

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
August 16, 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, August 16, 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 Directors Claytor and Wilcox, thus constituting a quorum. Also attending all or portions of the meeting were Mr. Byron Worley, Mr. Gilbert Celestine and 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 Small 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, Mr. Dimitri Millas 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 July 19, 2017.** Minutes of the meeting of July 19, 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 June, a copy of which is attached hereto as *Exhibit B*. Ms. Guerrero reported that 98.9% of the District's 2016 taxes had been collected as of July 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, a copy of which is attached hereto as *Exhibit C*. Mr. Burton reviewed disbursements from the General Operating Fund and reported that the amounts for check numbers 7433 through 7439 have been left blank pending receipt of invoices for garbage, utilities, telephone, water purchase expense from Harris County Municipal Utility District No. 152, shared lift station expenses with Harris County Municipal Utility District No. 132, and District SRF. He then reviewed disbursements from the Special Revenue Fund and reported that the amounts for check numbers 1335 through 1338 have been left blank pending receipt of utilities, telephone, and Groundwater Reduction Plan fees.

Discussion ensued regarding presentation of blank checks for signature for invoices that are received between meetings that would otherwise incur late fees. The Board requested that Mr. Burton provide an estimate of the total cost for late fees that the District would incur for invoices that are received and due in between meetings. The Board further discussed alternative options for payment of District invoice that would eliminate signing blank checks to meet payment deadlines.

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.

5. **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 is not update on construction in the Bridges on Lake Houston.

Mr. Froehlich reported that the design engineer has requested the Board's consideration and execution of a letter to Harris County stating the District's intent to operate and maintain the Merrylands' detention basin and storm water quality feature. He stated that Harris County will not approve design plans unless a responsible party has been established for Merrylands' maintenance. Discussion ensued regarding the evolution of development requiring detention basins and maintenance responsibilities. No action was taken on this matter.

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

7. **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 D*.

Mr. Froehlich reported that as of the last inspection of the welded GST at Water Plant No. 1, the coating and other deficiencies were noted both internally and externally. He said that it would be in the District's best interest to rehabilitate this tank when Water Plant No. 2 is online. Mr. Froehlich requested the Board's consideration to authorize the design of the rehabilitation of the welded GST at Water Plant No. 1. He stated that the design can be completed in order to perform the rehabilitation during the low demand winter months.

Mr. Froehlich reported that re-smoking the sewer lines in Olympic Village is complete and the contractor is nearing completion of their final report. He noted that 32 defects were

found across the 25,000+ LF tested and the final report will include descriptions and pictures of the defects.

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: (1) the Engineer's Report; and (2) authorize the design of the rehabilitation of the welded GST at Water Plant No. 1.

8. **Accept Public Access & Utility Easement, 40' Sanitary Sewer Easement, 30' Storm Sewer Easement and Detention Easement.** Mr. Thomas reported that in connection with the development of Merrylands Section 1, a Public Access and Utility Easement 40' Sanitary Sewer Easement and 30' Storm Sewer Easement are being granted to the District. Discussion ensued. After a full discussion and the question being put to the Board, it was the consensus of the Board to defer to next month pending review by the District's engineer and attorney.

9. **Atascocita Joint Operations Board ("AJOB") report.** Mr. Froehlich updated the Board the status of the discharge permit renewal. He also reported on Drylet's continued use of product at the Plant and their collection of effluent samples. Discussion ensued regarding legality of endorsing the product individually and as a District.

10. **Approve Amended and Restated Emergency Water Supply Agreement with Harris County Municipal Utility District No. 132.** Mr. Thomas stated that the attorney for Harris County Municipal Utility District No. 132 ("132") had prepared an updated interconnect agreement for consideration by the Boards of both the District and 132. Mr. Froehlich reported that, while investigating the existing interconnect valve, the 132 operator discovered that the water line beyond the valve had been cut and capped. No interconnect currently exists. Mr. Froehlich said that the 132 obtained a quote for installing a new line from the old interconnect valve to the new interconnect valve for a cost of \$20,335.76. A copy of the quote is attached to the Engineer's Report. Discussion ensued regarding need for the interconnect and responsibility for payment to install a new interconnect valve. After a full discussion, it was the consensus of the Board to defer this matter pending decision by the Board of 132 whether they wish to move forward.

11. **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 E*. He reported that the District billed 93.0% of its pumped water for the period ending July 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 two accounts for collection and termination of service to a customer for an insufficient funds payment.

Mr. Williams reported the run hours are increasing at Water Plant No. 1. He stated that he will monitor and coordinate with Mr. Froehlich if an alternate water source is required. Discussion ensued regarding power at Water Plant No. 2 and Mr. Froehlich reported that Water Plant No. 2 is complete and, if needed, can be powered by a generator.

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.

12. **Discuss claims to insurance policy for sewage back-up.** Mr. Thomas reported that it seems that TML has issued a check to Mr. Claytor for about \$7,400.00 for the January 2017 claim and the District has already reimbursed Mr. Claytor for that claim. Mr. Thomas requested that the Board authorize TML to deliver the check to Mr. Claytor, have Mr. Claytor endorse the check payable to the District and sign and return TML's release form.

Discussion ensued regarding other claims and Mr. Froehlich said that TML is waiting on the results of the smoke testing to make a determination on the other claims.

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 authorize TML to deliver the check to Mr. Claytor, have Mr. Claytor endorse the check payable to the District and sign and return TML's release form.

13. **Republic Services Report and notice of rate increase.** The Vice President of the Board recognized Ms. Nussa, who discussed with the Board the July 2017 Report. A copy of the report is attached as *Exhibit F*. Ms. Nussa introduced two Operations supervisors attending the meeting with her today. She reported that the cart audit is complete. She also stated that the offer made last month is still available, which would increase pick up days for recycling if the District will extend their current contract for one more year. Discussion ensued regarding additional services and placement of carts. The Board requested that Ms. Nussa provide a quote for base service plus, back-door service (cost for recycle and general solid waste), heavy trash pick-up once a week, and recycle pick-up once a week.

The Board discussed changing responsibility for solid waste and recycle pick-up from the District to the HOA. Ms. Nussa stated that she will reach out to the HOA to discuss pick-up guidelines.

14. **Review legislation affecting Districts.** 2017 Legislative Summary of the Regular Session was distributed to the Board.

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

16. **Next Meeting Date.** It was the consensus of the Board to hold the next monthly Board meeting on September 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.

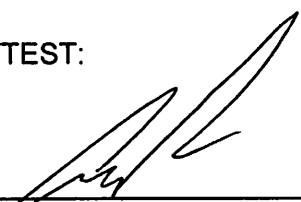
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The foregoing minutes were passed and approved by the Board of Directors on September 20, 2017.



President, Board of Directors

ATTEST:



Assistant Secretary, Board of Directors

