

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
November 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 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, November 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, except Director Soliz, thus constituting a quorum. Also attending all or portions of the meeting were Mr. Mark Burton and Ms. Kathryn Foss of Municipal Financial Services; 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. 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. **Minutes of the meeting of October 18, 2017.** Minutes of the meeting of October 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 September, a copy of which is attached hereto as *Exhibit B*. Ms. Guerrero reported that 0.8% of the District's 2017 taxes had been collected as of October 31, 2017. 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 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.

Mr. Mark Burton presented and briefly reviewed the Evo Report, a copy of which is attached as *Exhibit D*. He reported that the analysis includes the District's size, costs, expenditures and facilities with comparable and neighboring municipal utility districts. Mr. Mark Burton stated that due to the volume of material provided, he recommended that the Directors take time to review and contact him with questions or he will be happy to schedule meeting to address questions. No action was taken by the Board.

5. Contribution to the Walden on Lake Houston Community Services Association. Director Claytor requested that this item be deferred pending receipt of final costs paid by the HOA for post-Harvey debris collection. He stated that he will contact the HOA's President to obtain the amount of the total costs. The Board concurred to defer this matter.

6. 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 272 occupied homes and 64 that are vacant or under construction in The Bridges on Lake Houston. He stated that it is his understanding that at its meeting 494 approved payment to the District for its ultimate capacity in the District's systems.

7. Update on eminent domain proceeding for detention pond. Mr. Thomas stated that he understands there have been condemnation filings.

8. 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 E*.

Mr. Froehlich reported that Water Plant No. 2 has power and that there are minor control issues to correct so that Water Plant No. 2 is ready to turn over to the Operator and to conduct the final inspection.

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 Engineer's Report.

9. Atascocita Joint Operations Board ("AJOB") report. Mr. Froehlich reported that AJOB will meet next week and that Drylet continues to add product at the Plant and to collect effluent data. He noted that Drylet anticipates presenting a cost savings report some time in the next couple of months.

10. 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 93.0% of its pumped water for the period ending October 20, 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 nine accounts for collection.

Mr. Williams reported on two pieces of correspondence received from customers who incurred damages from Hurricane Harvey that were not identified until the water receded, resulting in extraordinarily high water bills. Copies of the correspondence are attached as *Exhibits F-1 and F-2*, respectively. The customers requested the Board's consideration for bill adjustments. Discussion ensued and Mr. Williams reviewed both customers usage and payment histories. 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 that MOC prepare average billing for these 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 nine accounts for collections, and to terminate delinquent accounts in accordance with the terms of the District's Rate Order.

11. **Discuss claims to insurance policy for sewage back-up.** Mr. Froehlich reported that the smoke testing results have been sent to Paul Tierce and TML, which are currently under review. Mr. Thomas reported that he received an email from Mr. Mraz in which Mr. Mraz stated that he will follow up with Mr. Tierce regarding the status of the review.

12. **Republic Services Report and discuss a renewal proposal for solid waste and recycle collection services.** The President of the Board recognized Ms. Nussa, who reviewed with the Board one and three year Option/Pricing packages for waste and recycle collection services, a copy of which is attached as *Exhibit G*. Discussion ensued. 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 Option 3 for a three-year term to be effective January 1, 2018.

13. **Proposed Community Projects.** There were no proposed community projects presented or discussed.

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

15. **Vote for Representative on Harris County Appraisal District Board of Directors.** Mr. Thomas reported that the Harris County Appraisal District is accepting votes for the candidates to represent water districts, noting there are two candidates for the open position. He stated that the HCAD Board handles administrative matters and are not involved in appraisals. Discussion ensued and it was the consensus of the Board to decline participation in the election.

16. **Matters pertaining to 2018 Directors Election.** Mr. Thomas stated that the Election Code allows the Secretary to appoint an agent to maintain regular office hours, make available District documents and to receive any personally delivered documents relating to the election. He noted that terms for Directors Soliz and Roe will expire in May 2018.

Mr. Thomas reported that the District is required to post a Notice of the Deadline to File an Application to have your name on the ballot. He stated the filing period is from January 17, 2018 to February 16, 2018.

Mr. Thomas presented to and reviewed with the Board a Resolution Authorizing Publication of Notice of Intent Not to Use An Electronic Voting System. He stated that the District is exempt from using an electronic voting system if the most recent Directors Election was not held because the candidates were unopposed or if there were less than 250 voters that voted in the last Directors Election. He also noted that a notice of the District's intent to not use an electronic voting system must be published in a newspaper of general circulation in the District.

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 Brenda Presser as Election Agent for the District, to approve and authorize execution of the Appointment of Agent, to approve and authorize publication of the Notice of the Deadline to File an Application, and to authorize and approve posting notice of the District's intent to not use a voting machine system, a copy of which are attached hereto as *Exhibit H, H-1, and H-2*, respectively.

17. **Next Meeting Date.** It was the consensus of the Board to hold the next monthly Board meeting on December 20, 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 December 20, 2017.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

