

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
February 21, 2018

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, February 21, 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 Larry Tucker, President, Board of Directors for Walden On Lake Houston Community Services Association; Ms. Barbara Nussa of Republic Services; Mr. Gary Hastings of Municipal Operations & Consulting, Inc. ("MOC"), operator for the District; Mr. Matt Froehlich of BGE, Inc. ("BGE"), engineers for the District; Mr. Cory Burton of Municipal Accounts & Consulting LLP ("MA&C"), bookkeepers for the District; Ms. Stephanie Hendershot 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. **Presentation by Walden HOA regarding participation in playground upgrades.** President Claytor recognized Mr. Tucker, who discussed proposed playground improvements in partnership with the District. He stated that the HOA plans to convert Mariner Park into a walking dog park, lease property from the clubhouse for a playground, construct a pavilion and add four foot-high fencing. Discussion ensued regarding proposed cost, maintenance, term of the lease with the clubhouse, and current maintenance issues in the community. No action was taken by the Board on this discussion.
3. **Minutes of the meeting of January 24, 2018.** Minutes of the meeting of January 24, 2018, 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.
4. **Tax Assessor and Collector's Report, status of delinquent tax accounts, and payment of bills.** Ms. Hendershot presented to and reviewed with the Board the Tax Assessor-Collector's Report for January, a copy of which is attached hereto as *Exhibit B*.

Ms. Hendershot reported that 96% of the District's 2017 taxes had been collected as of January 31, 2018.

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.

5. 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 and quarterly investment report, copies of which is attached hereto as *Exhibit C*. Mr. Burton reviewed disbursements from the General Operating Fund and the Special Revenue Fund.

Mr. Burton noted that five Certificates of Deposit were purchased upon maturity this month from the District's Operating Fund and three Certificates of Deposits were purchased upon maturity from the District's Debt Service 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.

Discussion ensued regarding funding replacement of the bolted ground storage tank and remaining useful life. Mr. Froehlich reported that BGE is in the process of determining the amount of surplus funds that are available from the construction of Water Plant No. 2 taking down and replacing Water Plant No. 1.

6. Developer's Report. Mr. Froehlich reviewed the Developer Report and updated the Board on Harris County Municipal Utility District No. 494. There are 287 occupied homes and 75 that are vacant or under construction in The Bridges on Lake Houston.

Mr. Froehlich reported that BGE is in process of calculating the final cost shares for participants of District projects. He stated that BGE will coordinate with the bookkeeper and present a summary of the final reimbursement shares at the next Board meeting.

7. Update on eminent domain proceeding for detention pond. Mr. Thomas stated there are no updates to report.

8. 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 updated the Board on Water Plant No. 2. He stated that all punch list items generated during the December TCEQ inspection have been addressed. He presented and requested approval of Pay Estimate No. 16 and final in the amount of \$205,722.53 for the repair project on Water Plant No. 2.

Mr. Froehlich reported that the commercial developer in Harris County Municipal Utility District No. 494 ("494") inquired if the District is opposed to the existing overhead power that serves Water Plant No. 2 be reinstalled underground. He stated that the developer will coordinate with CenterPoint, pay all of the associated costs and provide confirmation from CenterPoint that service to Water Plant No. 2 will not be interrupted. Mr. Froehlich requested the Board's authorization to approve 494's request and authorize BGE to hold check pending receipt of payment from the contraction for additional water resulting from an overflow.

Mr. Froehlich updated the Board on the status of the Olympic Village Sanitary Sewer investigation and flow monitors. He reported that BGE received calls from four to five residents and met with each homeowners onsite to address questions and concerns. He stated that there were no significant rainfall events during the flow monitoring that would help identify issues within the system. He requested the Board's approval of a proposal to extend flow monitoring for 30 days for a total fee of \$10,960.00 and, if necessary, perform additional smoke testing of up to 10,000 linear feet at a rate of \$0.60/foot).

Mr. Froehlich reported that design for rehabilitation of Water Plant No. 1 has been completed and requested the Board's approval to advertise the project in March.

He stated that in connection with the discussion following the Bookkeeper's Report, that he expects that surplus funds from the construction of Water Plant No. 2 will be sufficient to cover the costs of the Water Plant No. 1 rehabilitation. He requested the Board's approval to provide the required notification to TCEQ requesting use of the surplus funds and proposed use.

Mr. Froehlich reported that BGE is awaiting a letter from Mr. Wheless verifying that he released half of the capacity to Dryden. Upon receipt, BGE will reissue a capacity commitment letter for one-half of the original capacity to Mr. Wheless and issue a new capacity commitment letter to Dryden. Mr. Froehlich stated that Mr. Wheless has requested a letter from BGE that Mr. Wheless can provide to potential buyers summarizing the capacity reserved for the remaining tract and the process for transferring the commitment. He stated that with the Board's authorization BGE will prepare the requested letter.

Mr. Froehlich next requested the Board's authorization to update the District's Emergency Preparedness Plan to include Water Plant No. 2.

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: (1) approve the Engineer's Report; (2) approve Pay Estimate No. 16 and final for Water Plant No. 2, in the amount of \$205,722.53; (3) approve installation of underground power to Water Plant No. 2 pending CenterPoint's confirmation of no service interruption of service; (4) approve proposal to extend flow monitoring for 30 days for \$10,950.00 and perform additional smoke testing for up to \$6,000.00; (5) authorize advertisement of Water Plant No. 1 Rehabilitation construction contract for bids; (6) authorize BGE to send required notification to the TCEQ requesting use of surplus funds from Water Plant No. 2 construction for use on the Water Plant No. 1 rehabilitation; (7) authorize preparation of revised capacity commitment letter to Mr. Wheless; and (8) authorize BGE to update the District's Emergency Preparedness Plan.

9. 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 voted to continue the Drylet application through August 2018 to provide data from a continuous one-year cycle relating to cost savings ratio.

Mr. Froehlich stated that AJOB authorized the engineer to obtain quotes for the installation of variable frequency drives on two of seven of the Aeration Basin Blowers.

10. Operator's Report and hearing on delinquent accounts. Mr. Hastings 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 100.6% of its pumped water for the period ending January 20, 2018. Mr. Hastings reviewed the Termination List and Uncollectible Accounts List included in the Operations Report.

Mr. Hastings reviewed the delinquent list and requested that the Board authorize submitting four 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.

11. **Discuss Harris County Constable Precinct 4 Contract Deputy Program.** President Claytor discussed consideration for the District to reimburse the HOA for the cost to add an additional peace officer to their Interlocal Agreement with Harris County Precinct 4 Constable's Office. Mr. Thomas discussed the parameters of coordination with the HOA and a contractual agreement between the District and the HOA. Discussion ensued regarding payment, cost for an additional officer and preparation of a contract between the District and the HOA on terms of a contract.. Upon motion by Director Wilcox, after full discussion and the question being put to the Board, the Board voted unanimously to consider reviewing a contract between the District and HOA to add a peace officer to the HOA's current contract.

12. **Certificate of Unopposed Candidates.** Mr. Thomas reported that the Secretary of the Board has certified that Directors Soliz and Roe were unopposed candidates for the Directions Election. 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 Certificate of Unopposed Candidates, a copy of which is attached as *Exhibit F*.

13. **Order Declaring Unopposed Candidates Elected to Office.** Mr. Thomas reviewed with the Board the Order Declaring Unopposed Candidates Elected to Office, a copy of which is attached hereto 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 Order Declaring Unopposed Candidates Elected to Office.

14. **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 March 21, 2018.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

