

MINUTES OF MEETING OF BOARD OF DIRECTORS  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153  
April 16, 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, April 16, 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, except Directors Waters and Cocetti. 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 and Mr. Sam Zabaneh 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; Mr. Neal Heckel of Pointe Land & Development; Mr. David Oliver of Allen Boone Humphries Robinson LLP, attorney for Pointe Walden, LLC; Ms. Jennie Trapolino and Mr. Louis Trapolino of Academy Development; 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 March 27, 2014.** Minutes of the meeting of March 27, 2014, previously distributed to the Board, were presented for consideration and approval. Upon motion by Director Clarey, 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. **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 March, a copy of which is attached hereto as Exhibit "B." Ms. Guerrero reported that 97.2% of the District's 2013 taxes had been collected as of March 31, 2014.

The Board reviewed the Delinquent Tax Report prepared by Perdue, Brandon, Fielder, Collins & Mott, L.L.P., a copy of which is attached hereto as Exhibit "C."

Upon motion by Director Cleary, 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, to authorize the expenditures listed therein, and to approve the Delinquent Tax Report.

**4. 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 "D."

Upon review of the Account Balances, Mr. Burton reported that Certificates of Deposit were purchased at Compass Bank and The Bank of River Oaks for the Operating Fund, and a Certificate of Deposit was purchased at IBC Bank for the Debt Fund.

Upon review of the Budget, Mr. Burton reported that engineering fees include the engineering fees for the projects that were reclassified not to be reimbursed from future bond proceeds which were paid from the Operating Fund. He noted that the engineering fees were for numerous years.

Mr. Burton reported that the Cash Flow Forecast demonstrates a decrease in operating reserve over the next several years. Mr. Froehlich reported that the Water Plant No. 1 and Force Main Rehabilitation projects included in the Cash Flow Forecast will not definitely be performed; however, the District needs to be fiscally prepared to manage such rehabilitation projects.

Upon motion by Director Clarey, 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.

**5. Amended and Restated Agreement for Bookkeeping Services.** The President opened discussion to the proposed Amended and Restated Agreement for Bookkeeping Services with Municipal Accounts & Consulting, L.P., a copy of which is attached hereto as Exhibit "E." Upon motion by Director Clarey, seconded by Director Soliz, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Amended and Restated Agreement for Bookkeeping Services.

**6. Developer's Report.** Ms. Trapolino provided the \$10,000 annexation deposit to Mr. Burton. Ms. Trapolino reported in response to the District's request for a financial guarantee for the construction of the water and wastewater construction costs, that Academy Development has not been required to provide such financial guarantees to other municipal utility districts. Mr. Froehlich reported that the District's bond application to the Texas Commission on Environmental Quality ("TCEQ") to finance the District's portion of the facilities will not be approved until all participants have provided financial guarantees. Mr. Thomas stated that the District will require a deposit to enter into the construction contract for the water and wastewater facilities construction. Mr. Thomas stated that a meeting among the developers and District engineer to review the construction schedule and funding timing would be beneficial.

**7. Reimbursement Agreement for Pointe Walden LLC.** Mr. Thomas presented to and reviewed with the Board the Sales Agreement and Lease of Facilities with Pointe

Walden, a copy of which is attached hereto as Exhibit "F." Mr. Thomas stated that the Sales Agreement and Lease of Facilities includes a maximum reimbursement amount of \$800,000 for the water, sanitary sewer and drainage facilities construction costs. He stated that Board approval is required for reimbursement greater than \$800,000. Mr. Thomas stated that the Sales Agreement and Lease of Facilities specifies that the District will not issue bonds if it will increase the District's debt service tax rate above the current tax rate. He stated that the District will not reimburse Pointe Walden until 50% of the houses in the subdivision in the District are complete. Mr. Oliver requested the addition that the District will proceed with submittal of a bond application to the TCEQ when 25% of the houses in the subdivision in the District are complete. Mr. Froehlich reported that he reviewed the construction cost estimates and confirmed that the \$800,000 reimbursement amount is reasonable. Upon motion by Director Clarey, seconded by Director Soliz, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Sales Agreement and Lease of Facilities with the addition that the District will proceed with submittal of a bond application to the TCEQ when 25% of the houses in the subdivision in the District are complete.

**8. 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 on development in Bridges at Lake Houston. He reported that construction continues. He reported that Harris County Municipal Utility District No. 494 ("MUD 494") expects to begin taps in May 2014. Mr. Thomas reported that MUD 494 has the agreement with Union Pacific Railroad.

Mr. Froehlich reported that new home sales continue in Waterhaven, with a total of 80 home sales in Waterhaven since inception.

Mr. Froehlich reported that BGE will proceed with the document preparation for the Academy Development annexation now that the annexation deposit has been paid.

Mr. Froehlich reported that Dr. Manon and Dr. Quentel contacted him regarding the financial guaranty letters F&J sent to the participants. He reported that Dr. Quentel asked about the implications of not providing the funding. Mr. Froehlich stated that he informed Dr. Quentel the 35-acre tract would not receive water service if the funds are not provided.

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 2,931 ESFC.

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

Mr. Froehlich reported that Storm Water Solutions will submit the Stormwater Quality Permit renewal application for Waterhaven to Harris County next week.

Mr. Froehlich reported that BGE inspected the District's two ground storage tanks and is preparing the reports. He reported that the District's three hydropneumatic tanks are scheduled for inspection in July.

Mr. Froehlich reported that BGE is reviewing the final plans for the MUD 494 lift station.

Mr. Froehlich reported receipt of comments by the District's financial advisor and attorney for the Bond Issue Report. He reported that the Bond Issue Report will be submitted to the TCEQ upon Harris County approval of the Water Plant No. 2 plans.

Mr. Froehlich reported that BGE addressed additional comments from Harris County for the Water Plant No. 2 plans and expects the approval soon.

Mr. Froehlich reported that Harris County and the City of Houston have approved the Offsite Water and Sewer Facilities plans.

Mr. Froehlich reported that he met with MUD 494 to discuss the updated construction cost estimate and plans. He estimated that the facilities construction may begin about October 1, 2014. Mr. Froehlich reported that MUD 494 is interested in additional connections for water and sanitary service, after the 150 connections have been used, until Water Plant No. 2 is operational.

Mr. Froehlich reported on the Order Adopting Amended and Restated Drought Contingency Plan, Providing for Implementation and Enforcement Thereof; Providing Penalties for Violations; and Containing Other Provisions Related to the Subject ("DCP"), a copy of which is included in the Engineer's Report. Mr. Froehlich reported the District's DCP was amended with the addition of a voluntary Stage 1 to more closely match the City of Houston's and several neighboring utility districts' DCPs.

Mr. Froehlich reported on Atascocita Joint Operations Board report. He reported that contracts were signed with the contractors for the 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 several capital improvement projects totaling about \$205,000 were included in AJOB's budget for the next fiscal year. Mr. Froehlich reported that the District's share will not be large; however, the information has been provided to the District's bookkeeper. He reported that replacement of the belt press will be a large expense but that it is not expected to occur for four to five years.

Upon motion by Director Soliz, seconded by Director Clarey, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report, and to adopt the Order Adopting Amended and Restated Drought Contingency Plan, Providing for Implementation and Enforcement Thereof; Providing Penalties for Violations; and Containing Other Provisions Related to the Subject.

**9. 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.

**10. Approve Order Adopting Amended and Restated Drought Contingency Plan, Providing for Implementation and Enforcement Thereof; Providing Penalties for Violations; and Containing Other Provisions Related to the Subject.** 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. **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 Write-Off List, included in the Operations Report.

Mr. Williams presented to and reviewed with the Board the Red Flag Policy Annual Report, a copy of which is attached hereto as Exhibit "I." Mr. Williams reported that there were no Red Flag Policy incidences for the District for the previous year.

Mr. Williams reported that the Environmental Protection Agency now allows electronic distribution of the Consumer Confidence Reports ("CCR"), also known as the Annual Drinking Water Quality Report. He reported that MOC could list the website to access the District's CCR on the District's water bills and save the District printing and distribution costs. He asked the Board whether to proceed with only electronic distribution of the District's CCR.

Upon motion by Director Soliz, seconded by Director Clarey, 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, to authorize MOC to transfer the accounts on the Write-Off List to the Uncollectible Roll, and to authorize electronic distribution of the District's CCR.

13. **Authorize electronic distribution of Consumer Confidence Report.** This item was covered under the Operation's Report.

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

15. **Next Meeting Date.** It was the consensus of the Board to hold the next monthly Board meeting on May 21, 2014 at 11:30 a.m. at the offices of Norton Rose Fulbright, 1301 McKinney, Houston, Texas 77010.

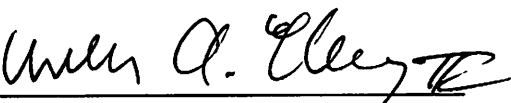
THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

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The foregoing minutes were passed and approved by the Board of Directors on May 21, 2014.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors

(DISTRICT SEAL)

