

MINUTES OF MEETING OF BOARD OF DIRECTORS  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153  
MARCH 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, March 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. Also attending all or portions of the meeting were Mr. Mark Burton and Ms. Kathryn Foss of Municipal Financial Services; Ms. Barbara Nussa of Republic Services; Mr. Mike Williams of Municipal Operations & Consulting, Inc. ("MOC"), operator for the District; Mr. Mark Cervantes of Van De Wiele & Vogler, Inc., engineer for Merrylands Interests; 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. 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. **EVO report from municipal Financial Services.** President Claytor recognized Mr. Mark Burton who discussed the analysis of the District's facilities and operations. Discussion ensued regarding efficient, cost effective services and the District's operations in comparison to other municipal utility districts that are similar in size and age to the District. Mr. Mark Burton reviewed financing options for repair and replacement for aging facilities and a strategy for allocation of funds to for lower tax rates. Mr. Mark Burton suggested that it would help the District to work with its engineer to prepare a more detailed Capital Improvement Plan covering a longer period sot that the District can better evaluate its operating and capital reserves and any proposed bond redemption. The Board requested that Mr. Mark Burton present to the Board a list of viable recommendations for operation improvements.
3. **Minutes of the meeting of February 21, 2018.** Minutes of the meeting of February 21, 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.

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 February, a copy of which is attached hereto as *Exhibit B*.

Ms. Guerrero reported that 97% of the District's 2017 taxes had been collected as of February 28, 2018.

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

5. **Authorize Auditor to prepare audit for fiscal year ending March 31, 2017.** Mr. Thomas reported the District's contract for auditing services includes an evergreen clause that automatically renews the agreement so that the auditor can begin preparation of the annual audit with no board action. The Board confirmed that no changes are requested with respect to the auditor.

6. **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.

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.

7. **Adopt budget for fiscal year ending March 31, 2019.** Mr. Burton reviewed the budget for fiscal year ending March 31, 2019 for the District's Operating and Special Revenue funds, attached to the Bookkeeper's Report. 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.

8. **Developer's Report.** Mr. Froehlich reviewed the Developer Report and updated the Board on Harris County Municipal Utility District No. 494. There are 291 occupied homes and 76 that are vacant or under construction in The Bridges on Lake Houston.

Mr. Froehlich reviewed the participants' pro-rata share true-ups for the Water Plant No. 2, Lift Station No. 4, the expansion of the 152/153 Lift Station and the water and sewer extensions on West Lake Houston Parkway, a copy of which is included with the Engineer's Report. He noted that most of the participants are due refunds while HCMUD 494, Mr. Wheless, and Dr. Ameri owe the District. Mr. Froehlich stated that he is coordinating with the District's bookkeeper to determine available surplus funds from the Water Plant No. 2 project and other available funds to support refunds. Ms. Guerrero noted that Mr. Quentel has an outstanding unpaid tax bill. Discussion ensued and the Board instructed Mr. Froehlich to send notice to Mr. Quentel that funds are available for payment of a refund distribution pending payment of outstanding taxes and asking if he wanted the refund applied to the tax bill.

9. **Update on eminent domain proceeding for detention pond.** Mr. Thomas stated there are no updates.

10. **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 reported that construction of Water Plant No. 2 is complete. He presented and recommended approval of Change Order No. 1 for a decrease in the total contract amount by \$94,349.36, which removes unused bid items.

Mr. Froehlich reported on the status of the Olympic Village Sanitary Sewer Investigation and noted BGE is completing the report on the investigatory efforts to date. He stated that Compliance Enviro Systems ("CES") is reviewing the data from the additional month and that data from the first two months of flow monitoring shows relatively significant impacts by rainfall in two of the six areas monitored. Mr. Froehlich discussed additional flow monitoring for an estimated cost of \$12,000 per month and proposed cleaning and televising of those two areas for an estimated cost of \$50,000 per month. He stated that BGE will make a recommendation to the Board at the next meeting. Mr. Froehlich presented and recommended approval of Invoice 1782-1 for \$8,800.00 for manhole evaluations and video inspection, and Invoice 1783-1 for \$23,655.00 for flow monitoring, payable to CES.

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 Change Order No. for a decrease in the total contract amount by \$94,349.36 for removal of unused bid items related to construction of Water Plant No. 2; and (3) approve Invoice 1782-1 for \$8,800.00 for manholes evaluations and video inspection, and Invoice 1783-1 for \$23,655.00 for flow monitoring, payable to CES.

**11. Atascocita Joint Operations Board ("AJOB") report.** Mr. Froehlich reported that the Board met last night and authorized BGE to obtain quotes for the installation of variable frequency drives on two of the seven blowers. He also noted that the discharge permit application is under final review.

Mr. Cocetti reported that he had suggested to AJOB that the District assume financial responsibility for the Drylet testing, in addition to overseeing the testing project. He stated that the purpose was to remove the cost from AJOB's books and to provide a smaller management team. He noted that decisions regarding costs and testing would continue to be brought before AJOB. He reported that the majority of the members were not in favor of the transition. Discussion ensued regarding benefits to the District if the District provides the funds. No action was taken on this matter.

**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 E*. He reported that the District billed 98.1% of its pumped water for the period ending February 20, 2018. 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. He also requested the Board's authorization to send delinquent letters in accordance with the terms of the District's Rate Order.

Mr. Williams next discussed updating the District's meter system to improve accuracy. Discussion ensued regarding styles, systems and vendors. Mr. Williams stated that he will contact Accu-Meter to make a presentation to the Board. The Board requested that NRF include an item on the April agenda for a presentation from Accu-Meter.

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 Operator's Report,

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

13. **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 stated there will need to be a contractual agreement between the District and the HOA. Upon motion by Director Wilcox, seconded by Director Roe, after full discussion and the question being put to the Board, the Board voted in favor of, with one abstention, moving forward to partner with the HOA for funding an additional peace officer, subject to written agreement between District and HOA.

14. **Discuss Williams Gully Trail System Community Visioning Workshop.** Director Cocetti reported on a workshop hosted by Greens Bayou Coalition relating to Williams Gully Trail System. He stated that through the workshop, municipal utility districts were requested to participate in funding trail system projects through the sale of Parks and Recreation bond funds.

15. **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 April 18, 2018.

*J. Ricardo Kelly*  
Vice President, Board of Directors

ATTEST:

*[Signature]*  
Secretary, Board of Directors

(DISTRICT SEAL)

