

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
January 24, 2018

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, January 24, 2018, 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, thus constituting a quorum. Also attending all or portions of the meeting were Captain Toby Hecker and Lieutenant V. Medina of Harris County Precinct 4 Constable's Office; 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; Ms. Cynthia Colondres of Municipal Accounts & Consulting LLP ("MA&C"), bookkeepers for the District; Ms. Michelle Guerrero of Bob Leared Interests, tax assessor-collector for the District; Mr. Thomas Mraz of HARCO Insurance Services; and Mr. Neil Thomas and Ms. Amanda Dykmann 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. **Presentation by Harris County Constable Precinct 4 regarding Contract Deputy Program.** The President recognized Captain Toby Hecker who presented to the Board a PowerPoint of the Contract Deputy Program, a copy of which is attached hereto as *Exhibit B*. Captain Hecker stated he would provide the Board with a proposal on pricing. The Board decided to discuss further at next month's meeting.
3. **Authorization of Additional Penalty on Delinquent Taxes.** The President recognized Ms. Guerrero, who discussed with the Board a Resolution Authorizing Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11 and 33.08, Tax Code (the "Resolution"), a copy of which is attached hereto as *Exhibit C*. Ms. Guerrero reported that collection of delinquent personal property taxes would begin on April 1 if approved by the Board. 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 adopt the Resolution.
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 December, a copy of which is attached hereto as *Exhibit D*. Ms. Guerrero also presented to the Board the Quarterly Delinquent Tax Report, a copy of which is attached hereto as *Exhibit D-1*.

Ms. Guerrero reported that 74.1% of the District's 2017 taxes had been collected as of December 31, 2017.

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 Tax Assessor-Collector's Report and to authorize the expenditures listed therein.

5. **Consider property tax exemptions.** The President recognized Ms. Guerrero, who reported that last year the Board granted a \$5,000 homestead property tax exemption for owners who are 65 or older or who are disabled. Ms. Guerrero discussed with the Board the Order Adopting Exemption from Taxation for Individuals Who Are Disabled or are 65 Years of Age or Older, a copy of which is attached hereto as *Exhibit E*. 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 grant a \$5,000 homestead property tax exemption for those who are 65 years of age or older or who are disabled.

6. **Minutes of the meeting of December 20, 2017.** Minutes of the meeting of December 20, 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.

7. **Bookkeeper's Report, Investment Report, payment of bills, and take any necessary action.** Ms. Colondres presented to and reviewed with the Board the Bookkeeper's Report and quarterly investment report, copies of which is attached hereto as *Exhibit F*. Ms. Colondres reviewed disbursements from the General Operating Fund and the Special Revenue Fund.

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

8. **Developer's Report.** Ms. Frankovich reviewed the Developer Report and updated the Board on Harris County Municipal Utility District No. 494. There are 280 occupied homes and 64 that are vacant or under construction in The Bridges on Lake Houston.

9. **Update on eminent domain proceeding for detention pond.** Mr. Thomas stated that the attorneys getting additional information from the Developer for the detention filings.

10. **Report on Eminent Domain Filing.** Mr. Thomas reported that the District is required to file an annual report on eminent domain activities with the Texas Comptroller's office by February 1 of each year. He stated there are no eminent domain activities to report for last year and NRF has filed the report on behalf of the District. No action is required by the Board.

11. **Engineer's Report, including review of Engineer's projects, and capital repairs.** Ms. Frankovich presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as *Exhibit G*.

Ms. Frankovich updated the Board on Water Plant No. 2. She stated all punch list items generated during the December TCEQ inspection have been addressed. She presented and

requested approval of Pay Estimate No. 15 in the amount of \$282,061.11 for the repair project on Water Plant No. 2.

Ms. Frankovich updated the Board on the status of the Olympic Village Sanitary Sewer investigation and flow monitors. She stated CES has completed the manhole evaluation, video inspection, and dye testing activities. She said that all findings and repair recommendations will be presented to the Board for consideration following completion of the flow monitoring. She presented to the Board a notification letter to residents regarding defects detected from the smoke testing. She noted that the notification letter has been reviewed by NRF and, if approved today, will be mailed this week.

Ms. Frankovich reported that Water Plant No. 1 Ground Storage Tank No. 2 Rehabilitation is underway and advertising is anticipated in March. She also reported on a meeting with the District's Attorney to discuss funding for the rehabilitation.

Ms. Frankovich updated the Board on HCMUD 132 Interconnect on Pinehurst Trail. She stated the contractor has completed work on the interconnect and is restoring the surface to its pre-construction condition.

Ms. Frankovich reported on the Harris County Precinct 2 Park. She stated that she is reviewing the plans. At the request of Precinct 2, she presented a letter from the District supporting the proposed Atascocita Trails Project for the Boards review 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: (1) approve the Engineer's Report; (2) approve Pay Estimate No. 15 for Water Plant No. 2, in the amount of \$282,061.11; (3) approve and authorize distribution of smoke test notification letter to affected residents; and (4) approve and authorize execution of the letter supporting the Atascocita Trails System.

12. **Atascocita Joint Operations Board ("AJOB") report.** Mr. Froehlich reported that the permit process is still ongoing. He stated that the Board met last night and requested that BGE contact Drylet representatives to attend the next meeting to discuss value versus cost savings for Drylet product.

13. **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 H*. He reported that the District billed 93% of its pumped water for the period ending December 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 five accounts for collection.

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 Operator's Report, authorize submission of three accounts for collections, and to terminate delinquent accounts in accordance with the terms of the District's Rate Order.

14. **Discuss claims to insurance policy for sewage back-up.** The President recognized Mr. Mraz who stated that the 2016 claims have been approved to be paid. He also the Board's consideration to pursue the 2015 claims, noting there may not be sufficient merit to warrant payment

of the claims. Discussion ensued. Following discussion, it was the consensus of the Board not to pursue the 2015 claims.

15. **Adopt Order Calling Directors Election.** Mr. Thomas presented to and reviewed with the Board the Order Calling Directors Election, a copy of which is attached hereto as *Exhibit I*. Mr. Thomas informed the Board that a General Election is scheduled to occur on May 5, 2018 to elect directors to two expiring terms. He noted that Directors Soliz and Roe have terms that will expire.

Upon motion by Director Claytor, seconded by Director Wilcox, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Order Calling Directors Election.

16. **Other matters.** No report.

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 February 21, 2018.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

