

MINUTES OF MEETING OF BOARD OF DIRECTORS  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153  
MAY 18, 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, Houston, Texas 77010, at 11:30 a.m. on Wednesday, May 18, 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; and Mr. Neil Thomas 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. **Minutes of the meeting of April 20, 2016.** Minutes of the meeting of April 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. **Appointment and Qualification of Directors.** The Board discussed the vacant position and interest from any qualified candidate. Following discussion, the Board concurred that Director Wilcox will contact a proposed candidate, as suggested by the Board.

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 "B." Ms. Guerrero reported that as of April 30, 2016, 97.9% of the District's 2015 taxes had been collected. Ms. Guerrero reported that notices are being distributed to delinquent tax account holders and a 20% penalty will be applied to delinquent accounts paid after July 1, 2016. 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, 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."

Director Cocetti inquired about the District's total investment balance from the District's Operating, Capital Projects, Debt Service, and Special Revenue Fund (for joint facilities projects) accounts. Discussion ensued as to purpose of funds in the District's Operating, Capital Projects, Debt Service Funds, and Special Revenue Fund. The Board discussed items budgeted for 2016 that will be paid from the Operating Fund, projects anticipated for construction and requiring payment in 2016 from the Capital Project Fund, principal and interest payments on the District's outstanding bonds that are paid twice a year from the District's Debt Service Fund; and the District's share of the costs associated with operation, maintenance and repairs of the regional sanitary sewer plant. Following a discussion, the Board took no action to change the investments in these accounts.

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, and to authorize payment of the checks in the amounts and for the purposes listed therein.

Mr. Thomas reported on the District's current Unlimited Tax Refunding Bond Sale, Series 2016 and stated the amount of the bonds to be issued is \$9,215,000 and the closing is set for June 14, 2016. He requested the Board ratify the President's execution of the pricing certificate pursuant to the Bond Order approved at the Board's previous meeting. Upon motion by Director Wilcox and seconded by Director Cocetti, the Board voted unanimously to ratify the President's execution of the pricing certificate pursuant to the Bond Order approved at the Board's previous meeting.

**6. Developer's Report.** Mr. Froehlich stated there are no updates to report on Bridges on Lake Houston and reported that 129 homes are occupied.

Mr. Froehlich updated the Board on the 2.95-acre annexation, reporting that the sale and split of the property is complete. He stated that BGE continues to coordinate with the District's attorney and property owners to complete the consent application for submission to the City of Houston.

**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 recent rain events have delayed progress at Water Plant No. 2, and then reported on the status of fabrication and coating of storage tanks, and foundation work for the generator, booster pumps, and building. He then discussed options to produce some amount of potable water prior to completion of the plant. Mr. Froehlich reported that Water Well #1 operates 6 to 7 hours per day, and that he continues to coordinate with the District's Operator to monitor weather and Water Well #1 run times. No action was requested of Board on this matter.

Mr. Froehlich discussed rehabilitation of the welded ground storage tank ("GST") at Water Plant No. 1, noting it has some internal coating failures and signs of corrosion. He reported that BGE anticipates starting design later this Summer to early Fall in order to move to construction around December and complete the project by Spring 2017.

Mr. Froehlich next stated the District has four force main discharge manholes in its wastewater system that are critical to the system and can deteriorate more quickly over time than other manhole covers. He requested the Board's authorization to add inspection of these four main discharge manholes to the annual inspection list for Water Plant No. 1 Tank evaluations. Discussion ensued regarding pre-emergency repairs and replacement costs. Director Cocetti asked Messrs. Froehlich and Hastings to meet with him regarding water plant operations prior to the completion of Water Plant No. 2.

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 and authorize the addition of inspection of the District's four main discharge manholes to the annual inspection list for Water Plant No. 1 Tank evaluations.

**8. Atascocita Joint Operations Board ("AJOB") report.** Mr. Froehlich updated the Board on the lift station issues at the shared lift station with Harris County Municipal Utility District 132 related to an excessive rainfall event last month.

Director Cocetti reported that AJOB's Operator reported that the breakers for AJOB's blowers are obsolete but that the Operation had found two and added them to District's inventory. Discussion ensued regarding replacement parts for aging facilities.

**9. 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 "E."

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

Mr. Hastings discussed the sanitary sewer line that was infiltrated during recent excessive rain events, with water shooting out of the manhole into resident's yard. Mr. Hastings reported that he cleaned and disinfected the spill.

The Board discussed the insurance claims for sewage back-ups into resident houses, including the home of Director Clayton.

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.

**10. Other matters.** No other matters were presented to the Board.

**11. Next Meeting Date.** It was the consensus of the Board to hold the next monthly Board meeting on June 15, 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 June 15, 2016.

*Samuel B. Clapp*

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President, Board of Directors

ATTEST:

*Ed Gault*

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Secretary, Board of Directors

(DISTRICT SEAL)

