

MINUTES OF MEETING OF BOARD OF DIRECTORS  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153  
JULY 18, 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, July 18, 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 Wilcox, thus constituting a quorum. Also attending all or portions of the meeting were Ms. Barbara Nussa and Ms. Sumer Baxter of Republic Services; solid waste and recycle services for the District; Mr. Greg East of Perdue Brandon Fielder Collins & Mott, LLP, Delinquent Tax Attorneys for the District; 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; Ms. Julia McCain of McCall Gibson Swedlund Barfoot PLLC, auditors for the District; Mr. Caleb Burson of Accurate Meter & Supply; 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; Ms. Keli Schroeder; 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 June 20, 2018.** Minutes of the meeting of June 20, 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. **Badger Meter, Beacon AMA Managed Solution Master Agreement.** Mr. Thomas reported that he has reviewed the Master Agreement has provided the Board a summary of the terms in the agreement. Discussion ensued regarding economics of installation, replacement, service relating to water recovery and customer service. The Board asked the Operator about accountability with current meters and costs for current meter replacement. It was the consensus of the Board to defer this matter pending attendance and vote by the entire Board.

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 B*.

Ms. Guerrero reported that 99.0% of the District's 2017 taxes had been collected as of June 30, 2018.

Ms. Guerrero reviewed the Delinquent Tax Report prepared by the District's delinquent tax attorneys. She reviewed the third item on the Delinquent Tax Report, noting the 2017 taxes have been paid, however the 2016 taxes remain outstanding. Mr. East reported that the property owner has paid school district and county tax and has not paid District taxes for 2016. He stated that a judgment letter was sent to the property owner and no response has been received. He said that another letter will be sent and requested the Board's consideration to set the property for tax sale on behalf of the District if no response is received. Discussion ensued regarding ownership and alternative options. Mr. Thomas discussed the Board's options under current laws.

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 approve the Tax Assessor-Collector's Report, to authorize the expenditures listed therein, and to authorize the delinquent tax attorney's office to send a notice to terminate water service if the 2016 taxes are not paid.

5. **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 C*. Mr. Burton reviewed disbursements from the General Operating Fund and the Special Revenue Fund.

Mr. Burton discussed an option for the Board to address management and payment of invoices that come due between meetings to avoid late fees and holding checks. He suggested opening a Bookkeepers Account that requires the signature of the bookkeeper when payments are due between meetings for routine utility bills. He stated that the Board will approve the vendors and the maximum amount allowed for payment of the bills. Ms. McCain noted that the auditor's concern regarding internal control and recommended setting strict parameters for payments from the bookkeeper account. Mr. Burton stated there will be no additional fees to the District for establishing and maintaining this type of account. Discussion ensued and it was the consensus of the Board to proceed with the suggested account. Mr. Burton said that he has a template for a resolution that he will send to NRF for review.

Mr. Burton reviewed the Arbitrage Analysis Report related to annual maintenance of the District's outstanding bonds to insure that yields are in compliance with IRS rules to maintain exempt status of the bonds and determine if a rebate is due. He stated the District's bonds are in compliance and no rebate is due. He requested that the Board approve an engagement letter from Arbitrage Compliance Specialists to provide an arbitrage rebate calculation and prepare associated forms for the District's Unlimited Tax Refunding Bonds, Series 2010.

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 Bookkeeper's Report, to authorize payment of the checks in the amounts and for the purposes listed therein, accept the Arbitrage Analysis Report, and approve the engagement letter from Arbitrage Compliance Specialists to prepare a rebate calculation on the District's Series 2010 Unlimited Tax Refunding Bonds.

6. **Approve audit for fiscal year ended March 31, 2018.** The President recognized Ms. McCain, who presented to and reviewed with the Board a draft of the audit for the District for fiscal year ending March 31, 2018, a copy of which is attached hereto as *Exhibit D*.

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 draft of the audit for the District for fiscal year ending March 31, 2018, and related letters.

7. **Developer's Report.** Ms. Hernandez reviewed the Developer Report, which is attached to the Engineer's report, attached as *Exhibit E*.

Ms. Hernandez reviewed a letter from D R Horton confirming that it will provide access through Section 9 of the Bridges on Lake Houston to Academy Development for access to the East Detention Pond, a copy of which is attached as *Exhibit F*. Mr. Froehlich stated that the agreement between D R Horton and Academy is contingent on the District contracting with a 494/DR Horton pre-approved contract for the detention maintenance. He stated that Merryland's received a quote of approximately \$30,000.00 for maintenance of the detention pond. Director Cocetti asked the Operator about sub-contracting for maintenance of the detention pond. Discussion ensued regarding release of the notice to Harris County that maintenance for the facilities will be provided.

Ms. Hernandez reported on the Board's approval last month of 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. She noted the planned development is for a 350 unit apartment complex. She said that BGE will coordinate with NRF to prepare an annexation letter.

Ms. McCain discussed a draft report that was prepared and presented last month 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. A copy of the report is attached hereto as *Exhibit E*. The Board discussed concerns and reservations about approving projects for reimbursement that could potentially change in scope. Discussion ensued regarding the likelihood and procedures in place to prevent the possibility. 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 draft of the Report on Applying Agreed-Upon Procedures to Construction, Engineering and Related Costs Due to DaPonte Properties, LLC, Merrylands Interests, Ltd., MacAmeri, LLC, Eagle Lake Gardens & Nursery, LLC, Manfred Quentel and Victor Manon, and the related reimbursements.

8. **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 E*.

Ms. Hernandez updated the Board on the status of additional smoke testing and video inspection in Olympia Village. She reported there was a small section of video inspection that the contractor was unable to access due to uncooperative property owners and that BGE will coordinate with the District's attorney and operator to gain access. Ms. Hernandez presented and requested approval of Invoice 1850-1 from CES for \$45,637.36 for work performed through June 30, 2018.

Ms. Hernandez updated the Board on the status of Water Plant No. 1 Rehabilitation and requested approval of Pay Estimate No. 1 in the amount of \$34,984.80 to Corrosion Eliminators, LLC.

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: (1) approve the Engineer's Report; (2) approve Invoice 1850-1 from CES for \$45,637.36; and (3) Pay Estimate No. 1 in the amount of \$34,984.80 to Corrosion Eliminators, LLC.

9. **Atascocita Joint Operations Board ("AJOB") report.** Mr. Froehlich reported that the Board met last night and approved repairs on the Muffin Monster. He explained the purpose and use of the Muffin Monster to break down raggings issues. Mr. Froehlich said the Board is considering a maintenance plan to extend the useful life of the equipment. Director Cocetti discussed participant contributions.

10. **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 96% of its pumped water for the period ending June 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 one account as uncollectible. He also requested the Board's authorization to send delinquent letters in accordance with the terms of the District's Rate Order.

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

Mr. Thomas presented to and reviewed with the Board an Interlocal Agreement with the Harris-Galveston Subsidence District, a copy of which is attached hereto as *Exhibit I*. Mr. Thomas explained that under the Interlocal Agreement, the District commits to buy WaterWise kits for the Maplebrook Elementary school children in the District to teach them water conservation. He stated that water conservation credits are received as part of the Interlocal Agreement. Upon motion by Director Soliz, seconded by Director Roe, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Interlocal Agreement with the Harris-Galveston Subsidence District.

11. **Walden On Lake Houston Community Services Association.** Director Roe reported that he had requested this item be re-added to the agenda for consideration. He stated that based on knowledge learned at the recent AWBD session, he asked the Board's consideration to revisit participation with HOA to contribute to the costs for playground improvements and pay the costs to add an officer to their Interlocal Agreement with Harris County Constables Precinct 4.

Director Roe opened a discussion about community projects available to the District to improve property values in competition with newer developments. He suggested walking trails throughout the District. Discussion ensued regarding District responsibilities to provide water, sewer, and drainage in addition to supporting community projects.

Upon motion by Director Roe, seconded by Director Soliz, after full discussion and the question being put to the Board, Directors Claytor, Roe and Soliz voted in favor and Director Cocetti abstained to pay the cost to add an officer to the HOA's Interlocal Agreement with Harris County Constables Precinct 4.

The Board discussed an amount to contribute to the HOA for playground improvements and maintenance of the equipment. Director Cocetti requested a copy of the HOA budget. Discussion

ensued. Upon motion by Director Cocetti, seconded by Director Roe, after full discussion and the question being put to the Board, Directors Claytor, Cocetti and Roe voted in favor and Director Soliz abstained to contribute \$20,000 to the HOA to assist with the costs for playground improvements. Director Soliz requested that the minutes reflect that he is in favor contributing to the HOA for this project, but in the amount of \$10,000.

12. **Republic Services Report, and take appropriate action.** President Claytor recognized Ms. Nussa, who reported that China is banning nonindustrial plastic waste and placing stricter restrictions on paper waste. She reported that end users are banning recycled items because contamination components have changed and products are being rejected thus increasing costs per tonnage to process. Ms. Nussa requested the Board's consideration to partner with Republic Services for six months by allowing an increase of \$0.53 per home resulting in an increased cost of \$4.03 per home for recycling services. She stated that at the end of six months Republic anticipates the recycling market to stabilize and she will approach the Board to discuss the District's recycling program. 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 amend the Municipal Contract with Republic Services for increased recycling costs for six months and revert to the District's initial contract at the end of the six months.

13. **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.

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President, Board of Directors

ATTEST:

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Secretary, Board of Directors

(DISTRICT SEAL)