

MINUTES OF MEETING OF BOARD OF DIRECTORS  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153  
April 24, 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 special session, open to the public at offices of Norton Rose Fulbright, 1301 McKinney, Houston, Texas 77010, at 11:30 a.m. on Friday, April 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. 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 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 March 18, 2015.** Minutes of the meeting of March 18, 2015, previously distributed to the Board, were presented for consideration and approval. 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 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 March, a copy of which is attached hereto as Exhibit "B." Ms. Guerrero reported that as of March 31, 2015, 97.5% 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 "C."

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 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 the Wheless annexation deposit in the amount of \$15,000. Mr. Burton reported that check no. 2274 to Quadvest Construction in the amount of \$77,008.50 for the Lift Station No. 4 construction will be paid from the District's bond process and the developer deposits.

Upon review of the Account Balances, Mr. Burton reported that four Certificates of Deposit ("CD") were purchased, one for the General Fund at The Bank of River Oaks, and three for the Debt Service Fund at Central Bank, Texas Capital Bank and Spirit of Texas Bank.

Mr. Burton presented to and reviewed with the Board the Quarterly Investment Report, 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 Bookkeeper's Report, to authorize payment of the checks listed therein, and to approve the Quarterly Investment Report.

**5. Resolution Approving Use of Letter of Credit and Letter of Credit Agreement with Compass Bank.** The President recognized Mr. Thomas, who presented to and reviewed with the Board the proposed Letter of Credit Agreement and Resolution Approving Use of Letter of Credit as Collateral for District Funds, copies of which are attached hereto as Exhibits "F" and "G," respectively. Mr. Thomas reported that Texas statutes dictate federally guaranteed securities as acceptable collateral for deposit of public funds. Mr. Thomas reported that Compass Bank wants to use letters of credit from the Federal Home Loan Bank of Atlanta as collateral for all of the District's deposits in excess of the Federal Deposit Insurance Corporation. He reported that the bookkeeper will retain the original letter of credit. Mr. Burton reported that the letters of credit for collateral are less expensive to manage for Compass Bank and that MA&C has no issues with the letters of credit as collateral. Director Cocetti asked about other options for the District's funds. Mr. Burton stated that a certificate of deposit may be purchased for the funds in the Capital Project Fund that will not be used in the near future to attain a higher interest rate.

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 Letter of Credit Agreement with Compass Bank and Resolution Approving Use of Letter of Credit (Federal Home Loan Bank of Atlanta) as Collateral for District Funds.

**6. Developer's Report.** Mr. Froehlich reported on Merrylands development. He reported that the clearing and grubbing is underway.

Mr. Froehlich reported that BGE is preparing the annexation survey documents for the Wheless annexation.

**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 "H."

Mr. Froehlich reported that Mr. Thomas and the MUD 494 attorney are coordinating 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 Water Plant No. 2 contractor is coordinating with the Merrylands clearing contractor for clearing of the Water Plant No. 2 site and access. He reported that the contractor will mobilize once the site is cleared.

Mr. Froehlich reported that the contractor began construction of Lift Station No. 4. He recommended payment of Pay Estimate #1 to Quadvest Construction in the amount of \$77,008.50 for the Lift Station No. 4 construction. Mr. Froehlich requested Board authorization of Change Order #2 in the amount of \$23,778.80 for changes to CenterPoint Energy's requirements for electrical service connection and the addition of Builder's Risk insurance to the contractor's policy.

Mr. Froehlich reported on the offsite utilities construction. He reported that the contractor is close to completion of the sanitary sewer construction and beginning work on the waterline.

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 bids were opened April 7, 2015, and that R+B Group was the low bidder at \$891,500.00. He reported that the District's share of the construction and engineering costs will be \$352,000.

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 2,945 ESFC.

Mr. Froehlich reported that two ground storage tanks at Water Plant No. 1 were inspected in March. He reported that no significant changes were noted from last year's evaluation.

Mr. Froehlich requested Board authorization for the execution and submittal of the Stormwater Quality Permit renewal application for Waterhaven, included in the Engineer's Report. Mr. Froehlich reported that Storm Water Solutions inspected the stormwater quality feature and determined that the amount of accumulated sediment was above the manufacturer's cleanout capacity. He reported that the City of Houston will require the stormwater quality feature to be cleaned out prior to permit renewal. Mr. Froehlich reported that Storm Water Solutions provided a proposal for the clean out in the amount of \$5,499.60.

Mr. Froehlich reported on the Atascocita Joint Operations Board meeting. He reported that analysis of the DryLet system continues to indicate reduced sludge. Mr. Froehlich reported that AJOB is working on the 2016 budget, which includes \$350,000 in construction and \$52,500 in engineering for capital improvement projects in 2016. He reported that the District's share of this expense would be \$75,146.75. Mr. Froehlich reported that capital improvements costs are based on capacity ownership, and that operation and maintenance costs are based on connection count.

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 approve payment of Pay Estimate #1 to Quadvest Construction in the amount of \$77,008.50 for the Lift Station No. 4 construction; to approve Change Order #2 in the amount of \$23,778.80 for changes to CenterPoint Energy's requirements for electrical service connection and the addition of Builder's Risk insurance to the contractor's policy; to authorize execution and submittal of the Stormwater Quality Permit renewal application for Waterhaven; and to approve the Storm Water Solutions proposal for the Waterhaven stormwater quality feature clean out in the amount of \$5,499.60.

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

**9. Approve Exhibit A to Master Sales Agreement and Lease of Facilities with Merrylands Interests for clearing and grubbing.** Mr. Thomas presented to the Board the Exhibit A to the Master Sales Agreement and Lease of Facilities with Merrylands Interests Ltd., Inc. for the clearing and grubbing to serve Merrylands, a copy of which is attached hereto as Exhibit "I."

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 Exhibit A, thereby adding the project to the Master Sales Agreement and Lease of Facilities with Merrylands Interests Ltd., Inc.

**10. Begin compilation of Continuing Disclosure Materials.** The President recognized Mr. Thomas, who stated that an annual requirement for the District's bonds is to file annual financial and operating information. He requested approval for the District's consultants to prepare the disclosure materials.

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 authorize the District's consultants to prepare and file District's the disclosure materials.

**11. 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 "J."

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

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 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.

**12. Build America Mutual Assurance Annual Meeting for Election of Directors Proxy.** The President recognized Mr. Thomas, who reviewed with the Board the Build America Mutual Assurance Company annual meeting information and proxy card, a copy of which is attached hereto as Exhibit "K." The Board discussed the voting options.

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 voting for the two nominees to the Build America Mutual Assurance Company Board of Directors.

**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 May 20, 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 May 20, 2015.

  
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President, Board of Directors

ATTEST:  
  
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Secretary, Board of Directors

(DISTRICT SEAL)

