

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
June 17, 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, June 17, 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 and Mr. Keith Arrant of Municipal Operations & Consulting, Inc. ("MOC"), operators 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; 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 May 20, 2015.** Minutes of the meeting of May 20, 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 May, a copy of which is attached hereto as Exhibit "B." Ms. Guerrero reported that as of May 31, 2015, 98.0% of the District's 2014 taxes had been collected.

Ms. Guerrero reported that the Harris County Appraisal District provided a 2015 preliminary taxable value for the District of \$569,900,602.

Director Soliz joined the meeting.

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 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. Mr. Burton presented to and reviewed with the Board the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "C." Mr. Burton reported receipt of the annexation deposit for the 2.9 acre tract owned by Dr. Quentel and Mr. Hahn. Mr. Burton reported that check no. 6273 is to the State Comptroller and consists of unclaimed customer refunds to be escheated to the State.

Upon review of the Account Balances, Mr. Burton reported that a Certificate of Deposit ("CD") was purchased for the Capital Projects Fund at Plains State Bank.

Mr. Burton presented to and reviewed with the Board the Amended Budget for fiscal year ending March 31, 2016, included in the Bookkeeper's Report. Mr. Burton reported that he worked with Mr. Froehlich on edits to the District's budget.

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 adopt the Amended Budget for fiscal year ending March 31, 2016.

5. Adopt Amended Budget for fiscal year ending March 31, 2016. This item was covered under the Bookkeeper's Report.

6. 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 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. Mr. Cervantes reported that he is working with Mr. Froehlich to resolve the issue.

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.

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 "D."

Mr. Froehlich reported that Mr. Thomas and the Harris County Municipal Utility District No. 494 ("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 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 requested District acknowledgement of payment for the purchase of a share of the District's wastewater treatment capacity in the Atascocita Regional Wastewater Treatment Plant and purchase of a share of the District's capacity in the shared sanitary sewer trunk line. Mr. Froehlich reported that he prepared a letter acknowledging the payments, a copy of which is included in the Engineer's Report.

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 requested Board authorization for BGE to perform a wetlands determination to document that the Water Plant No. 2 site is non-jurisdictional, and to separate the site from the issue with Merrylands' property. He estimated that the wetlands determination will cost between \$3,000 and \$7,000.

Mr. Froehlich reported that the contractor began construction of Lift Station No. 4. He recommended payment of Pay Estimate #3 to Quadvest Construction in the amount of \$48,302.10 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. He recommended payment of Pay Estimate #1 to E. P. Brady in the amount of \$348,263.66 for the offsite utilities construction.

Mr. Froehlich presented to and reviewed with the Board the proposal by the Walden on Lake Houston Community Service Association's landscaper, Horticultural Solutions, for restoration of areas that will be disturbed by installing waterline connections to the District's existing water system at Aerobic Avenue and Hikers Path Drive, included in the Engineer's Report. Mr. Froehlich reported that the proposal in the amount of \$61,484.61 is what it would cost to restore the entire area. Director Cocetti requested that landscape photographs be taken of the area prior to construction to document the existing landscaping. The Board discussed the proposal and requested that Mr. Froehlich obtain additional proposals.

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 will be 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 2,940 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 the AJOB operator needed to flush the wastewater treatment plant. Mr. Froehlich reported that the flushing resulted in a significant increase in sludge production, which would skew the data being tracked by BGE. He reported that BGE will complete analysis of six months of data. Director Cocetti reported that the DryLet system involves operation that the AJOB operator is concerned about meeting requirements. Mr. Froehlich reported that some internal operation of the DryLet system is outside the normal range of Texas Commission on Environmental Quality ("TCEQ") requirements. He reported that DryLet plans to discuss the issue with the TCEQ.

Mr. Froehlich reported that a surety company contacted him regarding the Pines of Atascocita, Section Four. He reported that the District paid for the necessary repairs for Harris County acceptance of the Pines of Atascocita, Section Four, streets and storm sewers. Mr. Froehlich reported that the surety company wants to return the surety deposit to the developer; however, the developer is out of business. Mr. Froehlich reported that he will provide documentation to the surety company that the District financed the repairs for Harris County acceptance of the Pines of Atascocita, Section Four, streets and storm sewers, and request that the deposit be paid to the District.

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 the Engineer's Report; to authorize the President to execute the letter of acknowledgement of payment for the purchase of a share of the District's wastewater treatment capacity in the Atascocita Regional Wastewater Treatment Plant and purchase of a share of the District's capacity in the shared sanitary sewer trunk line; to authorize BGE to perform a wetlands determination for the Water Plant No. 2 site for a cost between \$3,000 and \$7,000; to approve payment of Pay Estimate #3 to Quadvest Construction in the amount of \$48,302.10 for the Lift Station No. 4 construction; and to approve payment of Pay Estimate #1 to E. P. Brady in the amount of \$348,263.66 for the offsite utilities construction.

8. Atascocita Joint Operations Board report. Director Cocetti reported that he is researching insurance options for pump replacement. Director Cocetti reported that he is reviewing the capital improvement projects for the Regional Wastewater Treatment Plant.

9. 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 "E."

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

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 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.

10. Supplemental Sewage Backup Insurance Proposal. The President opened discussion to the Harco Supplemental Sewage Backup proposal, a copy of which is attached hereto as Exhibit "F." Mr. Thomas reported that historically sanitary sewer backups do not occur often. He noted that the District may self-insure for costs related to sanitary sewer backups. Mr. Thomas stated that the District may have sovereign immunity from lawsuits for damages from backups. The Board discussed the advantages of having the insurer manage settlement with residents. 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 the Harco Supplemental Sewage Backup coverage with a \$5,000 deductible and \$50,000 per structure limit of liability.

11. Consider Atascocita Middle School Request for funding and any necessary action. Director Soliz reported that the District has previously participated in projects at Maplebrook Elementary School and Atascocita Middle School ("AMS"), which are both located in the District. He reported that there are numerous projects for the District to participate with AMS. The Board discussed whether to provide funds to an entity funded by taxpayers and the types of projects to support. The President noted that the District participated in funding the track construction at Maplebrook Elementary School which is used by the District residents. Director Soliz reported that the District also funds the Water Wise kits provided to Maplebrook Elementary School to teach water conservation. Mr. Thomas reported that the District may contract with an entity to provide a service, such as the Water Wise kits or track construction, as long as the project is something the District is allowed to otherwise provide. Mr. Thomas reported that the contract should outline the District's control over the project. He reported that if the project is for a recreational facility, the facility must be available to District residents. Director Soliz reported that he will provide a list of AMS projects at the next Board meeting.

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

13. Next Meeting Date. It was the consensus of the Board to hold the next monthly Board meeting on July 15, 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 July 15, 2015.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

