

MINUTES OF MEETING OF BOARD OF DIRECTORS  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153  
April 19, 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, April 19, 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. Byron Worley and 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; Mr. Mark Burton and Ms. Kathryn Foss of Municipal Financial Services; 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. **Update on appeal on claim to insurance policy for sewage back-up.** There was no update presented. Discussion ensued about reaching out to Mr. Tom Mraz of HARCO, to address specific questions and concerns.
3. **Presentation from Municipal Financial Services.** The President recognized Mr. Mark Burton, who introduced himself and Ms. Foss. Mr. Mark Burton distributed a handout that describes services for capturing the District's financial, operational and tax data to provide an analysis of how the District compares with its neighboring counterparts, a copy of which is attached as *Exhibit B*. Discussion ensued regarding the collection of data and benefits to the District to offset cost of analysis. No action was taken by the Board.
4. **Minutes of the meeting of March 15, 2017.** Minutes of the meeting of March 15, 2017, previously distributed to the Board, were presented for consideration and approval. 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 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 February, a copy of which is attached hereto as *Exhibit C*. Ms. Guerrero reported that 97.7% of the District's 2016 taxes had been collected as of March 31, 2017.

Ms. Guerrero reviewed the quarterly Delinquent Tax Report, noting that 15 personal property accounts have been moved to the uncollectible report.

Upon motion by Director Soliz, 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. 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 D*. Mr. Burton reviewed disbursements from the General Operating Fund and reported that the amounts for check numbers 7252 through 7257 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, and water purchase expense from Harris County Municipal Utility District No. 152. He then reviewed disbursements from the Capital Operating Fund and Special Revenue Fund.

Mr. Burton reviewed account balances for the Compass Bank Money Market accounts for the Operating and Debt Service Funds and discussed moving balances to Texas Class, which provides a significantly higher interest rate.

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.

**7. Developer's Report.** Mr. Froehlich reviewed the Developer Report and updated the Board on Harris County Municipal Utility District No. 494 ("494"). He reported that there are 220 occupied homes, and 97 homes vacant or under construction.

Mr. Cervantes updated the Board on the status of development of Merrylands, Section One, and that advertisement of the utility construction contract would begin shortly.

**8. Update on eminent domain proceeding for detention pond.** There were no updates on this item.

**9. 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 construction is complete at Water Plant No. 2 (the "Plant") and updated the Board on CenterPoint's progress to provide permanent power to the Plant. He presented and recommended approval of Terms and Conditions for Underground Electrical Service (the "Contract") for the portion of underground electric to be installed within the Plant

site. Mr. Thomas reported on the indemnification clause in the Contract that requires the District to set up a sinking fund and recommended that the District comply with setting up a sinking fund in the amount of \$10,000. Mr. Froehlich discussed an on-going access easement that will be required for maintenance. He will transmit the easement description to NRF upon availability.

Mr. Froehlich updated the Board on the proposed sanitary sewer smoke testing in Olympic Village, noting that residents will be notified of testing dates.

Mr. Froehlich notified the Board that the Texas Department of Transportation is holding a Public Hearing at Humble High School on April 25 to review planned improvements and receive public comments on the proposed widening of FM 1960.

Mr. Froehlich reported that the District received approval from the City of Houston for its Well Permit Renewal to increase to 415,000,000 gallons for 2017.

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: (1) approve the Engineer's Report; (2) approve the Terms and Conditions for Underground Electrical Service by CenterPoint Energy to install underground electric within the plant site; and (3) approve inclusion of \$10,000 for indemnification of the Contract.

10. **Atascocita Joint Operations Board ("AJOB") report.** Mr. Froehlich reported that AJOB discussed its proposed budget for next fiscal year and plans to include approximately \$300,000 in capital improvements, most notably adding mixers to the lift station wet well to address ragging issues and installing variable frequency drives ("VFDs") to existing blowers.

Director Cocetti reported on discussions with AJOB to reduce reserves in the Operating Fund for a consideration to refund to participants.

11. **Amend Rate Order.** Mr. Thomas reported the City of Houston had originally anticipated increasing its GRP rate to 70% in 2017 to meet Harris-Galveston Subsidence requirements, but the implementation of the 70% requirement is delayed indefinitely. He stated the proposed Rate Order reflected the GRP ordinance rate, a copy of which is attached as *Exhibit F*. 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 to Amend the Rate Order as discussed.

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% of its pumped water for the period February 23, 2017, through March 24, 2017. Mr. Williams reviewed the Termination List and Uncollectible Accounts List, included in the Operations Report, and requested the Board's authorization to transfer two uncollectible accounts to the uncollectible roll.

Mr. Williams reported the Spurlock project is complete and the Rosewood tap is installed.

Mr. Williams reported on a sewer back-up on Sprintwood Court, in which an empty manhole needed to be cleaned out so that the line downstream could be flushed. He stated that the resident reported a sewer back-up following flushing of the line. Mr. Williams requested

photos from the resident and suggested the resident file a claim, but there had been no further correspondence.

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 approve the Operator's Report; to terminate the delinquent accounts in accordance with the District's Rate Order, and authorize sending two accounts to the uncollectible roll.

13. **Republic Services Report.** Discussion ensued regarding the Republic Services Report, previously distributed to the Board, a copy of which is attached as *Exhibit H*. the Board discussed current services, cart maintenance, and alternative options for service.

**Other matters.** Director Soliz reported on a conversation with Mr. Tom Mraz of HARCO, noting that he had requested that Mr. Mraz attend the meeting to discuss sewage back-up. He also reported that he reached out to Ms. Cynthia Colandes of MA&C to assist with suggestions for web designer.

Director Cocetti reported on his suggestion to the AJOB Board to consider a collective electricity contract for AJOB participants.

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

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors

(DISTRICT SEAL)

