

MINUTES OF MEETING OF BOARD OF DIRECTORS  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153  
September 21, 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, September 21, 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 Mazzie Salazar of Custom Landscape & Design; Dave Ciarella of Enhanced Energy Services of America, LLC; Linda Hubble of Public Finance Group, financial advisors for the District; Ms. Barbara Nussa of Republic 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. 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. 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 August 16, 2016.** Minutes of the meeting of August 16, 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. **Report and presentation from Enhanced Energy Services.** Mr. Ciarella discussed general considerations and the District's electric usage history, and reviewed a summary of energy pricing results from ten providers, and savings from the District's current contract for contract periods of 12, 17, 18, 24, 29, 30, 36, 41, 48, 53 or 58 months, a copy of which is attached hereto as *Exhibit B*. Mr. Ciarella stated that the District's current contract with Direct Energy will expire in December, 2016 and reviewed options for increased savings to the District. It was the consensus of the Board to defer action to the District's October meeting.

4. **Consider Financial Advisor's tax rate recommendations and Order Designating Officer to Calculate and Publish Tax Rates and Taking Other Actions in Connection with the Levy of a Tax for 2016.** The Vice President recognized Ms. Hubble, who

presented to and reviewed with the Board the Comparison of Historical Assessed Valuations and Tax Rates, a copy of which is attached hereto as *Exhibit C*. Ms. Hubble recommended a total tax rate of \$0.4510 of which she recommended that \$0.3515 be set as a debt service tax rate and \$0.0995 be set for operation and maintenance of District facilities.

Mr. Thomas presented to the Board the Order Designating Officer to Calculate and Publish Tax Rates and Taking Other Actions in Connection with the Levy of a Tax for 2016, a copy of which is attached hereto as *Exhibit D*. Mr. Thomas informed the Board that this Order authorizes the tax assessor to publish a newspaper notice of the proposed tax rate and information on the public hearing on the tax rate. Ms. Guerrero confirmed that notice of the public hearing will be published in *The Atascocita Observer* on October 5, 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 propose a tax rate of \$0.4510, of which \$0.3515 would be for debt service and \$0.0995 would be for maintenance and operations, and to approve the Order Designating Officer to Calculate and Publish Tax Rates and Taking Other Actions in Connections with the Levy of a Tax for 2016, authorizing the tax assessor to publish the proposed tax rate.

**5. 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 July, a copy of which is attached hereto as *Exhibit E*. Ms. Guerrero reported that as of August 31, 2016, 98.9% of the District's 2015 taxes had been collected. 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.

**6. Review Investment Policy and accept related party disclosures from bookkeeper and investment officer.** The Board reviewed a Resolution Reviewing Investment Policy and Making any Desirable Changes Thereto (the "Resolution"), a copy of which is attached hereto as *Exhibit F*. Mr. Thomas stated the District is required to annually review its Investment Policy and noted that NRF does not recommend changes to the District's current policy. 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 adopt the Resolution as presented, and to accept the related disclosures from the bookkeeper and investment officer.

**7. 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 G*. Mr. Burton reviewed disbursements from the General Operating Fund and reported that check numbers 6931 through 6936 have been left blank pending receipt of invoices for utilities, telephone, water purchase from Harris County Municipal Utility District No. 152, garbage services and Special Revenue Fund monthly billing. Mr. Burton noted that check numbers 6937 through 6939 were for unspent annexation cost deposits to be returned. He then reviewed disbursements from the Capital Operating Fund, and Special Revenue Fund. 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.

**8. Annexation of 2.95 acres.** Mr. Thomas reported that documents have been received from the landowner and are to be submitted to the City of Houston for approval.

9. **Developer's Report.** Mr. Froehlich reviewed the Developer's Report and updated the Board on Harris County Municipal Utility District No. 494 ("No. 494"). He reported that in 494 there are 168 occupied homes, and 73 homes vacant or under construction.

10. **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 H*.

Mr. Froehlich reported that exterior coating of the GST at Water Plant No. 2 is complete, the well pump and motor are installed, and yard piping and electrical installation continues. He presented and recommended approval of Pay Estimate No. 8 for \$762,930.00 to Gemini Contracting Services for construction of this project. He reported that CenterPoint Energy ("CenterPoint") required that the District execute a Facilities Extension Agreement and make a construction payment of \$4,584.00 to provide power and install the transformer, and that a copy of the Facilities Extension Agreement is attached to the Engineer's report. He recommended approval and execution of the Facilities Extension Agreement and payment of construction fee of \$4,584.00 to CenterPoint Energy.

Mr. Froehlich reported that Custom Landscaping and Design has completed landscaping restoration and had repaired the irrigation system on the West Lake Houston Parkway median. He presented and recommended approval of the final invoice from Custom Landscaping and Design \$14,037.68. He introduced Ms. Mazzie Salazar, of Custom Landscaping and Design, the landscaper on this project. He reported that BGE, the District's landscaper, and two members of Walden of Lake Houston Community Service Association Board ("CSA") met for a site inspection, of which the CSA members only noted relocation of a boulder and were otherwise pleased with the restoration. Subsequently, the CSA re-inspected the restoration with their landscaper and followed up with BGE requesting that the boulder be returned to its original position, that certain sprinkler heads be changed, and that broken locks on two controller boxes be repaired. The CSA offered to change the sprinkler heads and repair broken locks on the controller boxes, if the District will relocate the boulder and install irrigation meters at three CSA sites within the District. After full discussion, the Board directed Mr. Froehlich to communicate to the 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.

Mr. Froehlich reported that Rosewood Funeral Home ("Rosewood") requested renewal of the capacity commitment that the District had issued in 2008 in order to obtain City of Houston approvals. He recommended approval of Rosewood's request.

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: (1) approve the Engineer's Report; (2) approve Pay Estimate No. 8 for \$762,930.00 to Gemini Contracting Services for Water Plant No. 2 construction; (3) approve and authorize execution of Facilities Extension Agreement with CenterPoint Energy; (4) approve construction payment for \$4,584.00 to CenterPoint Energy to provide power and install transformer at Water Plant No. 2; and (5) approve final payment of invoice to Custom Landscaping and Design for \$14,037.68 for landscape restoration of the median on West Lake Houston Parkway.

11. **Atascocita Joint Operations Board ("AJOB") report.** Mr. Froehlich reported that AJOB awarded construction contracts for asphalt paving overlay and driveway culvert replacement a pre-con meetings are being scheduled. He noted that the kickoff meeting for the second round of DryLet testing was held August 29 and data collection is in process.

12. **Discuss insurance policy for sewage back-up and service to Spurlock property.** Mr. Thomas reported that the claim previously submitted that was denied is being appealed by HARCO. Mr. Thomas requested that discussion on service to Spurlock property be reserved for Executive Session.

13. **Discuss Spurlock Sanitary Sewer Easement.** Mr. Thomas requested that this matter be discussed in Executive Session.

14. **Approve Amended Rate Order.** Mr. Thomas reported the District's Rate Order has been amended to absorb the increased cost for garbage collection. A copy of the Amended Rate Order is attached as *Exhibit I*. Upon motion by Director Cocetti, seconded by Director Roe, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Amended Rate Order as presented.

15. **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 J*. Mr. Hastings reviewed the Termination List and Uncollectible Accounts List, included in the Operations Report, and requested the Board's authorization to transfer one uncollectible account to the uncollectible roll.

Mr. Hastings reported on a sewage back-up on Aerobic Dr., in which two customers were affected. He stated that the customers first called plumbers, not the District and that after investigation the plumbers informed the customers that the problem was on the District side of the tap. The customers called the MOC to report the issue. Mr. Hastings stated the lines were jetted and the sewage back-up was due to a grease ball in the collection lines. He submitted invoices from the customers requesting reimbursement for plumbing charges in the amounts of \$165 and \$338. Discussion ensued.

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 approve reimbursement in the amounts of \$165 and \$338 to customers on Aerobic for plumbing charges for the sewage service issue on Aerobic Dr.

16. **Approve Interlocal Agreement with Harris-Galveston Subsidence District.** Mr. Thomas presented to and reviewed with the Board an Interlocal Agreement with the Harris-Galveston Subsidence District, a copy of which is attached hereto as *Exhibit K*. Mr. Thomas explained that under the Interlocal Agreement, the District commits to buy WaterWise kits for the Maplebrook Elementary school children in the District to teach them water conservation. He stated that water conservation credits are received as part of the Interlocal 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 Interlocal Agreement with the Harris-Galveston Subsidence District.

17. **Republic Services Report and Fee Increase; Consider Rate Order Amendment.** President Claytor recognized Ms. Nussa, the District's representative for solid waste collection services for Republic Services. Ms. Nussa reported on calls received from District customers, a copy is attached as *Exhibit L*. She presented and reviewed garbage collection tonnage breakdowns. Discussion ensued regarding educating residents on recycling to increase participation in recycling. Ms. Nussa discussed the costs associated with recycling, including costs to residents for additional recycling crates. Director Soliz discussed the tonnage breakdown. No action was taken by the Board on this matter.

**Executive Session.** The President of the Board, Sam Claytor, Jr., having opened the meeting in open session and conducted such business as was in accordance with the District's agenda, announced that the board would hold a closed meeting pursuant to Sections 551.071 and 551.072 of the Texas Government Code. Mr. Thomas announced that the time was 1:05 p.m.

In the closed meeting, the Board discussed action regarding the denied claim by the District's insurance carrier for sewage back-up in the homes of District residents, and interference with a Verizon easement for the District's installation of a sanitary sewer service line. Upon conclusion of the closed meeting, the Board reconvened in open session. Mr. Thomas announced that the time was 1:17 p.m.

18. **Nomination for TML Board of Trustees.** It was the consensus of the Board to decline participation. A copy of the Official Ballot is attached as *Exhibit M*.

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 October 19, 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 October 19, 2016.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors

