

MINUTES OF MEETING OF BOARD OF DIRECTORS  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153  
July 15, 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, July 15, 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; 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; Ms. Julia McCain of McCall, Gibson, Swedlund, Barfoot, PLLC, auditor for the District; Mr. Chris New of E. P. Brady; 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 June 17, 2015.** Minutes of the meeting of June 17, 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. **Approve audit for fiscal year ending March 31, 2015.** The President recognized Ms. McCain, who presented to and reviewed with the Board a draft of the audit for the District for fiscal year ending March 31, 2015, a copy of which is attached hereto as Exhibit "B."

Ms. McCain presented to and reviewed with the Board the management letter noting material weaknesses in the District's internal controls over financial reporting, which is substantially the same as the material weakness letter received by other districts, a copy of

which is attached hereto as Exhibit "C." She noted that the management letter includes a draft response by the Board which is substantially the same as the previous year.

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 draft of the audit for the District for fiscal year ending March 31, 2015, and to approve the Board's response in the management letter.

**4. 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. He reported that the District's audit will be submitted with the Continuing Disclosure Report.

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 authorize the filing of the Continuing Disclosure Materials.

**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 June, a copy of which is attached hereto as Exhibit "D." Ms. Guerrero reported that as of June 30, 2015, 98.6% of the District's 2014 taxes had been collected.

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

**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. 2283 to E.P Brady, Ltd. in the amount of \$912,023.24, is for Pay Estimates Nos. 2 and 3.

Upon motion by Director Soliz, 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 and to authorize payment of the checks listed therein.

**7. Report on Association of Water Board Directors Conference.** Director Soliz reported that the Association of Water Board Directors Conference was informative.

Mr. Thomas reported that new a Texas statute requires that vendors and government officials file disclosure statements for any "gifts" with an aggregate value of \$100 or more, including entertainment other than food and drinks.

Mr. Thomas reported that another new Texas statute requires that entities that have contracts with local governments file a statement of interested parties with the local government. He stated that the local government is required to file the interested parties statement with the Texas Ethics Commission within thirty days.

**8. Developer's Report.** Mr. Froehlich reported on The Bridges at Lake Houston development. He reported that D. R. Horton has 109 homes under construction or built, 31 lots ready for construction, 37 homes occupied, and 42 homes sold. Mr. Froehlich reported that the contractor is paving streets in Sections Three and Four, and clearing in Sections Five and Six.

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 the USACE halted the clearing and grubbing when no permit or record of an environmental site assessment could be located. He reported that the USACE has scheduled a field inspection for August 8, 2015.

Mr. Froehlich reported that BGE completed the annexation survey documents for the Rosewood Funeral Home, Wheless, and Dr. Quentel annexations. He reported that BGE is preparing the consent applications for the annexations.

**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 Mr. Thomas and the Harris County Municipal Utility District No. 494 ("MUD 494") attorney are meeting to discuss the revisions to the agreement between the District and MUD 494 for the 150 equivalent single family connections ("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 will route all sanitary sewer to Lift Station No. 4.

Mr. Froehlich reported that the Bridges at Lake Houston developer is considering requesting an additional 200 to 300 connections. Mr. Froehlich reported that he has not received a formal request for additional connections.

Mr. Froehlich reported that MUD 494 used approximately 2,000,000 gallons of water last month which equates to 150 equivalent single family connections. Mr. Froehlich reported that 1,000,000 gallons of water was for builder water meters, 600,000 gallons of water was for the homeowner association and 400,000 gallons of water was for the residents. Mr. Froehlich reported that he has informed MUD 494 of the concern regarding the water usage.

Mr. Froehlich reported on the clearing and grubbing for Merrylands and the Water Plant No. 2 site. He reported that the USACE halted the clearing and grubbing when no permit or record of an environmental site assessment could be located. Mr. Froehlich reported that BGE has completed the wetland investigation and determined that no wetlands would be impacted by the Water Plant No. 2 project. He reported that the determination was submitted to the USACE for review and concurrence.

Mr. Froehlich reported that the contractor began construction of Lift Station No. 4. Mr. Froehlich reported that construction is approximately 60% complete.

Mr. Froehlich reported on the offsite utilities construction. He reported that the contractor is installing the 20-inch waterline along West Lake Houston Parkway. Mr. Froehlich reported that construction is about 80% complete. He recommended payment of Pay Estimate Nos. 2 and 3 to E. P. Brady in the amounts of \$430,214.43 and \$481,808.81, respectively, for the offsite utilities construction.

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 3,805 equivalent single family connections ("ESFC"), and wastewater treatment for 5,250 ESFC. Mr. Froehlich reported that the District currently serves 2,943 ESFC.

Mr. Froehlich reported that the Stormwater Quality Permit for Waterhaven was renewed.

Mr. Froehlich reported that he has solicited quotes from three additional landscaping companies for restoration of the entrance at Walden on Lake Houston off of West Lake Houston Parkway. Mr. Froehlich reported that he will present the proposals at the next Board meeting.

Mr. Froehlich reported on the Atascocita Joint Operations Board meeting. He reported that BGE is preparing the DryLet analysis to present at the AJOB August meeting.

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 Engineer's Report; and to approve payment of Pay Estimate Nos. 2 and 3 to E. P. Brady in the amounts of \$430,214.43 and \$481,808.81, respectively, for the offsite utilities construction.

**10. Atascocita Joint Operations Board report.** Director Cocetti reported that AJOB operations are fine. Director Cocetti reported that the DryLet system has a lot of potential and that he will work with the company to further the acceptance of the technology.

**11. Accept Petition for Addition of Land (2.948 acre tract on West Lake Houston Parkway) and Approve Petition for City Consent.** Mr. Thomas reviewed with the Board a Petition for Addition of Land executed by Mr. Quentel and Mr. Hahn and the Petition to the City of Houston for Consent to Addition of Land, copies of which are attached hereto as Exhibits "H" and "I," respectively.

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 accept the Petition for Addition of Land and approve the Petition for City Consent to the annexation.

**12. 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 "J."

Mr. Hastings reviewed the Termination List, included in the Operations 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

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

**13. 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 "K." 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 Soliz, 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.

**14. Consider Atascocita Middle School Request for funding and any necessary action.** Director Soliz reviewed with the Board the list of Atascocita Middle School ("AMS") projects that need funding. The Board discussed supporting the soccer field improvements. 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 authorize NRF to prepare a contract with AMS to fund no more than \$7,500 for soccer field improvements at AMS upon execution of an agreement for such funding by Humble Independent School District and Board approval of the repair specifications.

**15. Other matters.** No action was taken on this item.

**16. Next Meeting Date.** It was the consensus of the Board to hold the next monthly Board meeting on August 19, 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 August 24, 2015.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors

(DISTRICT SEAL)

