

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
July 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, July 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. 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. 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; 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 June 18, 2014.** Minutes of the meeting of June 18, 2014, previously distributed to the Board, were presented for consideration and approval. 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 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 June, a copy of which is attached hereto as Exhibit "B." Ms. Guerrero reported that 98% of the District's 2013 taxes had been collected as of June 30, 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 Waters, seconded by Director Clarey, 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." Mr. Burton reported receipt of an equity return from Texas Municipal League. Mr. Burton reported that check no. 5824 to Texas Fence & Iron Co. is for work at the District's Water Plant.

Director Cocetti joined the meeting.

Upon review of the Account Balances, Mr. Burton reported that a Certificate of Deposit was purchased at Patriot Bank for the Operating Fund.

Mr. Burton reported that the Cash Flow Forecast has been updated with the projected expense for the work on the shared lift station with Harris County Municipal Utility District No. 132 ("MUD 132").

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 the Bookkeeper's Report and to authorize payment of the checks listed therein.

5. **Developer's Report.** Mr. Froehlich reported on development in Bridges at Lake Houston. He reported that utilities construction is substantially complete in Sections One and Two, as well as the entry road. He reported that the lift station is near completion, pending electrical service to the site. Mr. Froehlich reported that the bridge construction is 85% complete. Mr. Froehlich reported that construction of the recreation center and model homes is underway in Sections One and Two. He reported that clearing of Sections Three and Four will begin shortly.

Mr. Froehlich reported that there are no vacant lots in Waterhaven.

Mr. Froehlich reported that the Merrylands annexation application package was submitted to the City of Houston.

6. **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 reported that the Texas Commission on Environmental Quality ("TCEQ") declared the District's Bond Issue Report administratively complete. He reported that BGE addressed TCEQ comments on the Bond Issue Report.

Mr. Froehlich reported that the plans for the proposed water and sanitary sewer facilities to serve the annexation tracts and Harris County Municipal Utility District 494 are approved. He requested Board authorization to advertise for bids for the water and sanitary sewer facilities. Mr. Froehlich stated that BGE can require a price hold on the bids through the District's anticipated bond issuance closing date.

Mr. Froehlich reported that bid prices have increased since the construction cost estimate was updated in December 2013. He reported that BGE is updating the proposed

water and sanitary sewer facilities construction cost estimate. Mr. Froehlich requested Board authorization to coordinate with F&J and distribute the request for financial guaranty from the participants in the proposed water and sanitary sewer facilities. Mr. Froehlich suggested a deadline of September 1, 2014 for receipt of the financial guaranty. He estimated that construction may begin in October 2014.

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 MUD 132 is considering how to share the costs to convert the shared lift station with the District and Harris County Municipal Utility District No. 151 ("MUD 151") to a wet well configuration with submersible pumps. He reported that the District's share of the estimated cost is \$265,000 based on ESFC.

Mr. Froehlich reported that the District's three hydropneumatic tanks are scheduled for inspection this month.

Mr. Froehlich reported that Team Services evaluated the District's two waterline ditch crossings at bridges (Trophy Place Drive and Leisure Place Drive) on July 11, 2014. He reported that the Leisure Place Drive waterline appears to be in about the same condition as in 2011. Mr. Froehlich reported that the area of concern on Trophy Place Drive appears to have extended since 2011. He reported that a high level of attenuation was noted. Mr. Froehlich reported that Team Services recommended a "prove-up" inspection, where a person lowers off the bridge and inspects the waterline, to determine the cause of the high attenuation and any additional concerns. Mr. Froehlich reported that Team Services does not perform "prove-up" inspections. Mr. Froehlich reported that he is obtaining a quote for the "prove-up" inspection from Global Ascent.

Mr. Froehlich reported on Atascocita Joint Operations Board report. He reported that the baffle plate is improving mixing at the outfall structure at the Regional Wastewater Treatment Plant. He reported that the non-potable water pump system is operational at the Regional Wastewater Treatment Plant.

Mr. Froehlich reported that DryLet gave a presentation at the AJOB meeting on a product that may be added at the beginning of the treatment process to reduce the amount of sludge produced. He stated that reduced sludge will reduce sludge haul costs, electricity consumption and wear on the belt press. Mr. Froehlich reported that a 90 day trial of the process was proposed and that AJOB authorized BGE to work with DryLet to prepare a scope for conducting the trial testing of the product at the Regional Wastewater Treatment Plant.

Mr. Froehlich reported that the "muffin monster" at the Regional Wastewater Treatment Plant, which collects rags from the lift station to prevent clogs, stopped working due to a metal piece entering the system. He reported that the cost to repair the equipment was \$43,000 and to replace it was \$44,000. Mr. Froehlich reported that AJOB authorized replacement of the "muffin monster".

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 Engineer's Report; to authorize BGE to advertise for bids for the water and sanitary sewer

facilities, and to authorize BGE and F&J to request financial guarantees from participants.

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

8. **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 "F."

Mr. Williams reviewed the Termination List, included in the Operations Report.

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 Operator's Report, and to terminate the delinquent accounts in accordance with the District's rate order.

9. **Approve Interlocal Agreement with Harris-Galveston Subsidence District for Water Wise Program.** Mr. Thomas presented to and reviewed with the Board an Interlocal Agreement with the Harris-Galveston Subsidence District, a copy of which is attached hereto as Exhibit "G." Mr. Thomas explained that under the Interlocal Agreement, the District commits to buy WaterWise kits for the Maplebrook Elementary school children in the District to teach them water conservation.

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 Interlocal Agreement with the Harris-Galveston Subsidence District.

10. **Approve Continuing Disclosure Report and Authorize Filing.** The President recognized Mr. Thomas, who reported that the Continuing Disclosure Report is an annual requirement of the District's bonds which updates the bondholders on the status of the District.

Mr. Thomas reported on the Securities and Exchange Commission's Continuing Disclosure Cooperation Initiative. He reported that each underwriter is reviewing all securities it underwrote in the last five years and can self-report any failure on its part to check issuer compliance with its continuing disclosure obligation.

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 authorize the filing of the Continuing Disclosure Materials.

11. **Discuss TCEQ Public Drinking Water Conference attendance.** Director Soliz expressed an interest in attending the TCEQ Public Drinking Water Conference in Austin, Texas. Mr. Thomas reported that the Board's ethics policy requires Board approval to attend a conference outside of the Houston area sponsored by an entity other than the AWBD. 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 reimbursement of director expenses to attend the TCEQ Public Drinking Water Conference in Austin, Texas.

12. **Other matters.** Director Soliz reported that CenterPoint Energy manages the street lights that are no longer illuminating. He reported that CenterPoint Energy relies on the

public to report non-functioning street lights. Director Soliz reported that he provided the list of non-illuminating street lights in the District to CenterPoint Energy.

13. **Next Meeting Date.** It was the consensus of the Board to hold the next monthly Board meeting on August 20, 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 August 20, 2014.



President, Board of Directors

ATTEST:



Ass't. Secretary, Board of Directors

(DISTRICT SEAL)

