

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
March 15, 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 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, March 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. 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; Ms. Cynthia Colandres of Municipal Accounts and Consulting, L.P. ("MA&C"), bookkeeper 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 February 15, 2017.** Minutes of the meeting of February 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. **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 B*. Ms. Guerrero reported that 96.7% of the District's 2016 taxes had been collected as of February 28, 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 approve the Tax Assessor-Collector's Report and to authorize the expenditures listed therein.

4. **Authorize Auditor to prepare audit for fiscal year ending March 31, 2017.** Mr. Thomas reported the District's contract for auditing services contains an evergreen clause that automatically authorizes the auditor to begin preparation of the annual audit. He stated that no action is required by the Board on this item.

5. **Bookkeeper's Report, Investment Report, payment of bills, and take any necessary action.** Ms. Colandres presented to and reviewed with the Board the Bookkeeper's Report, a copy of which is attached hereto as *Exhibit C*. Ms. Colandres reviewed disbursements from the General Operating Fund and reported that the amounts for check numbers 7212 through 7217 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. She then reviewed disbursements from the Capital Operating Fund, and Special Revenue Fund.

Ms. Colandres reviewed with the Board the budget for fiscal year ending March 31, 2017, included in the Bookkeeper's report. Discussion ensued regarding a contingency on construction of Water Plant No. 2.

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

Ms. Colandres asked if the Board is interested in a presentation from MFS that provides an analysis of District funds. It was the consensus of the Board to hear the presentation at next month's meeting.

6. **Adopt budget for fiscal year ending March 31, 2017.** Ms. Colandres reviewed the budget for fiscal year ending March 31, 2017 for the District's Operating and Special Revenue funds, attached as *Exhibit D*. 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 budget as presented.

7. **Developer's Report.** Mr. Froehlich reviewed the Developer's Report and updated the Board on Harris County Municipal Utility District No. 494 ("494"). He reported there are 210 occupied homes, and 93 homes vacant or under construction.

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 and updated the Board on CenterPoint's progress. He requested that the Board appoint a director to coordinate with between meetings in the event CenterPoint requires execution of additional documents. He noted that all documents will be submitted to the District's attorney prior to signing. Director Claytor volunteered to act as the contact person for this project.

Mr. Froehlich reported that BGE obtained three quotes to smoke test the sanitary sewer lines in Olympic Village, Pines of Atascocita Section 4, and Waterhaven to locate defects, leaks and illegal connections to the sewer system. He recommended awarding the project to Compliance EnviroSystems in the amount of \$24,275.00.

Mr. Froehlich reported that he has not received a response from City of Houston on the District's request for an increase in permitted amount to 415,000,000 gallons for 2017. He confirmed that Mr. Williams and Ms. Presser have not received a response from the City of Houston.

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: (1) approve the Engineer's Report; (2) appoint Director Claytor as the contact person to sign documents between meetings to acquire power to Water Plant No. 2; and (3) approve the quote for smoke testing the sanitary sewer in Olympic Village, Pines of Atascocita Section 4, and Waterhaven from Compliance EnviroSystems for \$24,275.

10. Approve First Amendment to Water Supply and Sanitary Sewer Agreement. Mr. Thomas presented for the Board's approval the First Amendment to Water Supply and Sanitary Sewer Agreement between the District and Harris County Municipal Utility District No. 494, a copy of which is attached as *Exhibit F*. 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 budget as presented.

11. Review Letter Agreement for Spurlock property. Mr. Thomas presented for the Board's approval a letter agreement between the District and Lake Houston Executive Suites, LLC relating to a sewer line connection at 17280 West Lake Houston Parkway. A copy of the letter agreement is attached as *Exhibit G*. Upon motion by Director Wilcox, seconded by Director Cocetti, after full discussion and the question being put to the Board, the Board voted unanimously to approve the letter agreement with Lake Houston Executive Suites, LLC as presented.

12. Atascocita Joint Operations Board ("AJOB") report. Director Cocetti reported that AJOB will meet next week and there are no updates to report.

13. Update on appeal on claim to insurance policy for sewage back-up. Mr. Williams reported that he was contacted to provide a statement. Mr. Froehlich reported that he provided a letter to HARCO to include with the second appeal. Discussion ensued regarding current policies and options for protection.

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 H*. He reported that the District billed 93.1% of its pumped water for the period January 25, 2017, through February 23, 2017. Mr. Williams reviewed the Termination List and Uncollectible Accounts List, included in the Operations Report, and requested the Board's authorization to transfer three uncollectible accounts to the uncollectible roll.

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 approve the Operator's Report; and to terminate the delinquent accounts in accordance with the District's rate order.

15. **Republic Services Report.** The President of the Board recognized Ms. Nussa, who discussed with the Board the February 2017 Report, a copy is attached as *Exhibit I*. She updated the Board on issues discussed last month, stating that no ride-alongs are permitted, but directors may follow behind the garbage trucks in their own vehicle, and Republic's maintenance department will tweak the loading arms on the trucks to attempt to reduce damage to cart wheels.

Additional issues were discussed. Ms. Nussa notified the Board that Republic has replaced a driver on the District's route.

16. **Other matters.** No other matters were presented to or discussed by the Board.

17. **Next Meeting Date.** It was the consensus of the Board to hold the next monthly Board meeting on April 19, 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 April 19, 2017.

Samuel B. Claff

President, Board of Directors

ATTEST:

Ed Covert

Secretary, Board of Directors

(DISTRICT SEAL)

