

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
December 20, 2017

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 special session, open to the public, at the offices of Norton Rose Fulbright US LLP, 1301 McKinney St., Ste. 5100, Houston, Texas 77010, at 11:30 a.m. on Wednesday, December 20, 2017, 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 Ms. Barbara Nussa of Republic Services; Mr. Mike Williams of Municipal Operations & Consulting, Inc. ("MOC"), operator for the District; Mr. Matt Froehlich and Ms. Julia Frankovich of BGE, Inc. ("BGE"), engineers for the District; Mr. Mark Cervantes of Van De Wiele & Vogler, Inc., engineer for Merrylands Interests; Mr. Cory Burton of Municipal Financial Services ("MA&C"), bookkeepers for the District; Ms. Stephanie Hendershot of Bob Leared Interests, tax assessor-collector for the District; 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. **Public Comments.** There were no public comments.
2. **Minutes of the meeting of November 15, 2017.** Minutes of the meeting of November 15, 2017, previously distributed to the Board, were presented for consideration and approval. Upon motion by Director Roe, seconded by Director Cocetti, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes as presented.
3. **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 November, a copy of which is attached hereto as *Exhibit B*.

Ms. Hendershot reported that 6.1% of the District's 2017 taxes had been collected as of November 30, 2017.

Upon motion by Director Roe, 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

and quarterly investment report, copies of which is attached hereto as *Exhibit C*. Mr. Burton reviewed disbursements from the General Operating Fund and the Special Revenue Fund.

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 Bookkeeper's Report, and to authorize payment of the checks in the amounts and for the purposes listed therein.

Discussion ensued regarding the EVO report recently prepared by Municipal Financial Services and actions required of the Board. Mr. Cory Burton requested the Board's direction for follow up with Ms. Foss of Municipal Financial Services. Director Cocetti requested information on how the District compares to its counterparts in an effort to graduate from average to top tier. Other board members inquired about what to do with the information received and what are the next steps, if any, does the Board need to take concerning the analysis. The Board requested that Mr. Burton take these concerns to Mr. Mark Burton and Ms. Foss and request their attendance at the District's next meeting.

5. Contribution to the Walden on Lake Houston Community Services Association. President Claytor reported that he has not been able to make contact with the HOA on the costs for debris clean-up following Hurricane Harvey. Discussion ensued. It was the consensus of the Board to defer this matter until the correct information can be obtained from the HOA and to remove this item from the agenda until further notice.

6. Developer's Report. Ms. Frankovich reviewed the Developer Report and updated the Board on Harris County Municipal Utility District No. 494 ("494"). There are 276 occupied homes and 64 that are vacant or under construction in The Bridges on Lake Houston.

7. Update on eminent domain proceeding for detention pond. Mr. Thomas stated that he understands there have been condemnation filings and that there are no further updates.

8. Approve Assignment of Capacity and Assignment of Trunkline Capacity. Mr. Thomas stated that pursuant to the Fourth Amended and Restated Waste Disposal Contract and Second Amended and Restated Sanitary Sewer Line Contract, Harris County Municipal Utility District No. 494 ("No. 494") acquires wastewater treatment capacity from the joint sewage treatment plant and wastewater transmission capacity through the joint wastewater trunk line. Mr. Thomas confirmed that a check in the amount of \$135,080.00 was received from No. 494 (\$121,304.00 for wastewater treatment capacity and \$13,776.00 for wastewater trunk line capacity). Upon motion by Director Roe, seconded by Director Wilcox, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the execution of the Assignment of Capacity and Assignment of Trunkline Capacity, copies of which are attached as *Exhibit D*.

9. Engineer's Report, including review of Engineer's projects, and capital repairs. Ms. Frankovich presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as *Exhibit E*.

Ms. Frankovich reported on the final inspection with TCEQ for Water Plant No. 2 and stated the water plant is ready to be put online. Discussion ensued regarding a timeline to bring Water Plant No. 2 online.

Ms. Frankovich updated the Board on the status of the Olympic Village Sanitary Sewer investigation and flow monitors. She presented and requested approval of an invoice for the smoke testing services performed by CES in the amount of \$23,341.71. The Board discussed the draft letter

to property owners where the smoke testing evidenced a sewer leak or defect. It was noted that the letter is under review by the Operator and Attorney.

Ms. Frankovich reported that design is underway for the Water Plant No. 1 Ground Storage Tank No. 2 Rehabilitation. Mr. Froehlich discussed a change in project scope to include additional items to save on mobilization costs while the contractor is on site. He requested the Board's authorization to include pressure washing and/or recoating yard piping, structures and the generator in the scope of the Water Plant No. 1 Ground Storage Tank No. 2 Rehabilitation project.

Upon motion by Director Roe, 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) approve the invoice for smoke testing services performed by CES in the amount of \$23,341.71 and authorize the issuance of check no. 7597 for payment of such invoice; and (3) approve expanding the scope of the Water Plant No. 1 Ground Storage Tank No. 2 Rehabilitation project to include pressure washing and/or recoating yard piping, structures and the generator.

10. Atascocita Joint Operations Board ("AJOB") report. Mr. Froehlich reported that Drylet presented an analysis that applies costs data results from three testing periods. Director Cocetti noted that Drylet has hired a Chief Operating Officer that has wastewater treatment plant experience.

11. Operator's Report and hearing on delinquent accounts. Mr. Williams presented to and reviewed with the Board the Operations Report, a copy of which is attached hereto as *Exhibit F*. He reported that the District billed 93.5% of its pumped water for the period ending November 21, 2017. Mr. Williams reviewed the Termination List and Uncollectible Accounts List included in the Operations Report.

Mr. Williams reviewed the delinquent list and requested that the Board authorize submitting three accounts for collection.

Mr. Williams reported that Water Plant No. 2 was placed online today.

Mr. Williams reported on correspondence received from a District customer requesting an adjustment on his water bill. He stated the customer returned home after Hurricane Harvey on September 2, 2017 to discover two feet of water in the home and broken waterlines. The waterlines have since been repaired, but the broken waterlines resulted in a bill of \$808.74. Mr. Williams reviewed the customer's payment history and usage and recommended average billing.

Upon motion by Director Roe, seconded by Director Cocetti, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operator's Report, authorize submission of three accounts for collections, to terminate delinquent accounts in accordance with the terms of the District's Rate Order, and to adjust billing as recommended by the Operator on the \$808.74 water bill.

12. Discuss claims to insurance policy for sewage back-up. Mr. Froehlich reported that all requested and required information has been submitted to TML for review of the District's claims. He stated that he has received a summary table of the District's claims for sewage back-up, noting that he understood three claims were submitted and have been or are due to be paid. Mr. Froehlich said that he will respond to the email relating to the summary table and inquire as to when the District can expect payment. Discussion ensued regarding HARCO representation to discuss claims process and payment.

13. **Republic Services Report and renewal proposal for solid waste and recycle collection services.** The President of the Board recognized Ms. Nussa, who requested the Board's preference on receipt of the monthly report. It was the consensus of the Board to receive Republic's report via electronic transmission.

Ms. Nussa reviewed and requested approval of a contract for renewal of services for a three-year term that include curbside trash collection two times per week, heavy trash collection one time per week and curbside recycling collection one time per week. A copy of the Municipal Contract (Residential) is attached as *Exhibit H*. Upon motion by Director Roe, seconded by Director Cocetti, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Municipal Contract (Residential), subject to attorney's review.

14. **Amend Rate Order.** Discussion ensued to amend the Rate Order to increase the sanitary sewer rates to cover the increased costs of solid waste and recycling collection services. Upon motion by Director Roe, seconded by Director Wilcox, after full discussion and the question being put to the Board, the Board voted unanimously to amend the District's Rate Order to increase sewer rates by \$1.30.

15. **Other matters.** No other matters were brought before the Board.

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 January 24, 2018.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

