

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
JUNE 15, 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, June 15, 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. Also attending all or portions of the meeting were Mr. Tom Mraz of Harco Insurance Services, Inc.; 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. Charlie LaConti of Municipal Accounts and Consulting, L.P. ("MA&C"), bookkeeper for the District; Ms. Stephanie Hendershot of Bob Leared Interests, tax assessor-collector for the District; Mr. Mark Cervantes of Van De Wiele & Vogler, Inc., engineer for Merrylands Interests; 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 May 18, 2016.** Minutes of the meeting of May 18, 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.** President Claytor recognized Mr. Allen Roe, a District resident who desires to serve on the Board of Directors. Ms. Presser noted that Mr. Roe has executed his Oath of Office and Statement of Elected Officer and is qualified to serve on the Board. Discussion ensued regarding the Board officers and appointed Mr. Roe as Assistant Secretary. 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 appoint Mr. Roe as Director, to serve as Assistant Secretary, and to retain the remaining officers in their current positions.

4. **Tax Assessor and Collector's Report, status of delinquent tax accounts, and payment of bills.** Ms. Hendershot 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. Hendershot reported that as of May 31, 2016, 98.1% of the District's 2015 taxes had been collected. She also reported that the Harris County Appraisal District has released preliminary values and the District's estimated preliminary value is \$602,264,472, an 8% increase from last year. She reported this value does not include property tax adjustments from appraisal hearings, and includes the prior year's personal property values.

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. Approve Municipal Risk Management Group Annual arbitrage rebate and yield restriction report. Mr. LaConti reported this report is not ready and requested that it be tabled until next month.

6. Bookkeeper's Report, Investment Report, payment of bills, and take any necessary action. Mr. LaConti presented to and reviewed with the Board the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "C." Mr. LaConti reviewed disbursements from the General Operating Fund and reported that check numbers 6768 through 6774 have been left blank pending receipt of invoices for utilities, annual insurance premium, and garbage services. He then reviewed disbursements from the Capital Operating Fund, and Special Revenue Fund.

Director Cocetti discussed balance for maintenance and repairs disbursements and revenues. It was noted that a portion of the disbursements were reimbursed by an insurance claim. Director Cocetti then discussed adding a separate line item reflecting maintenance and repairs - insurance income.

Director Roe asked why expenditures were under budget. Discussion ensued regarding Groundwater Reduction Plan fees, insurance payments, tax revenue, the timing of disbursements, and budget projections.

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

7. Ratification of bond sale and execution of Officers Pricing Certificate for Unlimited Tax Refunding Bonds, Series 2016. Ms. Presser reported this item was ratified at the District's last meeting and no action is required by the Board.

8. Developer's Report. Mr. Froehlich reported that BGE was contacted about the 35-acre tract (Manon/Quentel Tract) for consideration of a multi-family residential development.

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 "D."

Mr. Froehlich updated the Board on the 2.95-acre annexation, reporting that the sale of the property is complete. He then presented and requested that the Board authorize execution and acceptance of a 20-foot waterline easement from Walden on Lake Houston

Community Services, Inc. ("CSA") (0.0482 acre). He reported the Petition for Addition of Land has been prepared and is being reviewed and revised by the District's attorney. He requested the Board's consideration to approve the Petition for Addition of Land, subject to final review by the District's attorney and authorize submission to the City of Houston.

Mr. Froehlich reported that recent rain events have delayed progress at Water Plant No. 2, but that the foundation has been poured and the interior coating of the GST is progressing. He then presented and recommend approval of Pay Estimate No. 5 in the amount of \$57,015.00 to Gemini Contracting Services for construction of this project.

Mr. Froehlich reported that updated quotes have been obtained from CSA's landscaper, Lake Houston Lawn Care, Inc. (\$49,064.86) and Custom Landscaping & Design (\$22,200.00), for restoring the medians on West Lake Houston Parkway. Copies of the quotes are attached to the Engineer's Report. Mr. Froehlich stated that BGE recommends approving the proposal from Custom Landscaping & Design. Director Cocetti discussed removing the irrigation portion of the bid and including more robust native plants to reduce maintenance.

Mr. Froehlich reported that during recent heavy rain events, the sanitary sewer along Nehoc Drive and Hikers Trail Drive has surcharged resulting in manhole overflows and backups into residences at the upstream end. He then recommended cleaning and televising this sewer to determine if there is a blockage or defect causing the issue. He noted the section is approximately 3,600 linear feet of 16" and 18" sewer. Mr. Froehlich presented quotes from SourcePoint (\$24,480) and Severn Trent Services (\$15,192), both of which are attached to the Engineer's Report, and recommended approval of the proposal from Severn Trent Services.

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: (1) approve the Engineer's Report; (2) authorize execution and acceptance of a 20 foot waterline easement from CSA; (3) approve the Petition for Addition of Land for 2.95 acre tract, subject to final review by the District's attorney and authorize submission to the City of Houston; (4) approve of Pay Estimate No. 5 in the amount of \$57,015.00 to Gemini Contracting Services for Water Plant No. 2 construction; (5) approve the proposal from Custom Landscaping & Design in the amount of \$22,200 for restoring the medians on West Lake Houston Parkway; and (6) approve the proposal from Severn Trent Services in the amount of \$15,192 for cleaning and televising the sanitary sewer along Nehoc Drive and Hikers Trail Drive.

10. Atascocita Joint Operations Board ("AJOB") report. Mr. Froehlich reported that Drylet has withdrawn its agreement based on review and comments by the AJOB attorney. He also reported that BGE is contacting contractors for additional bids for the paving improvements at the Wastewater Treatment Plant.

11. 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 noted that pumpage and run times at the Water Plant have been reduced by 50% from last month because of rain. Director Cocetti discussed usage by Harris County Municipal Utility District No. 494 ("494") and requested a monthly report of residential consumption per connection comparison between the District and 494.

Mr. Hastings reviewed the Termination List and Uncollectible Accounts List, included in the Operations Report and requested the Board's authorization to transfer the three uncollectible accounts to the uncollectible roll.

Mr. Hastings next reviewed the Consumer Confidence Report and discussed adding a link in the customer bills to give residents an opportunity to view the Water Quality Report.

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.

Mr. Hastings next reported on deteriorated and damaged fencing at Lift Station Nos. 1 and 3. For Lift Station No. 1, he recommended replacing the wood fencing with six-foot chain link fencing with three strands of barbed wire above and adding a 24-foot wide double gate for approximately \$5,900. For Lift Station No. 3, he recommended replacing the wood fencing with 6-foot tall chain link fencing with 3 strands of barbed wire above and add a 14.5-foot wide double gate for an estimated cost of approximately \$6,500.

Mr. Hastings next discussed a complaint from a District resident who is experiencing pooling at the back fence of his back yard, claiming runoff from a District facility. Mr. Hastings proposed adding an area drain at the back of the property to resolve the issue and provide more adequate drainage.

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 authorize MOC to replace fencing at Lift Station Nos. 1 and 2, and install an area drain as recommended by Mr. Hastings.

12. Approve Insurance renewal proposal (expires 7/1/16). Mr. Mraz presented to and reviewed with the Board the HARCO Insurance Services Proposal for July 1, 2016 through July 1, 2017 (the "Insurance Proposal"), a copy of which is attached hereto as Exhibit "F."

The President discussed follow up on a District resident experiencing issues on a claim filed in January for sanitary sewer back-up. Mr. Mraz noted that he will follow up and report back to the President on his findings about the status of payment on the claim.

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 accept the HARCO insurance proposal.

13. Other matters. No other matters were presented to the Board.

14. Next Meeting Date. It was the consensus of the Board to hold the next monthly Board meeting on July 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.

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The foregoing minutes were passed and approved by the Board of Directors on July 20, 2016.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

