

MINUTES OF MEETING OF BOARD OF DIRECTORS  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153  
January 21, 2015

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, January 21, 2015, 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 Claytor. 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 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; and Mr. Neil Thomas and Ms. Yvette Deitrick of Norton Rose Fulbright US LLP ("NRF"), 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 December 17, 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 Waters, 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. 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 December, a copy of which is attached hereto as Exhibit "B." Ms. Guerrero reported that as of December 31, 2014, 72.1% of the District's 2014 taxes had been collected.

Ms. Guerrero presented the Delinquent Tax Report prepared by Perdue, Brandon, Fielder, Collins & Mott, L.L.P., a copy of which is attached hereto as Exhibit "C." Ms. Guerrero noted that Perdue did not request any actions by the Board.

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

**4. Adopt Resolution Authorizing Additional Penalty on Delinquent Taxes.** The Vice President recognized Mr. Thomas, who presented to and reviewed with the Board the Resolution Authorizing Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11 and 33.08, Tax Code (the "Resolution"), a copy of which is attached hereto as Exhibit "D." Mr. Thomas reported that collection of delinquent personal property taxes would begin on April 1 if approved by the Board.

Director Soliz stated that the 20% additional penalty is high for taxpayers already having financial issues. Mr. Thomas reported that the 20% penalty is used to pay the delinquent tax attorney for the services provided to the District, and that it is not a new charge by the District (though it was increased from 15% to 20% in 2001).

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 adopt the Resolution.

**5. Consider property tax exemptions.** The Vice President recognized Ms. Guerrero, who reported that last year the Board granted \$5,000 homestead property tax exemptions for owners who are 65 or older or who are disabled. Mr. Thomas presented to and reviewed with the Board the Order Adopting Exemption from Taxation for Individuals Who Are Disabled or are 65 Years of Age or Older, a copy of which is attached hereto as Exhibit "E."

Upon motion by Director Waters, seconded by Director Wilcox, after full discussion and the question being put to the Board, the Board voted unanimously to grant \$5,000 homestead property tax exemptions for those who are 65 years of age or older or who are disabled.

**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 "F." Mr. Burton reported that check no. 6081 to the Texas Commission on Environmental Quality is for the annual regulatory assessment fee.

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.

**7. Developer's Report.** Mr. Froehlich reported on Bridges on Lake Houston. He reported that utilities construction continues in Sections Three and Four. Mr. Froehlich reported that 85 homes are under construction in Sections One and Two.

**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 that he met with Harris County Municipal Utility District No.

494's ("MUD 494") developer and engineer to discuss contract revisions 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 will calculate the cost adjustment which will be a credit to MUD 494's construction cost, when the wastewater is routed to Lift Station No. 4. Mr. Froehlich reported that MUD 494 wants to acquire additional water capacity prior to completion of Water Plant No. 2.

Mr. Froehlich reported that the construction contracts for the offsite utilities, Lift Station No. 4, Expansion of Shared Lift Station, and Water Plant No 2 ("Projects") are ready for Board execution. Mr. Froehlich presented to and reviewed with the Board the PSI, Inc. proposals for construction material testing for an estimated cost of \$34,112.00 for the offsite utilities, \$10,777.00 for Lift Station No. 4, and \$27,019.00 for Water Plant No. 2. Mr. Froehlich requested Board approval of the PSI, Inc. proposals, subject to NRF review and approval.

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 2,940 ESFC.

Mr. Froehlich reported that BGE has a tank inspection group with the capability to perform maintenance inspections on tank cathodic protection systems. He reported that there are cathodic protection systems on the welded ground storage tanks at Water Plant No. 1. Mr. Froehlich reported that MOC currently outsources the annual inspection to an out-of-state company. He requested Board authorization for BGE to assume tank inspections for the District's tanks at an estimated cost of \$450 per tank per year.

Mr. Froehlich reported on the Atascocita Joint Operations Board meeting. He reported that BGE is reviewing the data from the initial 90-day testing of the DryLet system which ended earlier this month. Mr. Froehlich reported that BGE is coordinating with the AJOB operator and bookkeeper to collect data for the cost benefit analysis of DryLet.

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 the Engineer's Report, to approve the PSI, Inc. proposals for construction material testing for an estimated cost of \$34,112.00 for the offsite utilities, \$10,777.00 for Lift Station No. 4 and \$27,019.00 for Water Plant No. 2; and to approve BGE for the annual tank inspection.

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

**10. Adopt Order Adding Land and Redefining Boundaries for Merrylands and Manon/Quentel annexations.** The Vice President recognized Mr. Thomas, who presented to and reviewed with the Board the Orders Adding Land and Redefining Boundaries, copies of which are attached hereto as Exhibits "H" and "I." Mr. Thomas reported that the City of Houston approved the annexations of the Merrylands tract and Manon/Quentel tract. He stated that these tracts would be served by Water Plant No. 2.

Upon motion by Director Soliz, seconded by Director Waters, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Orders Adding Land and Redefining Boundaries.

**11. Approve Amended District Information Form.** The Vice President recognized Mr. Thomas, who presented to and reviewed with the Board the Amended District Information Form, a copy of which is attached hereto as Exhibit "J." Mr. Thomas reported that this amended District Information Form will be filed in the Harris County Real Property Records and with the Texas Commission on Environmental Quality, to note the new boundaries of the District.

Upon motion by Director Waters, seconded by Director Wilcox, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Amended to District Information Form.

**12. Change of name of Fulbright & Jaworski LLP, Amendment to Engagement Letter.** Mr. Thomas stated that as of January 21, 2015, the legal name for Fulbright & Jaworski LLP has been changed to Norton Rose Fulbright US LLP. He presented to and reviewed with the Board the Amendment to Engagement Letter for the name change, a copy of which is attached hereto as Exhibit "K."

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 the Amendment to Engagement Letter with NRF.

**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 "L."

Mr. Hastings reviewed the Termination List and Uncollectible Accounts List, included in the Operations Report. The Board discussed raising deposits for renters to reduce outstanding balances that are not paid when renters move out of the District.

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 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. 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 February 18, 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 February 18, 2015.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors

(DISTRICT SEAL)

