers in the amount of \$149,900.00 for the Expansion of Shared Lift Station with Harris County Municipal Utility District No. 152; and to approve award of the contract to Gemini Construction in the amount of \$4,208,800.00, for the base bid for Water Plant No. 2, plus alternate item A5 for the 1,000 kilowatt generator.

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

13. 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 "I."

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

Mr. Hastings reported that there was a slight drop in water pressure for approximately ten minutes. He reported that the water pressure drop stirred up sediment in the waterlines which caused brownish water. Mr. Hastings reported that the pressure drop could have been from a fire hydrant opened in the District, but that they had not identified the cause. Director Cocetti requested documentation that the District will maintain acceptable water pressure during fire events in the District and MUD 494. Mr. Hastings noted that the water pressure did not drop below 35 pounds per square inch. Mr. Froehlich reported that BGE has the model to test the District's water system, which model was calibrated on tests performed in the field in the District. Mr. Hastings stated that MOC performs annual water system tests for fire events when time the fire hydrants are inspected and tested. Mr. Froehlich reported that two fire hydrants are used for the fire tests.

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.

14. Addendum to Contract by and between Republic Services of Houston and the District. 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

Addendum to Contract by and between Republic Services and the District, a copy of which is attached hereto as Exhibit "J."

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

16. Next Meeting Date. It was the consensus of the Board to hold the next monthly Board meeting on January 21, 2015, 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 January 21, 2015.



Vice President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

