

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
February 15, 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 regular 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, February 15, 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 Mr. Owen Parker, Manager, Administrative Support Services, Construction Programs, Harris County Public Infrastructure Department and Mr. Jeremy Phillips, engineer for Harris County Commissioner's Office for Precinct Two; Mr. Greg McKenzie of Academy Development; Ms. Kim Spurlock of Lake Houston Executive Suites, LLC; Messrs. Gary Hastings and Mike Williams of Municipal Operations & Consulting, Inc. ("MOC"), operators for the District; Mr. Matt Froehlich and Ms. Susana Blausler 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 Accounts and Consulting, L.P. ("MA&C"), bookkeeper for the District; Ms. Michelle Guerrero 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:

Executive Session. The President of the Board, having opened the meeting in open session and announced that the Board would hold a closed meeting pursuant to Sections 551.071 of the Texas Government Code. Mr. Thomas announced that the time was 11:31 a.m.

In the closed meeting, the Board discussed action regarding installation of a tap to the District's sanitary sewer service line. Upon conclusion of the closed meeting, the Board reconvened in open session. Mr. Thomas announced that the time was 11:56 p.m.

Mr. Thomas reported that the District has agreed to install a sanitary sewer line from the point of connection to the Spurlock building, at its expense, pursuant to the terms and provisions of that certain Twenty Foot Sanitary Sewer Easement (the Easement.) Mr. Thomas stated that construction will begin upon the District's receipt of an executed letter agreement between the District and the landowners. Discussion ensued regarding the substance of the letter agreement that will include terms for installation, limited warranty, maintenance of the sanitary sewer line after installation, ownership, right of entry, temporary removal of the fence, compliance with the conditions of the Easement, and compliance with the District's rate order. Upon motion by Director Wilcox, seconded by Director Soliz, after full discussion and the question being put to the Board, the Board voted

unanimously to approve the installation of a sanitary sewer line to the Spurlock building and authorize NRF to prepare a letter agreement, on behalf of the District, setting forth the terms discussed herein.

1. **Public Comments.** The President recognized Mr. Parker, who introduced himself and Mr. Phillips to the Board. Mr. Parker reported on Harris County Precinct 2's ("HC Pct. 2") proposed construction of a park on land recently purchased in the District, which HC Pct. 2 anticipates closing soon. Mr. Phillips reported on his responsibilities with HC Pct. 2, which include capital improvements to roadways, parks, and hike and bike trails. He discussed future improvements affecting the District that include a two and one-half acre stocked pond within the 20-acre park, and hike and bike trails throughout the District. Mr. Phillips said that he will submit a Master Plan of the proposed park to the Board, upon availability, and report on future plans to connect Woodland Hills to Beltway 8.

2. **Minutes of the meeting of January 18, 2017.** Minutes of the meeting of January 18, 2017, previously distributed to the Board, were presented for consideration and approval. 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 minutes as presented.

3. **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 January, a copy of which is attached hereto as *Exhibit B*. Ms. Guerrero reported that 94.7% of the District's 2016 taxes had been collected as of January 31, 2016. Upon motion by Director Soliz, seconded by Director Roe, 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. **Authorization of Additional Penalty on Delinquent Taxes.** The President recognized Ms. Guerrero, discussed with the Board the Resolution Authorizing Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11 and 33.08, Tax Code (the "Resolution"), a copy of which is attached hereto as *Exhibit C*. Ms. Guerrero reported that collection of delinquent personal property taxes would begin on April 1 if approved by the Board. 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 adopt the Resolution.

5. **Consider property tax exemptions.** The President recognized Ms. Guerrero, who reported that last year the Board granted \$5,000 homestead property tax exemptions for owners who are 65 or older or who are disabled. Ms. Guerrero discussed with the Board the Order Adopting Exemption from Taxation for Individuals Who Are Disabled or are 65 Years of Age or Older, a copy of which is attached hereto as *Exhibit D*. Upon motion by Director Roe, seconded by Director Soliz, after full discussion and the question being put to the Board, the Board voted unanimously to grant a \$5,000 homestead property tax exemption for those who are 65 years of age or older or who are disabled.

6. **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 E*. Mr. Burton reviewed disbursements from the General Operating Fund and reported that the amounts for check numbers 7168 through 7173 have been left blank pending receipt of invoices for garbage, utilities, telephone, shared lift station expenses due to Harris County Municipal Utility District No. 132, water purchase expense from Harris County Municipal Utility District No. 152, and Special Revenue Fund monthly billing. 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.

7. **Order Adding Land.** The President recognized Mr. Froehlich who discuss the annexation of 2.95 acres and location of the property. Mr. Thomas presented to the Board the Order Adding Land and Redefining Boundaries, a copy of which is attached hereto *Exhibit F*. He reported that the City of Houston approved the annexation of WLHPMB One, LLC's two tracts totaling 2.948 acres. 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 Order Adding Land and Redefining Boundaries.

8. **Amended District Information Form.** Mr. Thomas reported that this amended District Information Form will be filed in the Harris County Real Property Records and with the Texas Commission on Environmental Quality, to note the new boundaries of the District from WLHPMB One, LLC's annexation of 2.948 acres into the District. A copy is attached as *Exhibit G*. 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 Amended to District Information Form.

9. **Authorize submission of change affecting voting to Harris County Voter Registrar.** 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 authorize the submission of the change in District boundaries to the Harris County Voter Registrar.

10. **Developer's Report.** Mr. Froehlich reviewed the Developer's Report and updated the Board on Harris County Municipal Utility District No. 494 ("494"). He reported there are 204 occupied homes, and 73 homes vacant or under construction.

Mr. Froehlich reported that two of the smaller annexation participants have inquired about reimbursement for their pro rate shares of the engineering and construction costs for certain District projects. He stated that the amount of the reimbursable shares are not sufficient to warrant the sale of bonds for payment with bond proceeds. Mr. Froehlich recommended reimbursing these participants from District funds upon completion of Water Plant No. 2. He stated that no action is requested of the Board on this matter at this time.

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 Developer's Report, which is included in the Engineer's report.

11. **Update on eminent domain proceeding for detention pond.** Mr. Thomas reported there are certain lots on the Developer's property (Merryland's tract) where ownership has been lost or no response to the Developer's correspondence has been received. He stated that the Developer is acquiring the lots through eminent domain in order to proceed with the construction of a detention pond for the District. Mr. McKenzie updated the Board on the status of the process.

12. **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 updated the Board on Water Plant No. 2, noting that the project is nearing completion. He presented and recommended approval of Pay Estimate No. 12 from Gemini Contracting Services for \$52,470.00.

He stated that CenterPoint Energy ("CenterPoint") has revised the alignment of the easement to establish permanent power at the site resulting in additional construction costs of \$4,406.00. He presented and recommended approval of a Facilities Extension Agreement with CenterPoint, and to authorize payment of the Non-Refundable Construction Payment for \$4,4046.00 to CenterPoint for the Facilities Extension Agreement.

Mr. Froehlich reported that BGE met with Director Cocetti to review the profile of the sanitary sewer from the end of Hikers Trail to Harris County Municipal Utility District No. 132 Lift Station No. 1 in Olympic Village. He stated that BGE is obtaining quotes on smoke testing the sewer system to determine if there are any illegal connections or other spots susceptible to inflow and infiltration.

Mr. Froehlich reported the repair is complete for Champions Village Sift Station Discharge Manhole. He presented and recommended payment of Pay Estimate No. 1 (Final) to Boyer, Inc. for \$23,545.00.

Mr. Froehlich reported that Drylet testing will continue for approximately two more months.

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. 12 to Gemini Contracting Services for \$52,400.00; (3) approve and authorize execution of the Facilities Extension Agreement, and authorize payment of \$4,046.00 to CenterPoint for Water Plant No. 2; and (4) approve Pay Estimate No. 1 (Final) to Boyer, Inc. for \$23,545.00.

13. **Atascocita Joint Operations Board ("AJOB") report.** Director Cocetti reported on positive operations at the Wastewater Treatment Plant with Drylet input.

14. **Update on appeal on claim to insurance policy for sewage back-up.** Mr. Froehlich discussed contents of a letter, prepared by BGE and under review by NRF, that provides updated additional information for preparation of a second appeal to TML.

15. **Rosewood Funeral Home Connection.** It was noted that Rosewood has paid its tap fee and, upon receipt of bond and permits, the Operator will install the sanitary sewer connection.

16. **Connection to Spurlock property.** This matter was addressed following the Executive Session when the Board reconvened in open session.

17. **Discuss notice to Verizon regarding District easement.** Mr. Thomas confirmed that notice has been transmitted to Verizon regarding the District's easement.

18. **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 I*. He reported that the District billed 93.2% of its pumped water for the period December 27, 2016, through January 25, 2017. Mr. Hastings reviewed the Termination List and Uncollectible Accounts List, included in the Operations Report, and requested the Board's authorization to transfer three uncollectible accounts to the uncollectible roll. 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 Operator's Report; and to terminate the delinquent accounts in accordance with the District's rate order.

19. **Republic Services Report.** The President of the Board recognized Ms. Nussa, who discussed with the Board the December 2016 and January 2017 Reports, copies are attached as *Exhibit J*. Discussion ensued regarding issues in the District related to trash pick-up, placement of carts, and wheel damage on carts. The Board requested pricing options for alternative services. 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 Republic Services Reports.

20. **Report on AWBD Mid-Winter Conference.** Directors Roe and Soliz reported on sessions attended and overall benefits of the conference.

21. **Other matters.** No other matters were presented to or discussed by the Board.

22. **Next Meeting Date.** It was the consensus of the Board to hold the next monthly Board meeting on March 15, 2017, at 11:30 a.m. at the offices of Norton Rose Fulbright, 1301 McKinney, Ste. 5100, 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 March 15, 2017.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

