

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
July 19, 2017

THE STATE OF TEXAS §
COUNTY OF HARRIS §
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153 §

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, July 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. Mark Burton and Ms. Kathryn Foss of Municipal Financial Services; Ms. Julia McCain of McCall Gibson Swedlund Barfoot PLLC, auditors for the District; Mr. Chris Gandy 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"), engineer 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 June 15, 2017.** Minutes of the meeting of June 15, 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. **Financial Analysis proposal from Municipal Financial Services.** The President recognized Ms. Foss, who recapped the previous presentation related to services for capturing the District's financial, operational and tax data to provide an analysis of the District's financial picture. Ms. Foss stated the annual fee is \$3,900 with a one-time set up fee of \$1,750.00. Discussion ensued regarding how to use the analysis to the District's benefit. 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 and authorize execution of an

engagement letter with Municipal Financial Services for a period of one year, a copy of which is attached as *Exhibit B*.

4. **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 June, a copy of which is attached hereto as *Exhibit C*. Ms. Guerrero reported that 98.9% of the District's 2016 taxes had been collected as of June 30, 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.

5. **Approve audit for fiscal year end March 31, 2017.** The President recognized Ms. McCain, who presented to and reviewed with the Board a draft of the audit for the District for fiscal year ending March 31, 2017, a copy of which is attached hereto as *Exhibit D*.

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 draft of the audit for the District for fiscal year ending March 31, 2017, and related letters.

6. **Report on Continuing Disclosure Filing.** The President recognized Mr. Thomas, who reported that the Continuing Disclosure Report is an annual requirement because of the District's bonds. He reported that the District's financial advisor prepares the Continuing Disclosure Report upon receipt of the final audit. He requested that the Board authorize Public Finance Group LLC to prepare and file the District's Continuing Disclosure Report. 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 Public Finance Group LLC to prepare and file the District's Continuing Disclosure Report.

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 D*. Mr. Burton reviewed disbursements from the General Operating Fund and reported that the amounts for check numbers 7396 through 7401 have been left blank pending receipt of invoices for garbage, utilities, telephone, water purchase expense from Harris County Municipal Utility District No. 152, District SRF, and payments for insurance renewal. He then reviewed disbursements from the Special Revenue Fund and reported that the amounts for check numbers 1324 through 1327 have been left blank pending receipt of utilities, telephone, and Groundwater Reduction Plan fees.

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

8. **Amendment of 2018 budget.** Mr. Burton reviewed changes to the approved budget that include a decrease in Sewer – Customer Service Revenue, and changes in the District's distribution to AJOB, based on receipt of AJOB's budget. 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 Amended 2018 Operating Budget, as presented.

9. **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

241 occupied homes and 95 homes vacant or under construction in the Bridges on Lake Houston.

Mr. Froehlich reported that the plans for Merrylands Section One are being reviewed by BGE and a previous capacity commitment has already been approved by the Board. He stated that the design engineer is requesting a capacity availability letter for Section One, which is required for plat approval, and he requested the Board's authorization to issue the letter.

Mr. Froehlich reported on new items, including the proposed construction of a convenience store on the east side of West Lake Houston Parkway and an annexation inquiry for a seven acre tract. Discussion ensued regarding the District's capacity and its ability to serve the seven acre tract.

Upon motion by Director Cocetti, seconded by Director Soliz, after full discussion and the question being put to the Board, the Board voted unanimously to approve BGE's request to issue a capacity availability letter as requested.

10. **Update on eminent domain proceeding for detention pond.** Mr. Thomas reported that the acquisition of the detention pond lots is progressing.

11. **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 the transformer pad, conduit, and electrical is complete and has been approved by CenterPoint Energy at Water Plant No. 2 (the "Plant"). He stated that CenterPoint is estimating two weeks until delivery and installation of the transformer. He presented and recommended approval of Pay Estimate No. 14 for \$84,150.00 to Gemini Contracting Services. Discussion ensued regarding sufficient water supply during the summer.

Mr. Froehlich reviewed a table summarizing the District's current/active and future connections and capacity required, as previously requested by the Board to determine if the District needs two ground storage tanks. He noted that existing capacities reflect Phase I of Water Plant No. 2 and Phase II includes additional GST, HPT, and booster pump capacity. Discussion ensued. No action was taken by the Board on this matter.

Mr. Froehlich reported that minimal defects were detected during the initial smoke testing of the Olympic Village sanitary sewer system. He stated that the contractor performed a quality assurance/control check and found that the initial testing was not up to their standards, so the entire system will be re-tested. Mr. Froehlich said the results will be submitted to TML for the sewage back-up claim. Discussion ensued regarding preliminary results, next steps, proposed repairs, and previous claim submittals.

Upon motion by Director Cocetti, seconded by Director Soliz, after full discussion and the question being put to the Board, the Board voted unanimously to approve: (1) the Engineer's Report; (2) request and authorize the issuance of a capacity availability letter for Merrylands Section One; and (3) Pay Estimate No. 14 for \$84,150 to Gemini Contracting Services for Water Plant No. 2.

12. **Accept Public Assess & Utility Easement, 40' Sanitary Sewer Easement, 30' Storm Sewer Easement and Detention Easement.** Mr. Thomas reported the easements are not ready to present to the Board today.

13. **Atascocita Joint Operations Board ("AJOB") report.** Mr. Froehlich reported on the status of the discharge permit renewal and updates to the Capital Improvement Projects list. He also reported on Drylet's continued use of product at the Plant and their preparation of a cost savings report by year-end.

14. **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 93.1% of its pumped water for the period ending June 21, 2017. Mr. Williams reviewed the Termination List and Uncollectible Accounts List, included in the Operations Report.

Mr. Thomas presented to and reviewed with the Board an Interlocal Agreement with the Harris-Galveston Subsidence District to sponsor Maplebrook Elementary School for the 2017-2018 term, a copy of which is attached hereto as *Exhibit G-1*. Mr. Thomas explained that under the Interlocal Agreement, the District commits to buy WaterWise kits for fifth grade students to teach them about water conservation. He stated that water conservation credits are received as part of the Interlocal Agreement. Discussion ensued regarding total costs for the kits and the purpose and benefits of the water conservation credits to the District.

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 Operator's Report, to terminate the delinquent accounts in accordance with the District's Rate Order, and to decline sponsorship and purchase of WaterWise kits.

15. **Discuss claims to insurance policy for sewage back-up.** The Board discussed the status of filed claims, outstanding claims (if any), and statute of limitations for filing claims. Mr. Williams stated that all claims have been filed. Mr. Froehlich reported that the results of the second smoke test for Olympic Village will be submitted to TML upon receipt.

16. **Republic Services Report and notice of rate increase.** The President of the Board recognized Ms. Nussa, who discussed with the Board the June 2017 Report. A copy of the report is attached as *Exhibit H*. Ms. Nussa reported that the cart maintenance audit is 50% complete, and that repairs to carts will be addressed upon receipt of the completed audit.

Ms. Nussa discussed the District's request for additional recycle days and proposed to increase recycle days to once per week rather than twice a month at no additional cost if the District will extend their current contract for waste disposal services. She stated the current contract expires June 2018. Discussion ensued regarding costs, services, and extension of the contract. Mr. Thomas stated that if the Board elects to amend the current contract, it will need to be added to the agenda for action.

Report on AWBD summer conference. Director Roe shared information he collected from three waste disposal companies while attending the AWBD summer conference. Discussion ensued regarding new legislation for meeting place requirements, how decisions are made for smart meters and variations in new technology for smart meters.

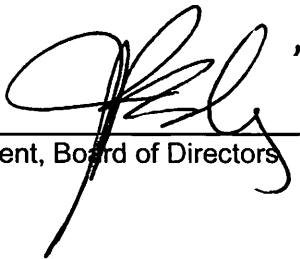
17. **Other matters.** There were no other matters presented to the Board.

18. **Next Meeting Date.** It was the consensus of the Board to hold the next monthly Board meeting on August 16, 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 August 16, 2017.



Vice President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

