

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
May 21, 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, May 21, 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. Mike Williams of Municipal Operations & Consulting, Inc. ("MOC"), operator 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. John Elder and Ms. Rebecca Correa of Acclaim Energy Advisors; Mr. Todd MacDonald, District resident; 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. **Qualify Directors for new term and Election of Officers.** Directors Soliz and Waters executed their oaths of office for their new terms as directors of the District. It was the consensus of the Board to retain the current slate of officers.

2. **Minutes of the meeting of April 16, 2014.** Minutes of the meeting of April 16, 2014, previously distributed to the Board, were presented for consideration and approval. Upon motion by Director Waters, seconded by Director Clarey, after full discussion and the question being put to the Board, the Board voted unanimously to approve such minutes, as presented.

3. **GenMax Solution presentation by Acclaim Energy Advisors and any necessary action.** Mr. Elder presented to and reviewed with the Board the GenMax Program Overview, a copy of which is attached hereto as Exhibit "B." Mr. Froehlich reported that the diesel generator at Water Plant No. 1 is 750 kilowatts and that the generator to be installed at the future Water Plant No. 2 will be 1,000 kilowatts. Mr. Elder reported that the payback of the District's initial expense is approximately eight to ten years. He reported that the initial expense is for the generator paralleling switchgear. Mr. Froehlich reported that he discussed the

program with Mr. Hastings and did not note any issues for the District. Mr. Elder reported that the Texas Commission on Environmental Quality ("TCEQ") permits utility districts to operate their generators up to one hundred hours per year for such electricity programs, plus an additional 30 hours for emergencies. Mr. Elder stated that the paralleling switchgear would cost approximately \$149,000 for the existing generator at Water Plant No. 1. He reported that the Electricity Reliability Council of Texas ("ERCOT") pays the District for participating in the program and in addition, pays for when the District supplies electricity to the electricity grid. The President requested a proposal with detailed costs for the Board's consideration.

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 April, a copy of which is attached hereto as Exhibit "C." Ms. Guerrero reported that 98% of the District's 2013 taxes had been collected as of April 30, 2014. Ms. Guerrero reported that delinquent statements will be distributed to taxpayers in May.

Ms. Guerrero reported that the Harris County Appraisal District expects to provide the preliminary assessed valuation for the District next month.

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 Tax Assessor-Collector's Report and to authorize the expenditures listed therein.

5. 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." Mr. Burton reported receipt of a payment by Harris County Municipal Utility District No. 494 ("MUD 494") for 72 connections. Mr. Thomas explained to Mr. Burton that the MUD 494 payment should be deposited to the District's Capital Projects Fund.

Mr. Burton reported that check no. 5718 to the Harris Galveston Subsidence District is for the Water Wise kits for the students at Maplebrook Elementary School. Mr. Burton reported that check no. 5719 to HARCO Insurance Services, Inc. and check no. 5727 to TML IRP, are for the District's insurance renewal. He reported that check no. 5726 to the State Comptroller consists of unclaimed customer refunds to be escheated to the State. Mr. Thomas noted that the MUD 494 payment should be deposited to the District's Capital Projects Fund.

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

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.

6. Approve Municipal Risk Management Group annual arbitrage rebate and yield restriction report. The President recognized Mr. Burton, who presented to and reviewed with the Board the annual Municipal Risk Management Group Arbitrage Rebate and Yield Restriction Analysis Report, a copy of which is attached hereto as Exhibit "F." Mr. Burton reported that no action is required at this time.

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 Municipal Risk Management Group Arbitrage Rebate and Yield Restriction Analysis Report.

7. **Public Comments.** The President recognized Mr. MacDonald, who reported that the drainage channel berm adjacent to his backyard is eroding. Mr. MacDonald acknowledged that he is aware that Harris County Flood Control District is responsible for maintenance of the drainage channel. He reported that approximately one-half the distance to his home has eroded since he moved in. Mr. MacDonald reported that an additional foot eroded from the rain event of last week. He reported that Mr. Froehlich has suggested filing a report with Harris County Flood Control District. Mr. Froehlich reported that it may take Harris County Flood Control District years to repair the erosion. Mr. Thomas suggested that Mr. MacDonald contact Commissioner Cagle regarding the erosion issue.

8. **Developer's Report.** Mr. Froehlich reported that MUD 494 paid the District for 72 connections of the 150 connections for water service.

Mr. Froehlich reported that there is only one vacant lot remaining in Waterhaven.

Mr. Froehlich reported that BGE is preparing the consent application for the Academy Development annexation. He reported that F&J is awaiting receipt of items from Academy Development to prepare the annexation documents.

Mr. Froehlich reported that BGE will coordinate a meeting among the developers and Mr. Thomas to review the construction schedule and funding timing.

Mr. Froehlich reported on Pointe Walden. He reported that he had reviewed the construction cost estimates and recommended the creation of a loop for the waterline to promote circulation, pressure maintenance and reliability. Mr. Froehlich reported that the development is on hold. The President reported that he had heard that the original deed for the property required the land to be developed into a marina and that there was a previous lawsuit regarding development of the property.

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 "G."

Mr. Froehlich reported that the District's Bond Issue Report was submitted to the TCEQ last week for expedited review.

Mr. Froehlich reported that the City of Houston and Harris County have approved the Water Plant No. 2, and the Offsite Water and Sewer Facilities plans.

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 2,936 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 submitted the Stormwater

Quality Permit renewal application for Waterhaven to Harris County.

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 in June 2012 Team Services recommended annual monitoring with guided wave testing of the existing corrosion in waterlines at bridge locations in the District. He asked the Board if it wanted to approve testing of the waterlines by Team Services. The President requested that Mr. Froehlich obtain a proposal for the work for the Board's consideration.

Mr. Froehlich reported on Atascocita Joint Operations Board report. He reported that Preventive Services completed the installation of a baffle plate at the outfall structure at the Regional Wastewater Treatment Plant. He reported that All-Pump ordered the equipment and is fabricating the upgrades to the non-potable water pump system at the Regional Wastewater Treatment Plant.

Upon motion by Director Cocetti, 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.

10. **Consideration of annexations and any necessary action.** No action was taken on this item.

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 reported that MOC performed significant flushing in the District due to water quality issues in May.

Mr. Williams presented to and reviewed with the Board the draft 2013 Drinking Water Consumer Confidence Report, a copy of which is attached hereto as Exhibit "I." Mr. Williams stated that the website address to the District's Drinking Water Consumer Confidence Report will be listed on the water bills. He reported that the District's water is in compliance with all regulations.

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, to authorize MOC to transfer the accounts on the Write-Off List to the Uncollectible Roll, and to approve the 2013 Drinking Water Quality Report.

13. **Renew District insurance.** The Board reviewed the HARCO Insurance Services Proposal for July 1, 2014 through July 1, 2015 (the "Insurance Proposal"), a copy of which is attached hereto as Exhibit "J."

Upon motion by Director Clarey, seconded by Director Cocetti, after full discussion and the question being put to the Board, the Board voted unanimously to accept the HARCO insurance proposal.

14. **Review and authorize execution of letter regarding disclosure of Director information.** Mr. Thomas presented to and reviewed with the Board a letter relating to the disclosure of Director information, a copy of which is attached hereto as Exhibit "K." Mr. Thomas stated that pursuant to Section 552.024 of the Texas Government Code, individual directors may elect to have certain personal information not disclosed to the general public.

15. **Other matters.** The President reviewed with the Board the Republic Services, Inc. rate increase letter, a copy of which is attached hereto as Exhibit "L." He reported that the solid waste collection rate will increase to \$13.96 per residence per month and the recycling rate will increased to \$3.24 per residence per month.

16. **Next Meeting Date.** It was the consensus of the Board to hold the next monthly Board meeting on June 18, 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 June 18, 2014.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

