

MINUTES OF MEETING OF BOARD OF DIRECTORS  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153  
OCTOBER 19, 2016

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 the offices of Norton Rose Fulbright US LLP, 1301 McKinney St., Houston, Texas 77010, at 11:30 a.m. on Wednesday, October 19, 2016, whereupon the roll was called of the members of the Board, to-wit:

Sam Claytor, Jr., President  
Rick Soliz, Vice President  
Ed Cocetti, Secretary  
Ed Wilcox, Assistant Secretary  
Allen Roe, Assistant Secretary

All members of the Board were present, except Director Cocetti, thus constituting a quorum. Also attending all or portions of the meeting were Mr. Gary Hastings and 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. Mark Cervantes of Van De Wiele & Vogler, Inc., engineer for Merrylands Interests; 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. Dimitri Millas and Ms. Brenda Presser 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. **Public Comments.** There were no public comments.
2. **Convene Public Hearing on Proposed Tax Rate for 2016.** The President convened the public hearing on the proposed tax rate for 2016. There was no public in attendance. The President closed the hearing.
3. **Adopt Order Setting Tax Rate and Levying Tax for 2016.** Mr. Millas presented to and reviewed with the Board the Order Setting Tax Rate and Levying Tax for 2016, a copy of which is attached hereto as *Exhibit B*. Mr. Millas informed the Board that its adoption of the Order would set ad valorem tax rate for 2016. Ms. Guerrero reported that the notice of public hearing was published.

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 Adopt the Order Setting Tax Rate and Levying Tax for 2016 with a total tax rate of \$0.451 per \$100 assessed valuation, comprised of a rate of \$0.3515 for debt service and \$0.0995 for operation and maintenance expenses.

4. **Approve Amended District Information Form.** Mr. Millas reported that this document is recorded in the Harris County Real Property Records to provide notice to purchasers of property in the District of the current tax rate in the District. He stated that since the current tax rate is unchanged, no action is requested of the Board on this item.

5. **Minutes of the meeting of September 21, 2016.** Minutes of the meeting of September 21, 2016, previously distributed to the Board, were presented for consideration and approval. Upon motion by Director Soliz, seconded by Director Roe, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes as presented.

6. **Report and presentation from Enhanced Energy Services.** No presentations were received by the Board. It was noted the District's current electricity contract expires in December. Discussion ensued regarding the presentation last month from Enhanced Energy Services. Director Claytor and Ms. Presser reported that Mr. Rick Lewis of America Enerpower had contacted them to make a presentation to the Board. The Board requested that the agenda item for November be revised to "Presentation(s) for electricity contract." and also requested that Ms. Presser contact Messrs. Ciarella and Lewis about attending the meeting.

7. **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 September, a copy of which is attached hereto as *Exhibit C*. Ms. Guerrero reported that as of September 30, 2016, 99.14% of the District's 2015 taxes had been collected.

Ms. Guerrero next reviewed the quarterly report from the District's delinquent tax attorney, noting that of the ten accounts listed that are in litigation, three have been paid in full.

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 Tax Assessor-Collector's Report and to authorize the expenditures listed therein.

8. **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 reviewed disbursements from the General Operating Fund and reported that the amounts for check numbers 6982 through 6987 have been left blank pending receipt of invoices for utilities, telephone, water purchase from Harris County Municipal Utility District No. 152, and Special Revenue Fund monthly billing. He then reviewed disbursements from the Capital Operating Fund, and Special Revenue Fund.

Mr. Burton noted that Director Cocetti's per diem check for today's meeting will be voided.

In response to a Director inquiry, Mr. Burton explained that SRF means Special Reserve Fund in which the District pays its participating pro rata share of the expenses for shared facilities.

Mr. Burton reported that the Cash Flow Forecast has been updated to reflect the 2016 maintenance tax and appraised value.

Upon motion by Director Wilcox, seconded by Director Roe, 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 in the amounts and for the purposes listed therein.

9. **Annexation of 2.95 acres.** Mr. Millas reported that documents are ready to be submitted to the City of Houston for approval for the 2.95 acre annexation. No action is requested of the Board at this time.

10. **Developer's Report.** Mr. Froehlich reviewed the Developer's Report and updated the Board on Harris County Municipal Utility District No. 494 ("494"). He reported that in 494 there are 181 occupied homes, and 67 homes vacant or under construction. Mr. Froehlich discussed a request from 494 to cease any additional payments for the engineering or construction of Water Plant No. 2 because their records indicate they have met and exceeded their portion of the cost for the shared projects. Mr. Froehlich reported that he anticipates the project will be completed in a few months. Mr. Burton reported the District has sufficient funds to support 494's request and to fund the project. After a full discussion, it was the consensus of the Board to grant 494's request to cease additional payments for the costs associated with the construction of Water Plant No. 2.

Mr. Froehlich reported that Mr. David Emerson of Eagle Lake Gardens and Nursery has contacted BGE regarding reimbursement for his portion of the costs for shared projects. Mr. Froehlich reported that the reimbursable amount is approximately \$12,000 and reviewed the terms of the reimbursement agreement relating to timing of the reimbursement payment. The Board discussed other developers that may come forward requesting reimbursement. Mr. Froehlich reviewed amounts due to such developers and funding. Upon motion by Director Wilcox, seconded by Director Roe, after full discussion and the question being put to the Board, the Board approved 494's request for reimbursement for funds advanced by Eagle Lake Gardens and Nursery.

11. **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 exterior coating of the ground storage tank at Water Plant No. 2 is complete, the well pump and motor are installed, the piping is complete, and electrical installation continues. He presented and recommended approval of Pay Estimate No. 9 for \$213,795.00 to Gemini Contracting Services for construction of this project.

Mr. Froehlich reported that he had communicated to Walden on Lake Houston Community Services Association, Inc. ("CSA") that the District will install the irrigation meters at three CSA sites, but will not do any other work in the median, including the relocation of the boulder. He stated that CSA accepted the Board's offer to install requested water meters at CSA sites in lieu of any additional work related to the irrigation system, but requested that the

District relocate the boulder. Mr. Froehlich said that it will be more efficient and cost effective to install a new boulder, and he provided a quote from Custom Landscaping & Design in the amount of \$600 to install a new boulder. The Board discussed the outstanding 20' Waterline Easement (the "Easement") that CSA is granting to the District and the possibility of purchasing the Easement in lieu of relocating the boulder. Mr. Froehlich stated that he will coordinate with NRF to revise the Easement and present to CSA.

Mr. Froehlich reported that he received the annual permit renewal request from the City of Houston, a copy of which is attached to the Engineer's Report. He stated that based on this year's usage, the increasing number of connections in 494, and the past two year's useage for October to January, BGE recommends requesting an increase in the permitted amount to 415,000,000 gallons from the current permit for 402,000,000 gallons.

Mr. Froehlich reported that he and Mr. Thomas met with 494's attorney, engineer, and developer to discuss the proposed Amendment to Water Supply and Sanitary Sewer Agreement. He stated that 494's attorneys are preparing a draft for review.

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: (1) approve the Engineer's Report; (2) approve Pay Estimate No. 9 for \$213,795.00 to Gemini Contracting Services for Water Plant No. 2 construction; and (3) authorize BGE to request a permitted increase from City of Houston for 415,000,000 gallons of water.

12. **Atascocita Joint Operations Board ("AJOB") report.** Mr. Froehlich reported that the driveway culvert replacement is nearing completion and the asphalt overlay is scheduled to begin next week.

Mr. Froehlich reported that Drylet has begun its second round of testing at the Atascocita Joint Operations Plant today.

13. **Discuss insurance policy for sewage back-up and service to Spurlock property.** Mr. Millas reported that there are no updates to report on HARCO's appeal to the claim previously denied by TML related to sewage back-up due to issue with District facilities.

14. **Discuss Spurlock Sanitary Sewer Easement, potential lawsuit.** Mr. Millas reported that Mr. Thomas sent a letter to Ms. Spurlock, on behalf of the District, advising her that the District is ready to make a customary sewer connection to her property, as previously agreed upon, but is unable to do so due to a cable installation by Verizon, and damage to the existing connection point. Mr. Millas stated that Ms. Spurlock responded to the letter by asking Mr. Thomas if he will accept service on her lawsuit against the District. Discussion ensued regarding the lines installed by Verizon, and the interference with the District's rights in its easement. Mr. Hastings discussed damage to the Spurlocks' connection line, risks involved in attempting to repair the line, and other complications with the installation of a tap that are outside the scope of a customary connection. Discussion ensued regarding a letter to Verizon notifying them of the violation of the terms of the easement and requesting that they negotiate a resolution to the interference.

15. **Operator's Report and hearing on delinquent accounts.** Mr. Hasting reported that he is reducing his workload and entering into a semi-retired position after the first of the year. He introduced Mr. Mike Williams as his replacement for this District.

Mr. Hastings presented to and reviewed with the Board the Operations Report, a copy of which is attached hereto as *Exhibit F*. He reported that the District billed 94.7% of its pumped water for the period August 26, 2016, through September 27, 2016. Mr. Hastings reviewed the Termination List and Uncollectible Accounts List, included in the Operations Report, and requested the Board's authorization to transfer five uncollectible accounts to the uncollectible roll.

Mr. Hastings reported on an automobile accident at Lift Station No. 4 in which a car ran into the fence. He stated that he has obtained the police reports, and submit a claim for the cost of repairs to the driver's insurance company, which is Geico.

Director Soliz noted there is construction equipment on the landscaping at the District's lift station on West Lake Houston Parkway, which Mr. Hastings confirmed is Lift Station No. 2.

Director Roe stated there isn't sufficient room to enter and exit the gate at Lift Station No. 4 without obstructing traffic on West Lake Houston Parkway. Discussion ensued regarding moving the fence and Mr. Hastings stated that he will have the fence moved.

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; and to terminate the delinquent accounts in accordance with the District's rate order.

16. **Republic Services Report.** The Republic Services' representative was not present at the meeting and no report was presented to the Board.

17. **Consider extension of trash collection services contract.** Mr. Millas reported that the Seventh Addendum to the District's contract with Republic allows the District to extend its contract for three one-year terms of which the District exercised this option last year. He stated the current contract expires June 30, 2017, and that the District must provide notice to Republic 180 days prior to expiration if it desires to extend the contract for a second one-year term. Upon motion by Director Wilcox, seconded by Director Roe, after full discussion and the question being put to the Board, the Board voted unanimously to notify Republic of the District's intent to extend its contract for a second one-year term.

18. **Donation to Atascocita Middle School for playing field improvements to serve school and community youth sports.** The President recognized Director Roe who presented a proposed project to the Board to participate in recreational facilities improvements at Atascocita Middle School ("AMS"). A copy of the proposed project is attached as *Exhibit G*. Director Roe reported the District had previously participated in Phase 1 for the addition of a fence around the playing field to protect the field from damage, especially following installation of sod and irrigation. He discussed Phases II and III, which include irrigation and sod. Director Roe stated that the recreational facilities improvements at AMS benefits the AMS students and community youth sports. Discussion ensued regarding needs and projects at other schools in which the District has participated or in which it may consider participation. 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 \$24,000 for Phases II and III recreational facilities improvements at AMS, and to authorize preparation and execution of an Agreement for Costs for Recreational Facilities.

19. **Other matters.** No other matters were presented to or discussed by the Board.

20. **Next Meeting Date.** It was the consensus of the Board to hold the next monthly Board meeting on November 16, 2016, 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 November 16, 2016.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors





