

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
March 16, 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, March 16, 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 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; Ms. Linda Loup of Public Finance Group, LLC, financial advisor for the District; Ms. Julia McCain of McCall, Gibson, Swedlund, Barfoot, PLLC ("MGSB"), auditor for the District; and Mr. Neil Thomas and Ms. Corey Knight 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 February 17, 2016.** Minutes of the meeting of February 17, 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. **Engage Auditor for fiscal year ending March 31, 2016.** Ms. McCain presented to and reviewed with the Board an engagement letter for fiscal year ending March 31, 2016, a copy of which is attached hereto as Exhibit "B." Ms. McCain requested that the Board engage the services of McCall to prepare the District's annual audit for fiscal year ending March 31, 2016, at an estimated cost of \$14,500 to \$16,500.

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 engage the services of McCall to prepare the District's audit for fiscal year ending March 31, 2016 and to authorize the execution of the engagement letter.

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 February, a copy of which is attached hereto as Exhibit "C." Ms. Guerrero reported that as of February 29, 2016, 97.083% 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 Cocetti, 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.

5. Bookkeeper's Report, Investment Report, payment of bills, take any necessary action and Adopt budget for fiscal year ending 2017. 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. 6649 to Atascocita Middle School is for fence work.

Mr. Burton reviewed with the Board the budget for fiscal year ending March 31, 2017, included in the Bookkeeper's report. Upon advice of the Operator, the Board requested to increase the Laboratory Expense – Water in the Operating Budget to \$5,000.

Mr. Burton reported that Director Soliz and Director Wilcox have registered for the Association of Water Board Directors Annual Conference.

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 Bookkeeper's Report, to authorize payment of the checks listed therein, and to adopt the budget for fiscal year ending March 31, 2017, with the increase of the Laboratory Expense – Water in the Operating Budget to \$5,000.

6. Adopt budget for fiscal year ending March 31, 2017. This item was discussed in the Bookkeeper's Report.

7. Presentation by Financial Advisor on issuance of Refunding Bonds and any necessary action. Ms. Loup presented to and reviewed with the Board the Refunding Analysis for the District, a copy of which is attached hereto as Exhibit "E." She recommended refunding portions of Series 2010 and Series 2011 Bonds.

Ms. Loup requested authorization to start preparing documents for the refunding.

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 authorize Ms. Loup to start preparing documents for the refunding.

8. Developer's Report. Mr. Froehlich reported on Bridges on Lake Houston. He reported that 106 homes are occupied.

Mr. Froehlich reported that the Merrylands clearing and grubbing operations continue.

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

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 "F."

Mr. Froehlich reported that BGE received a request from Harris County Municipal Utility District No. 494 ("MUD 494")/D. R. Horton for an additional 225 connections. He reported that the change will increase MUD 494's connections to 1,225 water and 1,200 sewer connections, and would increase MUD 494's capacity ownership in the shared facilities and decrease the District's. Mr. Froehlich stated he will come back to the Board with more information regarding the feasibility of granting the request.

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 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. 3 from Gemini Contracting Service, Inc. in the amount of \$546,750.00 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 Rosewood Funeral Home ("RFH"), adjacent to the lift station, has requested the District's consideration of altering the front fence along West Lake Houston Parkway. Mr. Froehlich stated that the fence is blocking view of RFH's billboard. He stated that RFH will pay for the costs associated with relocating the fence. Mr. Froehlich reviewed with the Board the proposed relocation for the fence, included in the Engineer's report.

Mr. Froehlich reported on the offsite utilities construction. Mr. Froehlich reported that construction is complete. Mr. Froehlich recommended payment of Pay Estimate No. 9 and Final from E.P. Brady in the amount of \$168,591.50 for offsite utilities construction. Mr. Froehlich reported that BEG completed the metes and bounds for the easement with from the Community Service Association ("CSA") for the waterline tie-in at Aerobic Drive and have forwarded them to the Attorney to draft the easement document. Mr. Froehlich reported that BGE has requested quotes from three landscaping contractors to complete the restoration of the CSA landscaped areas disturbed during construction. Mr. Froehlich stated he will present the Board with quotes once received.

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

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 2,971 ESFCs. Mr. Froehlich confirmed that the capacity is based upon operation of the Water Plant 100% of the time.

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 of Pay Estimate No. 3 from Gemini Contracting Service, Inc. in the amount of \$546,750.00 for Water Plant No. 2 construction; to approve relocation of lift station fence along West Lake Houston Parkway; and to approve Pay Estimate No. 9 and Final from E.P. Brady in the amount of \$168,591.50 for offsite utilities construction.

10. Approve assignment of connections by Merryland Interests, Ltd. to Harris County Municipal District No. 494. Mr. Froehlich reported that MUD 494/D. R. Horton has reached an agreement with Merrylands/Academy Development to utilize their 150 initial connections in the existing District's system. He reported that Merrylands/Academy Development shared in the cost of the addition of a third hydropneumatic tank at Water Plant No. 1 in order to have capacity prior to completion of Water Plant No. 2. Mr. Froehlich requested approval of the assignment of connections by Merryland Interests, Ltd. to MUD 494.

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 assignment of connections by Merryland Interests, Ltd. to MUD 494.

11. Atascocita Joint Operations Board report. Mr. Froehlich reported the BGE has solicited bids for the paving improvements at the plant.

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 "G."

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

Mr. Hastings stated that MOC will be conducting additional laboratory testing on April 1, 2016, at ten different locations.

Mr. Hastings reported that a resident is requesting a 1.5 inch meter. Mr. Hastings stated that he only recommends a 1 inch meter. It was the consensus of the Board to agree with Mr. Hastings to allow the resident to have a 1 inch meter.

Mr. Hastings reported on the installation of the water and sanitary sewer connection to Ms. Spurlock's tract on West Lake Houston Parkway. Mr. Hastings stated that the estimated cost to complete the installation is \$70,000. He stated there is a cell tower located in an area that the sewer line needs to run through which increased the cost of installation. Discussion ensued over the terms of the Easement agreement regarding costs associated with installation. Mr. Thomas stated he will review the Easement agreement.

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. Adopt Order Declaring Unopposed Candidates Elected to Office. Mr. Thomas reviewed with the Board the Order Declaring Unopposed Candidates Elected to Office, a copy of which is attached hereto as Exhibit "H." 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 Order Declaring Unopposed Candidates Elected to Office.

14. Other matters. The President reported on possible candidates for the fifth Director position.

15. Next Meeting Date. It was the consensus of the Board to hold the next monthly Board meeting on April 20, 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 April 20, 2016.



Vice President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

