

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
October 18, 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, October 18, 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. Justin Taack of Public Finance Group, financial advisors for the District; Ms. Barbara Nussa of Republic Services; Mr. Mike Williams of Municipal Operations & Consulting, Inc. ("MOC"), operator for the District; Mr. Matt Froehlich 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. 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:

1. **Public Comments.** There were no public comments.
2. **Convene Public Hearing on Proposed Tax Rate for 2017.** The President convened the public hearing on the proposed tax rate for 2017. There were no comments. The President closed the hearing.
3. **Adopt Order Setting Tax Rate and Levying Tax for 2017.** Mr. Taack reviewed a Comparison of Historical Assessed Valuations and Tax Rates, a copy of which is attached as *Exhibit B*. The Board considered an the Order Setting Tax Rate and Levying Tax for 2017, a copy of which is attached hereto as *Exhibit C*. Mr. Thomas informed the Board that its adoption of the Order would set the ad valorem tax rate for 2017. Ms. Guerrero reported that the notice of public hearing was published.

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 Adopt the Order Setting Tax Rate and Levying Tax for 2017 with a total tax rate of \$0.4510 per \$100 assessed valuation, comprised of a rate of \$0.3370 for debt service and \$0.1140 for operation and maintenance expenses.

4. **Minutes of the meeting of September 20, 2017.** Minutes of the meeting of September 20, 2017, 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.

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 September, a copy of which is attached hereto as *Exhibit D*.

Ms. Guerro noted the delinquent tax attorney provided a Delinquent Tax Report, a copy of which is attached as *Exhibit D-1*.

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.

6. **Request to Harris County Appraisal District for a re-appraisal of damaged property in the District.** Mr. Thomas briefly reviewed last month's discussion regarding the District seeking re-appraisal from the Harris County Appraisal District ("HCAD"). Discussion ensued regarding value related to homes within and outside the District boundaries with respect to certified value. It was noted that the majority of the damaged homes are Out-of-District customers that are paying Out-of-District rates pursuant to an agreement with the City of Houston. Ms. Guerro noted that a re-appraisal by HCAD is estimated to cost between \$70,000 to \$80,000. After a full discussion, it was the consensus of the Board that a re-appraisal of the District is not necessary.

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 E*. Mr. Burton reviewed disbursements from the General Operating Fund and the Special Revenue Fund.

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.

8. **Developer's Report.** Mr. Froehlich reviewed the Developer Report and updated the Board on Harris County Municipal Utility District No. 494 ("494").

He reported there are 264 occupied homes and 72 that are vacant or under construction in The Bridges on Lake Houston. He reviewed and requested approval of a letter from the Board in response to a request from 494's engineer to confirm the total due to the District and a letter requesting payment of 494's ultimate capacity in the District's systems, a copy of which is attached to the Engineer's Report.

Mr. Froehlich reported on a request to annex and provide service to a 17-acre tract on the west side of West Lake Houston Parkway. He discussed capacity restrictions and noted there is not sufficient capacity to provide service to the tract. Mr. Froehlich will provide a response to the request that the District does not have the capacity to provide service to the tract.

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 and authorize the President to sign the letter to 494's engineer, as presented

9. **Update on eminent domain proceeding for detention pond.** Mr. Froehlich stated there are no updates to report.

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 F*.

Mr. Froehlich reported on a discussion with Compliance EnviroSystems (CES) regarding the next steps of the sanitary sewer investigation based on the results of the smoke testing. He presented and recommended approval of two proposals from CES: 1) \$14,900 for cleaning and televising the sewer lines and assessing the condition of manholes that showed leaks during smoke testing, and 2) \$24,900 for a Flow Study that will include installing flow monitors at five manholes to collect flow data for a 60-day period.

Mr. Froehlich reported that BGE has reviewed the District's past water usage and project growth over the next year, conferred with Director Wilcox (as instructed by the Board last month) and recommends no change to the permit allocation for 2018. Mr. Froehlich confirmed that the City of Houston has been notified that the District will not be requesting a change to the allocation.

Mr. Froehlich reported on a request from Harris County's design engineer, which has been reviewed by BGE, for a proposed park on the east side of West Lake Houston Parkway just south of the Merrylands development comprising of 19.7 acres. He noted that 31 ESFCs are requested for wastewater and the same for water. A copy of the request is attached to the Engineer's Report. Mr. Froehlich reported that the park property is within the 35.42 acres previously annexed into the District and owned by Drs. Manon and Quentel. He discussed the possibility of Harris County purchasing a pro rata share of the 210 connections allocated to the 35.42 acres from Drs. Manon and Quentel to serve the 19.7 acres for the proposed park.

Mr. Froehlich presented and recommended execution of the Storm Water Quality Permit renewal application documents for the storm water quality feature at Water Plant No. 1.

Mr. Froehlich reviewed and updated the Board on Development Review Plan requests as described in the attached Engineer's Report.

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 two proposals from CES for \$14,900 for cleaning and televising the sewer lines and assessing the condition of manholes that showed leaks during smoke testing, for \$24,900 for a Flow Study; (3) authorize issuance of capacity commitment for the proposed Harris County park; and (4) execution of the Storm Water Quality Permit renewal application documents.

11. **Atascocita Joint Operations Board ("AJOB") report.** Mr. Froehlich reported that Drylet continues the addition of product at the Plant and collecting effluent data.

Mr. Froehlich reported on some miscalculations in Harris County Municipal Utility District No. 109's connection count relating to commercial and individual meters, which affects the participants in the Atascocita Joint Operations Plant ("AJOB") and AJOB's subsequent payment of invoices to its Operator. Discussion ensued regarding correction period for re-calculation and refunding affected participants and AJOB for overpayment of connections. Mr. Froehlich reported that AJOB agreed to re-calculate connections at the beginning of this fiscal year (June 1, 2017). Mr. Froehlich said that he will follow up with the Operators of each participant district to ensure the calculation formula for connections is being implemented.

12. **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 G*. He reported that the District billed 93.1% of its pumped water for the period ending September 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 seven accounts for collection.

Mr. Williams reported on calls received from customers with damages from Hurricane Harvey who may not return to their homes. The Board directed that MOC prepare average billing for those customers.

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, authorize submission of seven accounts for collections, to authorize MOC to use average billing for customer accounts as directed above, and to terminate all other delinquent accounts in accordance with the terms of the District's Rate Order.

13. **Discuss claims to insurance policy for sewage back-up.** Mr. Thomas reported that smoke testing results have been submitted to TML for consideration of payment of the District's claim. He noted that a portion of the claim has been paid and they requested the results of the smoke testing for review and synchronization with previous claims to determine if recurring occurrences. No action was taken by the Board on this matter.

14. **Republic Services Report and discuss a renewal proposal for solid waste and recycle collection services.** The President of the Board recognized Ms. Nussa, who discussed with the Board the September 2017 Report, copies of which were previously distributed to the Board. Ms. Nussa reported that the roll-offs for storm debris clean-up have been removed from the neighborhood. She stated the HOA's cost for the debris clean up is about \$110,000. Discussion ensued about the District sharing the costs with the HOA. Director Claytor stated that he will follow up with Mr. Tucker, the President of the HOA, on the HOA's funding allocation for the storm debris clean up.

Ms. Nussa reported that the pricing options for five different service scenarios that she received did not meet her expectations. She said that she will meet with the Controller at Republic to provide the best and lowest rate possible for the District for services requested. She discussed the term for the renewal contract and it was the consensus of the Board to provide for a three-year term. The Board also requested to review the proposals prior to the next meeting.

15. **Coordination with Walden Community Services Association to develop a playground and dog park.** Director Soliz reported on proposed green spaces between the Country Club and Fitness Center for a proposed dog park and proposed playground. Discussion ensued regarding a contribution to Maplebrook Elementary school playground and other projects to partner with the Walden Community Services Association. No action was taken by the Board. The Board requested that NRF keep this item on the agenda for next month and modify to discuss proposed community projects, rather than a specific project.

16. **Other matters.** Director Soliz discussed distribution of the Security Report to Directors. Following discussion, the Board requested that Ms. Presser send the link to the Security Report to the Directors.

17. **Next Meeting Date.** It was the consensus of the Board to hold the next monthly Board meeting on November 15, 2017, at 11:30 a.m. or at such time as a quorum is established, 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 November 15, 2017.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

