

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
JUNE 20, 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, June 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, except Director Claytor, thus constituting a quorum. Also attending all or portions of the meeting were Mr. David Sepulveda of Terra Associates; Mr. Mark Cervantes of Van De Wiele & Vogler, Inc., engineer for Merrylands Interests; Mr. Hector D. Martinez of Academy Development; Mr. Todd O. Thomas of GenCorp Partners, Inc., Mr. Justin Jenkins of McCall Gibson Swedlund Barfoot PLLC, auditors for the District; Messrs. Eric Kruppa and Micah Burson of Accurate Meter & Supply; Ms. Cynthia Colondras 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. 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 May 16, 2018.** Minutes of the meeting of May 16, 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.
3. **Proposal for web site services and management.** The Board discussed a proposal from 1190 Design for web site services and management, a copy of which is attached as *Exhibit B*. Discussion ensued regarding confirmation of payment for services for the current contract. Upon motion by Director Roe, seconded by Director Wilcox, after full discussion and the question being put to the Board, the Board voted three to one in favor of approving the proposal from 1190 Design, subject to confirmation if annual payment has been paid, termination of current contract 30 days prior to annual renewal, and to engage 1190 Design upon termination of the District's contract with the current web site manager.

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

Ms. Guerrero reported that 98.8% of the District's 2017 taxes had been collected as of May 31, 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. **Bookkeeper's Report, Investment Report, payment of bills, and take any necessary action.** Ms. Colondras presented to and reviewed with the Board the Bookkeeper's Report and quarterly investment report, copies of which is attached hereto as *Exhibit D*. Ms. Colondras reviewed disbursements from the General Operating Fund and the Special Revenue Fund.

Ms. Colondras noted that the District received \$8,450.65 from Harris County Municipal Utility District No. 494 for its pro rata share of constructed facilities pursuant to the terms of a Water Supply and Sanitary Sewer Agreement with the District.

Ms. Colondras reviewed invoices for insurance renewal to HARCO for consulting services and issuance of bonds and to TML for insurance coverage. She requested the Board's approval of additional check no. 7846 payable to HARCO for \$4,023.00 and check no. 7847 to TML for \$23,551.00, which do not appear on the 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 Bookkeeper's Report, to authorize payment of the checks in the amounts and for the purposes listed therein, including check nos. 7846 and 7847 prepared at this meeting for payment of insurance renewal costs.

6. **Annual maintenance for Arbitrage Analysis Report.** It was the consensus of the Board to defer this matter pending attendance by Mr. Cory Burton, who will review this report with the Board.

7. **Developer's Report.** Mr. Froehlich reviewed the Developer Report and updated the Board on Harris County Municipal Utility District No. 494 ("No. 494"), a copy of which is included in the Engineer's Report. In The Bridges on Lake Houston there are 376 occupied homes and four that are vacant or under construction.

Vice President Soliz recognized Mr. Cervantes, who distributed a memorandum and exhibits and discussed proposed temporary access for construction of a proposed storm water detention pond to be constructed upon the Merryland's tract located to the south and adjacent to Bridges on Lake Houston, Section 9. A copy of the memorandum and exhibits are attached as *Exhibit E*. Mr. Cervantes also discussed conveyance and maintenance of the detention pond. Mr. Froehlich stated that he will review the proposal, prepare a summary of concerns, transmit to legal for review and discuss with the Board next month. He also stated that he will review the District's agreement with Academy. No action was taken by the Board

Mr. Froehlich reported that BGE received a request from Mr. & Mrs. Scott Schovajsa to annex and service their 17.3 acre tract on the west side of West Lake Houston Parkway, south of Atascocita High School. He noted the planned development is for a 350 unit apartment complex. He stated that BGE has reviewed the District's capacity and current commitments to determine if there is available

capacity to serve the proposed development. He next reviewed a summary of BGE's findings, which is attached to the Engineer's Report. Discussion ensued regarding consequences if the project scope changed after the District agrees to annexation. Mr. Froehlich noted the developer's pro rata share to install facilities to receive services is approximately \$400,000. He asked the Board if they wished to proceed with the annexation. Upon motion by Director Cocetti, seconded by Director Roe, after full discussion and the question being put to the Board, the Board voted in favor by three votes to authorize BGE to notify the Developer that the District is willing to authorize BGE and NRF to proceed with preparing annexation documents.

Mr. Froehlich reported that all participants have been refunded the remainder of their deposits, except Academy. The District is waiting for receipt of payment for \$875,000 for construction costs. Mr. Jenkins noted that a report has been prepared on invoices and payments submitted by the District's Engineer and Bookkeeper on behalf of DaPonte Properties, LLC, Merrylands Interests, Ltd., MacAmeri, LLC, Eagle Lake Gardens & Nursery, LLC, Manfred Quentel and Victor Manon (the "Developers") for amounts due to the Developers from deposits made to the District to fund construction projects. It was the consensus of the Board to defer action on this item. A copy of the draft Agreed-Upon Procedures is attached as *Exhibit F*.

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 G*.

Mr. Froehlich updated the Board on the status of additional smoke testing and video inspection in Olympia Village. He reported there was a small section of video inspection that the contractor was unable to access due to uncooperative property owners. Discussion ensued on a course of action.

Mr. Froehlich updated the Board on the status of Water Plant No. 1 Rehabilitation and requested the Board's input on color selection for coatings at the plant. The Board had no suggestions for a change in paint color and Mr. Froehlich stated that the plant will be painted the current color, which is "hydro blue."

Upon motion by Director Roe, seconded by Director Cocetti, 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 and NRF to proceed with annexation documents; and (3) authorize the color coating for Water Plant No. 1 to be hydro blue.

9. Atascocita Joint Operations Board ("AJOB") report. Mr. Cocetti reported that the Board met last night and noted that the manufacturer for the Muffin Monster was present at the meeting. The Board requested that the manufacturer assess the repairs needed and provide an evaluation for costs to repair before making a decision to replace.

10. Badger Meter, Beacon AMA Managed Solution Master Agreement. Mr. Thomas reported that he has reviewed the Master Agreement and will prepare an outline that summarizes aspects of the agreement to provide the Board a clear understanding of the terms in the agreement. He requested that the Board defer action until next month and the Board concurred with Mr. Thomas' request.

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 H*. He reported that the District billed 100% of its pumped water for the period ending May 21, 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 three 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 reported that the District's Emergency Preparedness Plan has been reviewed and implemented. He also noted that the big generator at the Lift Station on West Lake Houston Parkway is inoperable and requires replacement. He stated that an insurance claim has been filed and a portable generator is serving as a temporary replacement. He said that a submittal package has been sent to BGE for replacement with a natural gas unit for a cost of approximately \$45,000.00. Mr. Williams requested that the Board approve replacing the generator at the Lift Station on West Lake Houston Parkway, subject to the engineer's review and revisions to the submittal package.

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; to terminate the delinquent accounts in accordance with the District's Rate Order, to authorize sending three accounts to the uncollectible roll, and to authorize the replacement of the Lift Station on West Lake Houston Parkway, subject to the engineer's review and revisions to the submittal package.

12. Agreement with Walden On Lake Houston Community Services Association. Vice President Soliz opened a discussion on entering into a Security Agreement with the HOA to add an additional peace officer at the District's expense under the HOA's Interlocal Agreement with Harris County Constables Precinct 4. Discussion ensued regarding indemnification and Mr. Thomas reported that a more effective coverage would be for the District to request that the HOA add the District as an additional insured on their policy. The Board discussed the cost for an additional officer, whether the HOA had already added an officer, and the District's participation in providing security. After full discussion and the question being put to the Board, Director Wilcox moved to approve the Agreement with the HOA to add an additional officer to their Interlocal Agreement with Harris County Constables Precinct 4. The motion failed due to a lack of a second in favor of the motion.

13. Review insurance renewal proposals. The Board considered renewal of its insurance through HARCO and TML, which expires on July 1, 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 accept the HARCO insurance proposal.

14. Other matters. No other matter 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 July 18, 2018.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

