

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
August 24, 2015

THE STATE OF TEXAS
COUNTY OF HARRIS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153

§
§
§

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 153 (the "District") met in special session, open to the public at offices of Norton Rose Fulbright, 1301 McKinney, Houston, Texas 77010, at 11:30 a.m. on Monday, August 24, 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 Waters. 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 of Brown & Gay Engineers, Inc. ("BGE"), engineers for the District; Ms. Cynthia Colondres of Municipal Accounts and Consulting, L.P. ("MA&C"), bookkeeper for the District; Ms. Lina Loaiza of Bob Leared Interests, tax assessor-collector for the District; Mr. Mark Cervantes of Van De Wiele & Vogler, Inc., engineer for Merrylands Interests; 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 July 15, 2015.** Minutes of the meeting of July 15, 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. **Tax Assessor and Collector's Report, status of delinquent tax accounts, and payment of bills.** Ms. Loaiza presented to and reviewed with the Board the Tax Assessor-Collector's Report for July, a copy of which is attached hereto as Exhibit "B." Ms. Loaiza reported that as of July 31, 2015, 98.8% of the District's 2014 taxes had been collected.

Ms. Loaiza reported that the homestead payment plan listed in the Tax Assessor-Collector's Report was cancelled due to non-payment. She reported that the account has been forwarded to the Delinquent Tax Attorney for collection and that Bob Leared Interests has sent a delinquent statement to the taxpayer.

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.

4. Bookkeeper's Report, Investment Report, payment of bills and take any necessary action. Ms. Colondres presented to and reviewed with the Board the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "C."

Director Soliz joined the meeting.

Ms. Colondres reported that check no. 2286 to E.P Brady, Ltd. in the amount of \$674,915.33, is for Pay Estimate No. 4, and check no. 2288 to Quadvest Construction in the amount of \$125,046.29 is for Pay Estimate No. 4.

Upon review of the Account Balances, Ms. Colondres reported that a Certificate of Deposit was purchased for the General Fund at Independent Bank.

Ms. Colondres reviewed the Balance Sheet with the Board, included in the Bookkeeper's Report.

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.

5. Review Investment Policy. The President recognized Mr. Thomas, who reviewed with the Board the Resolution Reviewing Investment Policy and Making Any Desirable Changes Thereto ("Resolution Reviewing Investment Policy"), a copy of which is attached hereto as Exhibit "D." Mr. Thomas reported that the Board must review the District's investment policy annually. Mr. Thomas stated there are no recommended changes.

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 Resolution Reviewing Investment Policy with no changes to the policy.

6. Developer's Report. Mr. Froehlich reported on The Bridges at Lake Houston development. He reported that D. R. Horton has 126 homes under construction or built and 52 homes occupied. Mr. Froehlich reported that construction in Sections Three and Four is near completion. Mr. Froehlich reported that utilities construction is scheduled to begin next month in Section Five.

Mr. Froehlich reported on Merrylands development. He reported that the clearing and grubbing was temporarily halted at the request of the U.S. Army Corps of Engineers ("USACE"). Mr. Froehlich reported that there was a field meeting with the USACE on August 8, 2015. He reported that the Water Plant No. 2 site, access road and easements were provided clearance by a prior jurisdictional determination. Mr. Cervantes reported that the Environmental Protection Agency has 21 days to review the USACE report and that it is unknown when written confirmation will be received.

Mr. Froehlich reported that BGE is updating the annexation survey documents for the Rosewood Funeral Home, Wheless, and Dr. Quentel annexations.

7. 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 contractor began construction of Lift Station No. 4. Mr. Froehlich reported that construction is approximately 70% complete. He recommended payment of Pay Estimate No. 4 from Quadvest Construction in the amount of \$125,046.29 for construction of Lift Station No. 4.

Mr. Froehlich reported on the offsite utilities construction. Mr. Froehlich reported that construction is about 85% complete. He recommended payment of Pay Estimate No. 4 to E. P. Brady in the amount of \$674,915.33 for the offsite utilities construction. Mr. Froehlich reported that the connection to Water Plant No. 2 will be removed from the contract if the USACE does not provide clearance in a timely manner. He reported that the contractor is working with the homeowner association landscaper.

Mr. Froehlich reported on the Harris County Municipal Utility District No. 152 and District Lift Station Expansion. He reported that the contractor is awaiting delivery of the new pump.

Mr. Froehlich reported on the Harris County Municipal Utility District No. 132 Lift Station No. 1 improvements. He reported that the Notice to Proceed was issued on June 22, 2015, and that the contract is for 210 calendar days.

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 2,949 ESFC.

Mr. Froehlich reported that Storm Water Solutions, L.P. has prepared the Harris County Storm Water Quality Permit Renewal Application for Water Plant No. 1. He requested Board authorization for execution of the Permit Renewal Application.

Mr. Froehlich reported on the Atascocita Joint Operations Board meeting. He reported that BGE prepared a summary report on the DryLet system which showed a 30% reduction in sludge production and a 43% reduction in polymer use. Mr. Froehlich reported that the reductions result in an estimated savings of just under \$80,000 when annualized. Mr. Froehlich reported that he will attend a meeting with the Texas Commission on Environmental Quality with DryLet to discuss use of the new system. Director Cocetti noted that BGE's report does not include the cost of the DryLet chemical. Mr. Froehlich reported that DryLet is evaluating product pricing. He reported that DryLet would like to perform additional testing. Director Cocetti reported that DryLet will perform additional testing at a wastewater treatment plant at Texas A&M University.

Mr. Froehlich reported that MUD 494 sent a payment to the District in the amount of \$156,801 for the remaining 78 of the initial 150 connections that MUD 494 was to lease from the District prior to completion of Water Plant No. 2. He noted that a \$45,453 credit for prior overpayment was applied to result in the payment amount of \$156,801.

Upon motion by Director Wilcox, seconded by Director Soliz, 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. 4 from Quadvest Construction in the amount of \$125,046.29 for construction of Lift Station No. 4; to approve payment of Pay Estimate No. 4 to E. P. Brady in the amount of \$674,915.33 for the offsite utilities construction; to authorize execution of the Harris County Storm Water Quality Permit Renewal Application for Water Plant No. 1; and to accept the MUD 494 payment to the District in the amount of \$156,801 for the remaining 78 of the initial 150 connections.

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

9. Harris County Municipal Utility District No. 494 acquisition of capacity. This item was covered under the Engineer's Report.

10. Consider Wheless Annexation Agreements and Reimbursement Agreements. Mr. Thomas presented to and reviewed with the Board the Annexation Agreement by and between the District and William Wheless, et al. ("Annexation Agreement"), a copy of which is attached hereto as Exhibit "F." Mr. Thomas reported that the Annexation Agreement is similar to the agreements with the other tract owners that have been annexed into the District. He reported that NRF is drafting reimbursement agreements that provide for the property owners to pay for utilities construction to serve the tracts and that the District will reimburse the property owners when the taxable valuable of the tract is sufficient to meet the bond debt paid to reimburse the property owners. Mr. Thomas reported that the financial advisor performs the calculation to determine when there is sufficient taxable value on the tracts. Mr. Froehlich reported that the pro rata share of the shared projects cost for William Wheless et al. is just under \$1,000,000.

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 Annexation Agreement with William Wheless, et al.

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 "G."

Mr. Hastings reviewed the Termination List and Write-Off List, included in the Operations Report.

Mr. Hastings reported that GMS performed the semi-annual water well testing for the District. He reported that all tests demonstrated excellent operation. Mr. Hastings reported that the District's water well has 194 feet submergence and pumps 2,100 gallons per minute.

Directors Claytor and Wilcox reported a few residents contacted them about low water pressure. Mr. Hastings reported that the pressure change may have been around peak irrigation time. He stated that MOC will contact the homeowner association to change irrigation times if the District's water system demonstrates low water pressure again.

Upon motion by Director Wilcox, 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, and to transfer to the Write-Off accounts to the Uncollectible Roll.

12. Agreement for Shared Costs for Recreational Facilities with Humble Independent School District. Mr. Thomas presented to and reviewed with the Board the Agreement for Shared Costs for Recreational Facilities, a copy of which is attached hereto as Exhibit "H." Mr. Thomas explained that under the Agreement for Shared Costs for Recreational Facilities, the District commits to pay \$7,500 for soccer field improvements at Atascocita Middle School once a contractor is engaged for the project.

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 Agreement for Shared Costs for Recreational Facilities.

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 September 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.

* * *

The foregoing minutes were passed and approved by the Board of Directors on September 16, 2015.



Vice President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)