

MINUTES OF MEETING OF BOARD OF DIRECTORS  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153  
May 20, 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, May 20, 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 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 and Ms. Stephanie Hendershot of Bob Leared Interests, tax assessor-collectors for the District; Mr. Mark Cervantes of Van De Wiele & Vogler, Inc., engineer for Merrylands Interests; Mr. Tom Mraz of Harco Insurance Services 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 April 24, 2015.** Minutes of the meeting of April 24, 2015, previously distributed to the Board, were presented for consideration and approval. 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 minutes as presented.

2. **Renewal of District Insurance.** Mr. Mraz presented to and reviewed with the Board the HARCO Insurance Services Proposal for July 1, 2015 through July 1, 2016 (the "Insurance Proposal"), a copy of which is attached hereto as Exhibit "B."

The Board discussed whether to purchase sanitary sewer backup coverage. Mr. Mraz reported that the District probably had sovereign immunity from lawsuits for damages from backups. He estimated that sanitary sewer backup coverage costs \$0.75 to \$1.00 per home in the District. Mr. Thomas noted that previously home insurance covered sanitary sewer backup. Mr. Hastings stated that the District has had three sanitary sewer backups since 1999. It was the consensus of the Board to obtain a quote for sanitary sewer backup coverage.

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 accept the HARCO insurance proposal.

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

**4. 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 April, a copy of which is attached hereto as Exhibit "C." Ms. Guerrero reported that as of April 30, 2015, 97.8% of the District's 2014 taxes had been collected.

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 and to authorize the expenditures listed therein.

**5. 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 that check no. 6223 to the City of Houston is for the Rosewood Funeral Home annexation, and that check no. 6229 to Municipal Risk Management Group, L.L.C. is for the annual arbitrage report. Mr. Burton reported that check no. 2277 to Quadvest Construction is for construction of Lift Station No. 4. Mr. Burton reported that MA&C will separate the insurance costs to appropriately allocate the cost to the shared facilities.

Upon review of the Account Balances, Mr. Burton reported that a Certificate of Deposit ("CD") was purchased for the General Fund at Third Coast 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 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, to authorize payment of the checks listed therein, and to approve the Quarterly Investment Report.

**6. Adopt Amended Budget for fiscal year ending March 31, 2016.** This item was deferred.

**7. Approve Municipal Risk Management Group Annual arbitrage rebate and yield restriction report and engagement letter for arbitrage compliance services for Series 2010.** The President recognized Mr. Burton, who presented to and reviewed with the Board the annual Municipal Risk Management Group Arbitrage Rebate and Yield Restriction Analysis Report, a copy of which is attached hereto as Exhibit "F." Mr. Burton presented to and reviewed with the Board the engagement letter for arbitrage compliance services for the Series 2010 Bonds with Arbitrage Compliance Services, a copy of which is attached hereto as Exhibit "G."

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 Municipal Risk Management Group Arbitrage Rebate and Yield Restriction Analysis Report and to

approve the engagement letter for arbitrage compliance services for the Series 2010 Bonds with Arbitrage Compliance Services.

**8. Developer's Report.** Mr. Froehlich reported on The Bridges at Lake Houston development. He reported that D. R. Horton has closed on 102 homes, has 38 lots ready for construction, and 19 homes occupied. Mr. Froehlich reported that the lift station construction is not complete.

Mr. Froehlich reported on Merrylands development. He reported that the clearing and grubbing is underway. Mr. Froehlich recommended Board approval of payment by Merrylands Interests of Pay Estimate #1 to K&K Tree & Tractor Service in the amount of \$45,000 for clearing and grubbing.

Mr. Froehlich reported that BGE is preparing the annexation survey documents for the Rosewood Funeral Home, Wheless, and Dr. Quentel 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 "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 clearing and grubbing for Merrylands and the Water Plant No. 2 site is near complete. 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 #2 to Quadvest Construction in the amount of \$151,551.20 for the Lift Station No. 4 construction. Mr. Froehlich reported that construction is approximately 50% complete.

Mr. Froehlich reported on the offsite utilities construction. He reported that the directional drilling of for the waterline is underway. Mr. Froehlich reported that construction is about 75% complete.

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 that there was a typo in the AJOB capacity transfer from the District to Harris County Municipal Utility District No. 494. He reported that 21,740 gallons per day was in the assignment, when it should have been 21,470 gallons per day. Mr. Froehlich requested Board authorization for the President to execute the corrected assignment.

Mr. Froehlich reported on the Harris County Municipal Utility District No. 132 Lift Station No. 1 improvements. He reported that construction is expected to begin in the next

three to four weeks.

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 2,944 ESFC.

Mr. Froehlich reported on the Stormwater Quality Permit renewal application for Waterhaven. He reported that recent rainy weather has delayed Storm Water Solutions removal of the accumulated sediment in the stormwater quality feature. Mr. Froehlich reported that Storm Water Solutions will submit the renewal application after the sediment has been cleaned out. He reported that the City of Houston has been notified of the delay and the City of Houston will not assess late fees for the delayed application.

Mr. Froehlich reported on the Atascocita Joint Operations Board meeting. He reported that analysis of the DryLet system cost comparison for sludge removal demonstrates savings. He reported that similar comparisons will be performed for electricity; polymer and belts press operation and maintenance.

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 by Merrylands Interests of Pay Estimate #1 to K&K Tree & Tractor Service in the amount of \$45,000 for clearing and grubbing; and to approve payment of Pay Estimate #2 to Quadvest Construction in the amount of \$151,551.20 for the Lift Station No. 4 construction.

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

**11. Accept Petition for Addition of Land (Rosewood Holding Company) and Approve Petition for City Consent.** Mr. Thomas reviewed with the Board a Petition for Addition of Land executed by Rosewood Holding Company, Inc. and the Petition to the City of Houston for Consent to Addition of Land, copies of which are attached hereto as Exhibits "I" and "J," respectively.

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 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 "K."

Mr. Hastings reviewed the Termination List and Uncollectible Accounts 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, to terminate the delinquent accounts in accordance with the District's rate order, and to transfer the Uncollectible Accounts to the Uncollectible Roll.

**13. Approve Consumer Confidence Report.** The President recognized Mr. Hastings, who presented to and reviewed with the Board the 2014 Annual Drinking Quality Report, a copy of which is attached hereto as Exhibit "L." He reported that the District's water is compliant with all regulations. Mr. Hastings reported that the District does not need to send the report to residents if an Internet link is provided on the water bill which leads directly to the drinking water quality report. He reported that the District's drinking water quality report would be on MOC's website. Mr. Hastings reported that a notice will be included with the water bills detailing access to the Annual Drinking Quality Report.

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 2014 Annual Drinking Water Quality Report.

**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 June 17, 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 June 17, 2015.

  
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President, Board of Directors

ATTEST:  
  
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Secretary, Board of Directors

(DISTRICT SEAL)

