

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
November 20, 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 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 Tuesday, November 20, 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. Also attending all or portions of the meeting were Mr. Mark Cervantes of Van De Wiele & Vogler, Inc., engineer for Merrylands Interests; Ms. Cynthia Colondres 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. 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, 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 October 17, 2018.** Minutes of the meeting of October 17, 2018, previously distributed to the Board, were presented for consideration and approval. 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 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 October, a copy of which is attached hereto as *Exhibit B*.

Ms. Guerrero reviewed the quarterly Delinquent Tax Report from the District's delinquent tax attorneys, a copy of which is attached to the Tax Assessor-Collector's Report. She stated that no action is required by the Board.

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.

4. 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 are attached hereto as *Exhibit C*. Ms. Colondres reviewed disbursements from the General Operating Fund and the Special Revenue Fund.

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, 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, which is attached to the Engineer's report, attached as *Exhibit F*.

Mr. Cervantes reported that the cost of materials has increased since the construction contract was awarded for water, sewer and drainage facilities to serve Section One. He stated the contractor will be submitting a Change Order to offset the increased costs.

Mr. Froehlich reported that the owners of the Wheless property have paid their pro rata share of construction costs previously agreed upon, and that Academy is due the remainder of their deposit for their overpayment. Discussion ensued regarding reimbursement of Academy. The Board requested that BGE obtain back-up documentation from Academy prior to issuing reimbursement.

6. Approve Assignment of Capacity and Assignment of Trunkline Capacity. Mr. Thomas stated that pursuant to the Fourth Amended and Restated Waste Disposal Contract and Second Amended and Restated Sanitary Sewer Line Contract, Harris County Municipal Utility District No. 494 ("No. 494") acquires wastewater treatment capacity from the joint sewage treatment plant and wastewater transmission capacity through the joint wastewater trunk line. Mr. Thomas confirmed that a check in the amount of \$154,875.00 was received from No. 494 (\$139,058.00 for wastewater treatment capacity and \$15,817.00 for wastewater trunk line capacity). It was noted that these are the final payments for capacity from No. 494. 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 authorize the execution of the Assignment of Capacity and Assignment of Trunkline Capacity, copies of which are attached as *Exhibit D* and *E*, respectively.

7. 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 F*

Ms. Hernandez updated the Board on the sanitary sewer investigation in Olympic Village and requested authorization to advertise for bids contingent upon receipt and addressing of Harris County's comments on the project plan.

Ms. Hernandez updated the Board on the status of Water Plant No. 1 Rehabilitation. She requested approval of Pay Estimate No. 5 to Corrosion Eliminators, LLC for \$16,108.83.

Mr. Froehlich presented a Sanitary Sewer Easement for a shared sanitary sewer line that will serve the remaining Wheless property and the property that is being sold. He requested that the Board accept the Sanitary Sewer Easement.

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: (1) approve the Engineer's Report; (2) authorize BGE to advertise for bids for the Olympic Village Sanitary Sewer Rehabilitation contingent upon receipt and addressing Harris County's review of plans with comments; (3) approve Pay Estimate No. 5 in the amount of \$16,108.83 to Corrosion Eliminators, LLC.; and (4) accept the Sanitary Sewer Easement for the Wheless properties.

8. Atascocita Joint Operations Board ("AJOB") report. Mr. Froehlich reported that AJOB meets tonight and there is no update to report.

9. 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 G*. He reported that the District billed 103% of its pumped water for the October 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 three accounts as uncollectible. He also requested that the Board authorize termination of delinquent accounts in accordance with the District's Rate Order. Mr. Williams noted that termination of service will not occur until after the Thanksgiving holidays.

Mr. Williams reported that the District's fire hydrants were inspected on September 25, 2018, and of the 220 fire hydrants inspected one was repaired. He noted that 18 reflectors were replaced.

Mr. Williams reported on a mainline break on West Lake Houston Parkway and FM 1960 at an interconnect between the District, Harris County Municipal Utility District No. 132 ("MUD 132"), and Harris County Municipal Utility District No. 152 ("MUD 152"). Mr. Williams noted that MUD 132 cannot receive water through the interconnect due to a damaged line that MUD 132 does not plan to repair. He stated that costs to repair lines is not clearly addressed in the Interconnect Agreements with MUD 132 and MUD 152. Discussion ensued and the Board concurred to pay the Operator for expenses incurred for repairs and requested that a letter be sent to MUD 152 explaining the nature of the damage and repairs and requesting that MUD 152 pay one-half of the costs expended for repair to the mainline. Mr. Froehlich stated that BGE will prepare the letter to MUD 152 about the repairs, the District's payment of the Operator's expenses, and request reimbursement for one-half of the costs. 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 authorize BGE to prepare and transmit a letter to MUD 152 requesting reimbursement of one-half the costs for Inframark's repair to the mainline break at the interconnect located at West Lake Houston Parkway and FM 1960.

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.

10. **Republic Services Report, and take appropriate action.** President Claytor recognized Ms. Nussa, who noted that reports were previously distributed to the Board via email. There were no comments or questions from the Board concerning the report.

Ms. Nussa reported that costs for recycling certain products continue to rise and limitations on acceptable recyclables is also increasing. She stated that, as previously agreed upon, the cost for recycling services will revert to the contracted price in January.

Ms. Nussa presented and reviewed a letter regarding the annual CPI increase, a copy of which is attached as *Exhibit H*. She stated that, pursuant to the terms of the District's contract with Republic, the annual price increase is 3.29%, effective January 1, 2019 the total monthly rate will be \$20.65 (\$19.64 per home for garbage collection and \$3.61 per home for recycling collection).

11. **Discuss community projects, including Flood Control Canal maintenance and improvements.** Mr. Thomas presented and reviewed an Interlocal Agreement between the District and Harris County Flood Control District ("HCFCD"), a copy of which is attached as *Exhibit I*. He discussed HCFCD's mowing criteria and the District's reimbursement, noting that either party may terminate the agreement upon 30 days' written notice to the other party. 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 Interlocal Agreement, pending a determination of costs from HCFCD.

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

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

* * *

The foregoing minutes were passed and approved by the Board of Directors on December 19, 2018.

Samuel B. Clay

President, Board of Directors

ATTEST:

Paul Cozzetta

Secretary, Board of Directors

