

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
MAY 16, 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, May 16, 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. Allen DeJonge of 1190 Designs; Mr. Mark Cervantes of Van De Wiele & Vogler, Inc., engineer for Merrylands Interests; 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. Matt Froehlich and Ms. Cheyenne Hernandez of BGE, Inc. ("BGE"), engineers for the District; Ms. Michelle Guerrero of Bob Leared Interests, tax assessor-collector for the District; and Mr. Dimitri Millas 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. **Appoint and Qualify Directors.** Mr. Millas reported that Directors Soliz and Roe were unopposed candidates for the 2018 Directors Election. He stated that the candidates have executed their Oaths of Office and Statements of Elected Officer and requested that the Board accept these documents electing Directors Soliz and Roe to new terms. Discussion ensued regarding election of officers and there were no nominations presented. 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 accept the Oaths of Office and Statements of Officers for Directors Soliz and Roe, copies of which are attached as *Exhibit B* and to retain the officers in their current positions.
3. **Annexation request from Terra Associates.** Mr. Froehlich reported Terra Associates contacted BGE regarding proposed service and annexation of a tract between the Wheless property and south of Atascocita High School on the west side of West Lake Houston Parkway. He stated that the District's current water and sewer capacity is committed "on paper" and that it will be several years before completion of development to assess the ultimate demands, but noted that the District's facilities can most likely handle the additional demand. Discussion ensued and the Board requested BGE to review District facilities, capacity, commitments, and proposed

development/demands to provide an indication of the District's options. Mr. Froehlich stated that he will provide requested information at next month's meeting.

4. **Discussion with engineer of extended capital improvement plan.** Mr. Froehlich reported that he will the review the District's current Capital Improvement Plan to extend it out to determine expenses and proposed reserves for 10-15 years as recommended by the EVO analysis.

5. **Minutes of the meeting of April 18, 2018.** Minutes of the meeting of April 18, 2018, previously distributed to the Board, were presented for consideration and approval. 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 minutes as presented.

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 March, a copy of which is attached hereto as *Exhibit C*.

Ms. Guerrero reported that 98.3% of the District's 2017 taxes had been collected as of April 30, 2018.

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 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 is attached hereto as *Exhibit D*. Mr. Burton reviewed disbursements from the General Operating Fund and the Special Revenue Fund.

Mr. Burton specifically reviewed deposit refunds to developers as more fully described on page 4 of the Bookkeeper's Report. Discussion ensued regarding formula and purpose for reserve funds, and capital outlay regarding maintenance and rehabilitation.

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 Bookkeeper's Report, and to authorize payment of the checks in the amounts and for the purposes listed therein, except that checks issued for developer refunds be withheld pending final review by the District's attorney.

8. **Developer's Report.** Mr. Froehlich reviewed the Developer Report and updated the Board on Harris County Municipal Utility District No. 494 ("No. 494"). In The Bridges on Lake Houston there are 376 occupied homes and four that are vacant or under construction.

Mr. Froehlich reported that notification letters for deposit refunds have been prepared for refunding developer deposits as listed in the Bookkeeper's Report and requested the Board's authorization to execute and distribute, subject to legal review.

Mr. Froehlich discussed developer reimbursements, noting that No. 494 owes the District a balance of \$8,450.65 for its pro rata share of constructed facilities pursuant to the terms of a Water Supply and Sanitary Sewer Agreement with the District. He also reported that, pursuant to the terms of an Annexation Agreement with multiple parties, approximately \$875,00.00 is due for constructed facilities to serve the Wheless property. He stated that notification letters have been prepared to request funds discussed herein. He requested the Board's approval of the letters, subject to legal review.

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 authorize issuance of deposit refund checks and payment notification letters to shared project participants contingent upon legal review.

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 on the status of the Olympic Village Sanitary Sewer Investigation and requested approval of Invoice 1783-2 to CES for \$12,195.00 for work performed through February 28, 2018. He noted the next scheduled smoke testing, cleaning and video inspection in June. Mr. Froehlich reported that by walking several remote stretches of the sewer system, it was discovered that manholes with the lids were partially or completely removed. He stated that these manhole repairs will be included in the repair quotes that BGE is seeking.

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; and (2) approve Invoice 1783-2 to CES for \$12,195.00 for work performed through February 28, 2018.

10. Atascocita Joint Operations Board ("AJOB") report. Mr. Froehlich reported that the Board met last night and approved the installation of two Variable Frequency Devices ("VFDs") and authorized relocating the VFDs to an adjacent space from the blower room. He reported that Inframark requested that the VFDs be removed from the blower room because of the heat from the blowers, which is not conducive to temperatures necessary to optimize the useful life of the VFDs.

Mr. Froehlich reported that he presented quotes to AJOB for recommended repairs to the Muffin Monster and also for replacement of the equipment. He stated that the Muffin Monster has been out of service for approximately three months and there have been no calls or reports related to odor. Mr. Froehlich said that the Board requested additional information about the life span of the current manufactured brand and alternative brand options or distributors to increase the useful life of the equipment before the Board will take action.

11. 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 F*. He reported that the District billed 93.0% of its pumped water for the period ending March 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 writing off four accounts as uncollectible. 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 reviewed the Consumer Confidence Report and requested the Board's authorization to distribution, pending final legal review. He also reviewed a link that will be included in customer billing that provides customers an opportunity to view the Water Quality Report online. A copy of the Consumer Confidence Report and online information are attached as *Exhibit F-1*.

Director Roe opened a discussion about proceeding with replacing the District's current meters with smart meter technology. Mr. Williams stated that the conversion will take approximately two months for residential meters and a little longer for commercial meters. The Board discussed funding and the bookkeeper confirmed available surplus funds and noted that the TCEQ allows use of surplus

funds for replacement of meters with smart meters. It was the consensus of the Board that Director Roe coordinate with the Operator to request a proposal from Accurate Meter & Supply.

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; to terminate the delinquent accounts in accordance with the District's Rate Order, to authorize sending four accounts to the uncollectible roll, and to authorize distribution of the Consumer Confidence Report, subject to final legal review.

12. **Walden On Lake Houston Community Services Association.** Mr. Millas presented a Security Agreement with the HOA regarding the District's contribution to the costs for an additional officer to the HOA's contract with Harris County Constables Precinct 4. Discussion ensued regarding indemnification and the Board requested that NRF negotiate indemnification terms with the attorney for the HOA. It is the consensus of the Board to defer action to the next meeting.

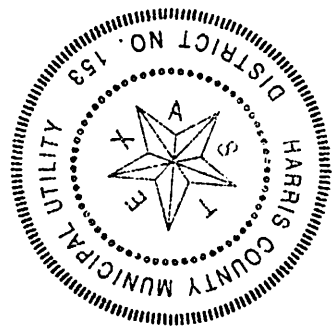
The Board discussed the request from the HOA to pay for one-half of the cost of a bid approved by the HOA for playground equipment, which will be approximately \$101,300.00. Discussion ensued and it was the consensus of the Board to decline participation in making a contribution for one-half of the cost for playground equipment approved by the HOA.

13. **Consider need for insurance renewal proposals.** Ms. Presser reported that the District's current policy expires 07/01/2018 and is with HARCO/TML. Discussion ensued and the Board requested that NRF request bids.

14. **Other matters.** Mr. DeJonge introduced himself to the Board and provided a brief overview of his professional background and business services. He reviewed a proposal for web design and web site maintenance services, a copy of which is attached as *Exhibit G*. He discussed pricing and layout design options and referred the Board to the websites of other municipal utility districts to see his work. Discussion ensued. No action was taken by the Board.

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

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Secretary, Board of Directors

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ATTEST:

V. President, Board of Directors

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2018.

The foregoing minutes were passed and approved by the Board of Directors on June 20,