

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
October 17, 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 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, October 17, 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, except Director Roe, thus constituting a quorum. Also attending all or portions of the meeting were Ms. Mary Dubois of Acclaim Energy; Mr. Rick Lewis of American Enerpower; Mr. Dave Ciarella of Enhanced Energy Services of America LLC; Mr. Mark Cervantes of Van De Wiele & Vogler, Inc., engineer for Merrylands Interests; Mr. Hector D. Martinez of Academy Development; Mr. Cory Burton of Municipal Accounts & Consulting LLP ("MA&C"), bookkeepers for the District; Mr. Mike Williams of Municipal Operations & Consulting, Inc. ("MOC"), operator for the District; Mr. David Sepulveda of Terra Associates; Mr. Todd O. Thomas of GenCorp Partners, Inc.; Mr. Matt Froehlich and Ms. Shiann Hernandez of BGE, Inc. ("BGE"), engineers for the District; Ms. Michelle Guerrero of Bob Leared Interests, tax assessor-collector for the District; and Mr. Neil Thomas, Ms. Leslie Bacon, 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 September 19, 2018.** Minutes of the meeting of September 19, 2018, previously distributed to the Board, were presented for consideration and approval. 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 minutes as presented.
3. **Approve electricity contract.** President Wilcox recognized Ms. Dubois, who reviewed a summary of energy pricing results from three providers, a copy of which is attached hereto as *Exhibit B*. She noted that prices include a pass-through fee, but do not include transmission rates, which will be the same for all bids.

Mr. Ciarella of Enhanced Energy Services of America LLC, reviewed a handout, a copy of which is attached hereto as *Exhibit C*. Mr. Ciarella explained a plan for incorporating the

District's seventh meter so that electricity contracts for all of the meters will have the same expiration date.

Mr. Lewis of American Enerpower, recapped costs and terms for energy pricing results from eleven providers, a copy of which is attached hereto as *Exhibit D*. He noted that pricing is all-inclusive, except for transmission costs.

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 a contract through Enerpower for a term of 48 or 60 months for the lowest price for all meters and to authorize Ed Wilcox to execute an electricity contract on behalf of Board to incorporate all of the District's meters and obtain a single expiration date.

4. **Public Hearing on Proposed Tax Rate for 2018.** The President convened the public hearing on the proposed tax rate for 2018. There were no comments. The President closed the hearing.

5. **Adopt Order Setting Tax Rate and Levying Tax for 2018.** Mr. Thomas informed the Board that adoption of the Order Setting Tax Rate and Levying Tax for 2018 would set the ad valorem tax rate for 2018. Ms. Guerrero noted that the notice of public hearing was published. 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 Adopt the Order Setting Tax Rate and Levying Tax for 2017 with a total tax rate of \$0.4510 per \$100 assessed valuation, comprised of a rate of \$0.3330 for debt service and \$0.1180 for operation and maintenance expenses. A copy of the Order Setting Tax Rate and Levying Tax for 2018 is attached as *Exhibit E*.

6. **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 August, a copy of which is attached hereto as *Exhibit F*.

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.

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 and quarterly investment report, copies of which are attached hereto as *Exhibit G*. Mr. Burton reviewed disbursements from the General Operating Fund and the Special Revenue Fund. 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 Bookkeeper's Report, to authorize payment of the checks in the amounts and for the purposes listed therein.

8. **Resolution Expressing Intent to Reimburse Expenditures.** Mr. Thomas discussed the District's ability to fund projects with funds from the General Operating Fund and reimburse the General Operating Fund with proceeds from a future bond sale under Federal Income Tax law. If the Board desired to reimburse for cost of the new water meters, it would need to issue the reimbursement bonds within two years. 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 Resolution Expressing Intent to Reimburse Expenditures, a copy of which is attached as *Exhibit H*.

9. **Developer's Report.** Mr. Froehlich reviewed the Developer Report, which is attached to the Engineer's report, attached as *Exhibit J*. Mr. Froehlich reported that the engineering-related documents have been completed for the City of Houston annexation consent application. Mr. Thomas presented a Petition for Addition of Land petitioning the Board's approval of the annexation, a copy of which is attached as *Exhibit I*. He also presented a Petition for Consent to Addition of Land for filing with the City of Houston, a copy of which is attached as *Exhibit I-1*.

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 Petition for Addition of Land and Petition for Consent to Addition of Land, subject to approval by the City of Houston.

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

Mr. Froehlich updated the Board on the status of Water Plant No. 1 Rehabilitation. She requested approval of Pay Estimate No. 4 to Corrosion Eliminators, LLC for \$17,447.76.

Mr. Froehlich reported that it is time to renew the District's groundwater permit with the Harris-Galveston Subsidence District through the City of Houston (the "City") since the District is included in the City's Groundwater Reduction Plan. He stated that based on calculations per development and usage, BGE is requesting that the Board authorize submission of the renewal permit for 415,000,000 gallons.

Mr. Froehlich reported that a resident on Sprintwood Court is requesting a no objection letter from the District to encroach on a side lot public utility easement, as illustrated on the survey included in the Engineer's Report. He noted the District has a sanitary sewer line that appears to be on an adjacent property. He requested that the Board authorize the issuance of a no objection letter contingent on confirmation of the location of the District's sanitary sewer line. Mr. Froehlich stated that this resident has been very helpful and influential in the District obtaining consent access District facilities in the neighbors' backyards to complete the sanitary sewer inspection.

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: (1) approve the Engineer's Report; (2) approve Pay Estimate No. 4 in the amount of \$17,447.76 to Corrosion Eliminators, LLC.; (3) authorize BGE to submit a groundwater permit renewal application for 415,000,000 gallons; and (4) authorize BGE to issue a no-objection letter for a Public Utility Easement to the resident on Sprintwood Court, contingent on confirmation of the location of the District's sanitary sewer line.

11. **Atascocita Joint Operations Board ("AJOB") report.** Director Soliz reported that the President of Harris County Municipal Utility District No. 152 has resigned and moved out of the District, which will result in a replacement on the AJOB Board.

Mr. Froehlich reported that AJOB voted in favor of terminating its experiment with the Drylet application.

Director Soliz reported that a representative of the Lake Houston Long Term Recovery Task Force ("LHLTR"), attended AJOB's meeting and that the LHLTR has attempted to reach out to local Homeowners Associations without much success, and had therefor asked to attend AJOB's meeting to explain LHLTR's purpose. Director Soliz said the assistance was requested from the AJOB members in communicating, within their respective communities, LHLTR's work with communities to identify severe drainage problems that could be improved with the benefit of Harris County Flood Control District bond proceeds. Discussion ensued and there were no projects immediately identified in the District.

12. **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 J*. He reported that the District billed 92.3% of its pumped water for the September billing cycle. 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 writing off five accounts as uncollectible. He also requested that the Board authorize termination of delinquent accounts in accordance with the District's Rate Order.

Mr. Williams reported on a recall of AFC fire hydrants installed from 2005 through 2011, of which 78 have been identified in the District. He stated that Texas Fire Hydrants of Houston will replace all 78 hydrants at no charge to the District.

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 the Operator's Report; to terminate the delinquent accounts in accordance with the District's Rate Order, and to authorize sending three accounts to the uncollectible roll.

13. **Republic Services Report, and take appropriate action.** There was no report presented to the Board.

14. **Discuss community projects, including Flood Control Canal maintenance and improvements.** There was no update, discussion or action on this item.

15. **Discuss re-scheduling the November meeting.** Discussion ensued on proposed alternate dates and the Board requested that a poll be taken closer to the meeting time to determine if an alternate date is needed.

16. **Other matters.** No other matters were brought before the Board.

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 November 20, 2018.

Samuel B. Claff

President, Board of Directors

ATTEST:

Ed Coe

Secretary, Board of Directors

