

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
February 17, 2016

THE STATE OF TEXAS
COUNTY OF HARRIS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153

§
§
§

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, 1301 McKinney, Houston, Texas 77010, at 11:30 a.m. on Wednesday, February 17, 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
Vacant

All members of the Board were present. 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 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 January 20, 2016.** Minutes of the meeting of January 20, 2016, 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. **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 January, a copy of which is attached hereto as Exhibit "B." Ms. Guerrero reported that as of January 31, 2016, 95.6% of the District's 2015 taxes had been collected. Ms. Guerrero reported that the delinquent tax statements were distributed this week.

Upon motion by Director Soliz, seconded by Director Wilcox, 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 that check no. 6615 to the Texas Commission on Environmental Quality is for certified copies.

Mr. Burton reported on Capital Project Fund expenditures. He reported that check no. 2308 to E. P. Brady, Ltd. in the amount of \$349,310.27 for Pay Estimate No. 8 is for the offsite utilities construction. He reported that check no. 2311 to Quadvest Construction in the amount of \$41,941.72 for Pay Estimate No. 8 is for the Lift Station No. 4 construction. Mr. Burton reported that check no. 2312 to Gemini Contracting Services, Inc. in the amount of \$490,050.00 for Pay Estimate No. 2 is for Water Plant No. 2 construction.

Upon review of the Account Balances, Mr. Burton reported that three Certificates of Deposit ("CDs") were purchased for the General Fund and six CDs were purchased for the Debt Service Fund.

Mr. Burton presented to and reviewed with the Board the Quarterly Investment Report, included in the Bookkeeper's Report.

Mr. Burton noted that the draft budget for fiscal year ending March 31, 2017, is included in the Bookkeeper's Report, and requested consultant input on the budget.

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 approve the Bookkeeper's Report, to authorize payment of the checks listed therein, and to approve the Quarterly Investment Report.

5. Developer's Report. Mr. Froehlich reported on Bridges on Lake Houston. He reported that 91 homes are occupied.

Mr. Froehlich reported that the Merrylands clearing and grubbing is underway. Mr. Froehlich requested Board authorization of Change Order No. 1 to the Clearing and Grubbing contract with K&K Tree and Tractor Service in the amount of \$62,000.00 for cutting of additional drainage swales and the use of pumps to drain the site. Mr. Froehlich noted that a copy of the Change Order is included in the Engineer's Report. Ms. Deitrick confirmed receipt of the Form 1295 from the contractor.

Mr. Froehlich reported that the 2.95-acre annexation will proceed when the sale to split the tract is complete.

6. 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 the attorney for Harris County Municipal Utility District No. 494 ("MUD 494") informed BGE and NRF that D. R. Horton plans to lease the use of 150 connections from Academy Development (Merrylands). He reported that the lease will increase MUD 494's connections to 300. Mr. Froehlich reported that a letter has been sent to MUD 494 regarding 494's water usage exceeding the Water Supply and Sanitary Sewer Agreement and

that the letter requests that MUD 494 not install additional connections until an agreement is in place for lease of Academy Development's 150 connections and provided to the District.

Mr. Froehlich reported that Mr. Thomas and the MUD 494 attorney are coordinating revision 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 on the Water Plant No. 2 construction. He reported that the water well drilling is underway. Mr. Froehlich recommended payment of Pay Estimate No. 2 from Gemini Contracting Service, Inc. in the amount of \$490,050.00 for Water Plant No. 2 construction. Mr. Froehlich reported that the construction is currently on schedule with operation expected to begin this summer.

Mr. Froehlich reported on the Lift Station No. 4 construction. Mr. Froehlich reported that construction is complete. He reported that the site has electricity service and the startup is complete. Mr. Froehlich recommended payment of Pay Estimate No. 8 from Quadvest Construction in the amount of \$41,941.72 for Lift Station No. 4 construction.

Mr. Froehlich reported on the offsite utilities construction. Mr. Froehlich reported that construction is complete. Mr. Froehlich reported that BEG is preparing the metes and bounds for the easement with from the Community Service Association for the waterline tie-in at Aerobic Drive.

Mr. Froehlich reported on the Harris County Municipal Utility District No. 132 Lift Station No. 1 improvements. He reported that the construction is underway.

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 3,768 equivalent single family connections ("ESFC"), and wastewater treatment for 5,183 ESFC. Mr. Froehlich reported that the District currently serves 2,966 ESFC. Mr. Froehlich confirmed that the capacity is based upon operation of the Water Plant 100% of the time.

Mr. Froehlich reported on the Atascocita Joint Operations Board meeting. Mr. Froehlich reported that BGE is preparing the bid specifications for pavement repairs at the Regional Wastewater Treatment Plant. Mr. Froehlich reported that DryLet is addressing attorney comments on the agreement with DryLet regarding disclosure of intellectual property.

Mr. Froehlich reported BGE prepared an analyses of financial viability of the Wheless annexation. He reported that two scenarios were prepared, one for single-family residential development, and another for multi-family development. Mr. Froehlich reported that neighboring valuations were used for the analyses. Mr. Froehlich reported that the District will "break-even" in five to six years after reimbursing the developer based on projected future tax income. Director Cocetti stated that he did not favor the District incurring debt to finance the landowner's cost to construct water and sanitary sewer utilities. Mr. Thomas noted that the Board approved the annexation four months ago and this is the final step in the annexation process. Director Cocetti requested that financial documentation of the economic feasibility of an annexation be presented when the Board considers annexation requests in the future.

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 the Change Order No. 1 to the Merrylands Clearing and Grubbing contract with K&K Tree and Tractor Service in the amount of \$62,000.00 for cutting of additional drainage swales and the use of pumps to drain the site; to approve payment of Pay Estimate No. 2 from Gemini Contracting Service, Inc. in the amount of \$490,050.00 for Water Plant No. 2 construction; and to approve Pay Estimate No. 8 from Quadvest Construction in the amount of \$41,941.72 for Lift Station No. 4 construction.

Mr. Froehlich reported that he would follow-up with E. P. Brady regarding restoration of the West Lake Houston Parkway median landscaping.

7. Atascocita Joint Operations Board report. No action was taken on this item.

8. Order Adding Land and Redefining Boundaries (Wheless et al. tract). The President recognized Mr. Thomas, who presented to and reviewed with the Board the Order Adding Land and Redefining Boundaries, a copy of which is attached hereto as Exhibit "I". Mr. Thomas reported that the City of Houston approved the annexation of the Wheless et al. tract.

Upon motion by Director Wilcox, seconded by Director Soliz, after full discussion and the question being put to the Board, the Board voted three to one, with Director Cocetti opposing, to approve the Order Adding Land and Redefining Boundaries.

9. Amended District Information Form. The President recognized Mr. Thomas, who presented to and reviewed with the Board the Amended District Information Form, a copy of which is attached hereto as Exhibit "F." Mr. Thomas reported that this amended District Information Form will be filed in the Harris County Real Property Records and with the Texas Commission on Environmental Quality, to note the new boundaries of the District from the Wheless et al. annexation into the District.

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 approve the Amended to District Information Form.

10. 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 "G."

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

Director Cocetti discussed options to encourage and notify residents of water leaks and conservation. Mr. Hastings reported that when the District's Drought Contingency Plan is implemented, signs are installed at subdivision entrances to notify residents. Mr. Hastings noted that District customers now receive water bills via email and water conservation flyers are not seen when email is the method of delivery. Director Cocetti invited options to effectively communicate with the residents on water conservation.

Mr. Hastings reported that he is meeting with Ms. Spurlock to coordinate installation of the water and sanitary sewer connection to her tract on West Lake Houston Parkway.

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 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.

11. Report on Association of Water Board Directors Conference. No action was taken on this item.

12. Discuss Director Appointment. The Board discussed potential District residents who might fill the Board vacancy. The President offered to contact the potential candidates regarding the Board vacancy.

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 March 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.

* * *

The foregoing minutes were passed and approved by the Board of Directors on March 16, 2016.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

