

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
November 18, 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 the offices of Norton Rose Fulbright, 1301 McKinney, Houston, Texas 77010, at 11:30 a.m. on Wednesday, November 18, 2015, whereupon the roll was called of the members of the Board, to-wit:

Sam Claytor, Jr., President
Rick Soliz, Vice President
Ed Cocetti, Secretary
Ed Wilcox, Assistant Secretary
Vacant

All members of the Board were present. 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. 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; Mr. Mark Cervantes of Van De Wiele & Vogler, Inc., engineer for Merrylands Interests; Mr. Dick Lewis and Mr. Rick Lewis of American Enerpower; Mr. Jamal Singleton of Direct Waste Solutions; 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 October 21, 2015.** Minutes of the meeting of October 21, 2015, previously distributed to the Board, were presented for consideration and approval. 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 minutes as presented.

2. **Public Comments.** There were no public comments.

3. **Consider electricity proposals and any necessary action.** The President recognized Mr. Lewis, who reported that the District's current electricity contract terminates December 2016. Mr. Lewis reported that electricity rates have decreased since the Board last considered electricity proposals. Mr. Lewis reported that the Board may enter into an electricity contract to begin at the end of its current contract with Direct Energy in December 2016. Mr. Lewis presented to and reviewed with the Board electricity quotes, a copy of which is attached hereto as Exhibit "B." No action was taken on this item.

4. Direct Waste Solutions proposal and any necessary action. The President recognized Mr. Singleton, who presented to and reviewed with the Board the bid for Waste Collection provided by Direct Waste Solutions, a copy of which is attached hereto as Exhibit "C."

Director Soliz joined the meeting.

Mr. Singleton reviewed the services Direct Waste Solutions would provide to the District and their prices.

Mr. Singleton left the meeting.

It was the consensus of the Board not to change solid waste collection providers.

5. 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 October, a copy of which is attached hereto as Exhibit "D." Ms. Guerrero reported that as of October 31, 2015, 0.4% of the District's 2015 taxes had been collected.

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 and to authorize the expenditures listed therein.

6. Extension of contract with Republic Services of Houston. Mr. Thomas reported that the District's solid waste collection contract with Republic Services terminates June 30, 2016, and that either party may extend the contract for a one-year term with 180-day notice. Mr. Thomas asked the Board if it wanted to extend its current contract with Republic Services for a one-year term.

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 authorize the President to execute the letter to Republic Services to extend the contract for a one-year term, a copy of which is attached hereto as Exhibit "E."

7. Bookkeeper's Report, Investment Report, payment of bills and take any necessary action. The President reported that two residents experienced sanitary sewer backups in their homes at 19002 Hikers Trail and 8606 Cross Country during the rain events in October. The President reported that he has asked Mr. Burton to prepare checks to each resident in the amount of \$5,000 to assist the residents with clean-up while both the District's and residents' insurance companies process the claims.

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. 6496 to Public Finance Group LLC is for the financial advisor's work on the tax rate recommendation. Mr. Burton reported that check no. 6500 to Texas Municipal League is for the supplemental sanitary sewer backup coverage.

Mr. Burton reported that check no. 2298 to Peltier Brothers Construction, Ltd., in the amount of \$23,760.00 is for Pay Estimate No. 2. He reported that check no. 2299 to Quadvest Construction in the amount of \$46,621.80 is for Pay Estimate No. 7.

Mr. Burton reported that check no. 1079 from the Special Revenue Fund to the Texas Commission on Environmental Quality is for the annual water system fee.

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

Upon motion by Director Wilcox, 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.

8. Developer's Report. Mr. Froehlich reported on The Bridges at Lake Houston development. Mr. Froehlich reported that D. R. Horton is proceeding with utilities construction in Sections Five. He reported that utilities construction for Section Six were bid on September 29, 2015. Mr. Froehlich reported that 79 homes are occupied in The Bridges at Lake Houston.

Mr. Froehlich reported on the Merrylands development. Mr. Cervantes reported that Merrylands has not received clearance from the U.S. Army Corps of Engineers ("USACE") to proceed on the clearing and grubbing.

Mr. Froehlich reported that the Rosewood Funeral Home annexation request was submitted to the City of Houston.

Mr. Froehlich reported that the 2.95-acre annexation will proceed when the sale to split the tract is complete.

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 "H."

Mr. Froehlich reported on the Water Plant No. 2 construction. He reported that the access road is complete and site work is underway. Mr. Froehlich reported that the revised construction schedule projects completion in July or August of 2016.

Mr. Froehlich reported that the contractor began construction of Lift Station No. 4. Mr. Froehlich reported that construction is approximately 95% complete. He recommended payment of Pay Estimate No. 7 from Quadvest Construction in the amount of \$46,621.80 for construction of Lift Station No. 4.

Mr. Froehlich reported on the offsite utilities construction. Mr. Froehlich reported that construction is about 90% complete. He reported that the contractor is working on installation of the waterline from West Lake Houston Parkway to the proposed Water Plant No. 2.

Mr. Froehlich reported on the Harris County Municipal Utility District No. 152 and District Lift Station Expansion. He reported that construction is complete. He recommended payment of Pay Estimate No. 2 from Peltier Brothers in the amount of \$23,760.00 for the expansion.

Mr. Froehlich reported on the Harris County Municipal Utility District No. 132 Lift Station No. 1 improvements. He reported that the construction is underway. Mr. Froehlich

reported that MOC and the contractor are closely monitoring the bypass pumping system. He reported that the contractor brought in an additional pump to supplement the existing pumps. Mr. Froehlich reported that the manhole used for the bypass pumping did not overflow during the recent heavy rain events.

Mr. Froehlich reported that Harris County Municipal Utility District No. 132 experienced sanitary sewer overflows during the recent rain events. Mr. Froehlich reported that the District could install floating remote sensors with auto-dialers in manholes to notify an operator when there is an issue. He reported that the sensors would provide MOC time to prevent sewer backups when the manhole is surcharging. Mr. Froehlich noted that the old manholes are brick, which allows for significant infiltration as the manhole ages and the mortar disintegrates. Mr. Froehlich reported that he is researching the remote sensors and other options.

Mr. Froehlich reported that BGE reviewed construction plans for a proposed First Service Credit Union at 7720 FM 1960. He reported that BGE provided a no-objection letter for the proposed plans.

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 3,538 equivalent single family connections ("ESFC"), and wastewater treatment for 5,183 ESFC. Mr. Froehlich reported that the District currently serves 2,958 ESFC.

Mr. Froehlich reported on the Atascocita Joint Operations Board meeting. Mr. Froehlich reported that DryLet is waiting for of the approval letter from the Texas Commission on Environmental Quality before it begins phase two of the testing. He reported that BGE is working with the AJOB operator to obtain proposals for several small projects at the Regional Wastewater Treatment Plant.

Mr. Froehlich reported that BGE will send a letter to Harris County Municipal Utility District No. 494 ("MUD 494") regarding its excessive water usage. He reported that MUD 494 is researching options for additional sources of water.

Mr. Froehlich reported that he will prepare a comparison of amounts the District has paid on the projects funded by the District's Series 2014 Bonds and the estimated costs to identify any potential surplus funds that may be used for other projects.

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 Engineer's Report; to approve payment of Pay Estimate No. 7 from Quadvest Construction in the amount of \$46,621.80 for construction of Lift Station No. 4; and to approve payment of Pay Estimate No. 2 from Peltier Brothers in the amount of \$23,760.00 for the Harris County Municipal Utility District No. 152 and District Lift Station Expansion.

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

11. 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 "I."

Mr. Hastings reviewed the Termination List and Uncollectible Accounts List, included in the Operations Report.

Mr. Hastings reported that two significant rain events occurred in the District around October 24, 2015, and October 31, 2015. He reported that there is a manhole located in front of the two homes that experienced sanitary sewer backups. Mr. Hastings reported that the sanitary sewer lines from the two homes drain directly into the bottom of the manhole. Mr. Hastings proposed installing a saddle, connecting the two residents' sanitary sewer lines to the saddle and reconnecting to the District's sanitary sewer system upstream. He estimated that it will cost approximately \$4,000 to \$5,000 for the sanitary sewer line relocation. Mr. Hastings reported that such a sanitary sewer connection would no longer be allowed in the District. Mr. Hastings reported that the other manholes have been checked for such connections and none have been found. Mr. Hastings reported that MOC will inspect the District's manholes for inflow protectors which assist in limiting inflow during rain events. He recommended installation of the higher quality inflow protectors, where needed, at a cost of \$95 each. Mr. Hastings reported that MOC is working with the residents on the insurance claims. He reported that insurance claims are being filed both for the residents' insurance and the District's insurance.

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 Operator's Report; to terminate the delinquent accounts in accordance with the District's rate order; to transfer the Uncollectible Accounts to the Uncollectible Roll; to authorize MOC to install a saddle, connecting the two residents' sanitary sewer lines to the saddle, and reconnect to the District's sanitary sewer system upstream; and to authorize MOC to install manhole inflow protectors as needed.

12. Harris County Appraisal District Board of Directors Election. The President recognized Mr. Thomas, who presented to and reviewed with the Board the Harris County Appraisal District election information and ballot, a copy of which is attached hereto as Exhibit "J." He reported that the Board may vote for a director for the Harris County Appraisal District Board of Directors. Upon motion by Director Wilcox, seconded by Director Cocetti, after full discussion and the question being put to the Board, the Board voted unanimously to vote for John E. Sherman.


13. Other matters. No action was taken on this item.

14. Next Meeting Date. It was the consensus of the Board to hold the next monthly Board meeting on December 16, 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 December 16, 2015.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

