

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
February 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. Wednesday, February 19, 2014, whereupon the roll was called of the members of the Board, to-wit:

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

All members of the Board were present. Also attending all or portions of the meeting were Mr. Gary Hastings and Mr. Mike Williams of Municipal Operations & Consulting, Inc. ("MOC"), operators for the District; Mr. Matt Froehlich of Brown & Gay Engineers, Inc. ("BGE"), engineer 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; Mr. Neal Heckel of Pointe Land & Development; Ms. Annette Stephens of Allen Boone Humphries Robinson LLP; Mr. Terry Reeves of Jones & Carter; 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 January 15, 2014.** Minutes of the meeting of January 15, 2014, previously distributed to the Board, were presented for consideration and approval. Upon motion by Director Cocetti, seconded by Director Waters, after full discussion and the question being put to the Board, the Board voted unanimously to approve such minutes, as presented.
2. **Report from developer for additional development.** This item was covered under the Developer's Report.
3. **Public Comments.** There were no public comments.
4. **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 January, a copy of which is attached hereto as Exhibit "B." Ms.

Guerrero reported that 94.9% of the District's 2013 taxes had been collected as of January 31, 2014. Ms. Guerrero reported that tax statements were sent to delinquent taxpayers.

Upon motion by Director Waters, 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.

5. **Discuss and approve Depository Pledge Agreement with Wells Fargo Bank.** Ms. Guerrero reported that Comerica Bank has instituted numerous fees, including fees for deposits. She reported that Wells Fargo Bank does not assess fees for municipal utility district tax accounts. Ms. Guerrero requested Board authorization to transfer its tax account from Comerica Bank to Wells Fargo Bank and to approve execution of the Depository Pledge Agreement with Wells Fargo Bank. The Board deferred action until Mr. Thomas could review the Depository Pledge Agreement.

6. **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 "C."

Upon review of the Account Balances, Mr. Burton reported that one Certificate of Deposit ("CD") was purchased at Green Bank for the General Fund and two CDs were purchased for the Debt Service Fund at Green Bank and The Bank of River Oaks. Mr. Burton noted that a debt payment is due March 1, 2014.

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

Upon motion by Director Waters, 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, to authorize payment of the checks listed therein, and to approve the Quarterly Investment Report.

7. **Adopt budget for fiscal year ending March 31, 2015.** This item was deferred.

8. **Developer's Report.** Mr. Froehlich reported on development in Bridges at Lake Houston. He reported that the contractor is paving the streets in Section One and the entry road. Mr. Froehlich reported that utilities construction in Section Two is near completion. He reported that bridge construction is underway.

Mr. Froehlich reported that the Harris County Municipal Utility District No. 494 ("MUD 494") engineer expects MUD 494 to begin use of the 150 connections provided by the District, in March of 2014, and to use all of the 150 connections by March of 2015.

Mr. Froehlich reported that two home sales closed in Waterhaven, for a total of 72 home sales in Waterhaven since inception.

Mr. Froehlich reported that F&J sent a letter to Academy Development outlining the documents and requirements for annexation of approximately 83 acres. He reported that Academy's engineer, R.G. Miller, contacted him regarding utility tie-ins and the annexation. Mr. Froehlich reported that he notified the engineer that the District is awaiting a response from Academy regarding the annexation. He reported that BGE will proceed with the document

preparation upon receipt of the annexation deposit.

Mr. Froehlich reported that Doug Erdy contacted him regarding the status of Water Plant No. 2 and offsite facilities construction. Mr. Froehlich reported that he provided an update to Mr. Erdy.

Mr. Froehlich reported receipt of a request for a commitment of water and sewer capacity to serve an 11.5 acre tract just south of the Walden Country Club, for development of 44 single family homes. Mr. Heckel of Pointe Land & Development reported that he expects to purchase the 11.5 acres from the Walden Golf Course in April of 2014. Mr. Heckel reported that he expects to develop the tract by the end of 2014 and home construction should be complete in 2016. He reported that the home prices are expected to be in the \$300,000 to \$450,000 price range. Ms. Stephens reported that Pointe Land & Development would like to enter into a reimbursement agreement with the District for reimbursement of the utilities developed to serve the tract. Mr. Thomas stated that the Board may want to review the estimated costs that it is being asked to reimburse. He noted that the reimbursement agreement may be similar to the agreement with the Waterhaven developer. Mr. Reeves reported that the District's water and sanitary sewer lines are immediately adjacent to the proposed tract. Director Cocetti expressed his concern regarding the District's utility capacity commitments and its obligation to meet Texas statutory requirements regarding water capacity and commitments. Mr. Froehlich stated that the District has the water capacity to serve the 44 lots from Water Plant No. 1. Director Cocetti noted that the District has water capacity commitments to MUD 494 as well, which will not be a problem when Water Plant No. 2 is constructed. Ms. Stephens requested the Board authorize a reimbursement agreement and utility capacity commitment with Pointe Land & Development.

9. 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 "E."

Mr. Froehlich provided an update on the connection count computation. He reported that the District can provide water for 3,790 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 2,914 ESFC.

Mr. Froehlich reported that BGE is updating the costs for the future phases on the District's Capital Improvement Plan.

Mr. Froehlich reported that BGE is reviewing Texas Commission on Environmental Quality ("TCEQ") requirements for Drought Contingency Plans ("DCP") and Water Conservation Plans ("WCP"). He reported that BGE will review the District's DCP and WCP to determine if any updates are required. Mr. Froehlich reported that BGE will coordinate with MOC for completion of the Water Conservation Implementation Report.

Mr. Froehlich reported that BGE completed the draft of the Bond Issue Report and provided the report to F&J and Southwest Securities for review. He reported that reimbursement to the Waterhaven developer is included in the bond issue report. He requested Board execution of a Waterhaven waiver of special appraisal for inclusion in the Bond Issue Report.

Mr. Froehlich reported that the Water Plant No. 2 plans have been signed by the City of Houston. He reported that BGE is addressing additional comments from Harris County.

Mr. Froehlich reported that the Lift Station No. 4 plans were signed by the City of Houston and Harris County.

Mr. Froehlich reported that the plans for improvements to the shared lift station with Harris County Municipal Utility District No. 152 ("MUD 152") have been signed by Harris County.

Mr. Froehlich reported that the Offsite Water and Sewer Facilities plans were signed by the City of Houston. He reported that BGE is addressing additional comments from Harris County.

Mr. Froehlich reported on Atascocita Joint Operations Board report. He reported that BGE prepared advertisement and received bids for replacement of the non-potable water pump system and installation of a baffle plate at the outfall structure at the Regional Wastewater Treatment Plant. He reported that three bids were received for the non-potable water pump system. He reported that All-Pump & Equipment Co. was the low bid in the amount of \$47,517. Mr. Froehlich reported that Preventive Services provided a proposal for \$18,750 for the baffle plate structure. He reported that AJOB awarded the non-potable water pump system project to All-Pump & Equipment Co. and the baffle plate structure project to Preventive Services.

Upon motion by Director Clarey, seconded by Director Waters, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report and to approve execution of the Waterhaven waiver of special appraisal for inclusion in the Bond Issue Report.

Upon motion by Director Clarey, seconded by Director Waters, after full discussion and the question being put to the Board, the Board voted four to one (with Director Cocetti opposing) to authorize BGE to provide a water and sanitary sewer capacity commitment to Pointe Land & Development for 44 ESFCs for the 11.5 acre tract.

10. Consideration of bond application, annexation, and service agreement with Harris County Municipal Utility District No. 494 and any necessary action. This item was covered under the Engineer's Report.

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

12. Adopt Order Calling Directors Election. The President recognized Mr. Thomas, who presented to and reviewed with the Board the Order Calling Directors Election, a copy of which is attached hereto as Exhibit "F." Mr. Thomas informed the Board that a Directors election is scheduled to occur on May 10, 2014.

Upon motion by Director Waters, seconded by Director Soliz, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Order Calling Directors Election.

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 "G."

Mr. Hastings reviewed the Termination List and Write-Off List, included in the

Operations Report.

Mr. Hastings reported that there was one sanitary sewer backup; however, no District residents were impacted by the event.

Director Waters reported that there were forced entry motor vehicle burglaries in the District and that a suspect was arrested.

Mr. Hastings reported that a water meter was changed for a District customer experiencing fluctuating water usage and bills. He reported that the customer has been notified of the water meter replacement.

Upon motion by Director Waters, 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 authorize MOC to transfer the accounts on the Write-Off List to the Uncollectible Roll.

14. **Report on Association of Water Board Directors Conference.** Director Clarey reported that the conference was uneventful. The Board discussed subsidence in Houston. Mr. Froehlich reported that the seminar on desalination and brackish water was informative.


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 March 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 March 27, 2014.



Vice President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

