

MINUTES OF MEETING OF BOARD OF DIRECTORS  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153  
September 19, 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, September 19, 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 Ms. Linda Hubble of Public Finance Group, financial advisors for the District; Ms. Mary Dubois of Acclaim Energy; Mr. Rick Lewis of American Enerpower; Mr. Dave Ciarella of Enhanced Energy Services; Mr. Mark Cervantes of Van De Wiele & Vogler, Inc., engineer for Merrylands Interests; Mr. Hector D. Martinez of Academy Development; Messrs. Caleb Burson 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. 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 August 15, 2018.** Minutes of the meeting of August 15, 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. **Presentations on electricity pricing for current and future contracts.** Director Wilcox recognized Mr. Ciarella, who discussed general considerations and the District's electricity usage history, current energy prices, and reviewed a summary of energy pricing results from three providers, a copy of which is attached hereto as *Exhibit B*. Mr. Ciarella stated that the District's current contract with Cirro Energy will expire December 1, 2018, and reviewed options for increased savings to the District for an extended contract.

Mr. Ciarella departed the meeting for the presentation by Acclaim Energy. Ms. Dubois discussed Acclaim's business services relating to electricity supply to the District and reviewed market trends, a copy of which is attached hereto as *Exhibit C*. She also reported on changes in energy resources.

Ms. Dubois departed the meeting for the presentation by American Enerpower. Mr. Lewis discussed American Enerpower's previous history with the District, current energy prices, and reviewed a summary of energy pricing results from twelve providers, a copy of which is attached hereto as *Exhibit D*. He reported on demand and prices based on the closure of some coal plants.

The Board discussed options, Director Wilcox agreed to follow up with the vendors to request a line item of the lowest cost for each term and obtain updated quotes for electricity usage for the District's seven meters. Action is deferred to the next regular meeting.

4. **Report on Continuing Disclosure Report filings.** Mr. Thomas stated that the District is required to annually file updated financial information with the Municipal Securities Rulemaking Board 180 days after its fiscal year end, which includes the District's final audit in addition to certain tax and operating information gathered from District consultants. Ms. Hubble confirmed filing of the District's Continuing Disclosure Report to the Municipal Securities Rulemaking Board on September 17, 2018.

5. **Consider Financial Advisor's tax rate recommendations and Order Designating Officer to Calculate and Publish Tax Rates and Taking Other Actions in Connection with the Levy of a Tax for 2018.** Director Wilcox recognized Ms. Hubble, who presented to and reviewed with the Board the Comparison of Historical Assessed Valuations and Tax Rates, a copy of which is attached hereto as *Exhibit E*. Ms. Hubble recommended a total tax rate of \$0.4510 of which she recommended that \$0.3330 be set as a debt service tax rate and \$0.1180 be set for operations and maintenance of District facilities.

Mr. Thomas presented to the Board the Order Designating Officer to Calculate and Publish Tax Rates and Taking Other Actions in Connection with the Levy of a Tax for 2018, a copy of which is attached hereto as *Exhibit E*. Mr. Thomas informed the Board that this Order authorizes the tax assessor to publish in a newspaper of general circulation in the District a notice of the proposed tax rate and information on the public hearing on the tax rate. Ms. Guerrero confirmed that the notice will be published in *The Atascocita Observer* at the public hearing on October 17, 2018, at 11:30 a.m., at the offices of Norton Rose Fulbright.

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 propose a tax rate of \$0.4510, of which \$0.3330 would be for debt service and \$0.1180 would be for maintenance and operations, and to approve the Order Designating Officer to Calculate and Publish Tax Rates and Taking Other Actions in Connections with the Levy of a Tax for 2018, authorizing the tax assessor to publish the proposed tax rate.

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 August, a copy of which is attached hereto as *Exhibit G*.



Ms. Guerrero reported that 99.2% of the District's 2017 taxes had been collected as of August 31, 2018.

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, and to authorize the expenditures listed therein.

**7. 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 are attached hereto as *Exhibit H*. Ms. Colondras reviewed disbursements from the General Operating Fund and the Special Revenue Fund.

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.

**8. Developer's Report.** Mr. Froehlich reviewed the Developer Report, which is attached to the Engineer's report, attached as *Exhibit I*. Mr. Froehlich reported that the developer is ready to move forward with the annexation of 17.3 acres of land into the District for a 350-unit multifamily facility. Mr. Thomas reviewed the next steps necessary to start the process and stated that the developer needs to submit a Petition for Consent for Addition of Land to the Board of Directors for approval and, upon approval, the necessary paperwork will be prepared to make application for approval by the City of Houston.

Mr. Froehlich reported that based on the requested capacity of 41,750 gallons per day of water supply and wastewater treatment capacity (100 ESFCs), BGE calculated the pro rata share of infrastructure costs to be \$277,164.51, a copy of the calculation summary is included in the Engineer's Report. He requested the Board's approval of the pro rata share amount for the 9<sup>th</sup> annexation and authorization to issue a payment request from the developer.

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 pro rate share for the costs of infrastructure in the amount of \$277,164.51 and to authorize BGE to issue a payment request for the pro rata share of infrastructure costs for the 9<sup>th</sup> annexation.

**9. 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 I*

Mr. Froehlich updated the Board on the status of Water Plant No. 1 Rehabilitation. She requested approval of Pay Estimate No. 3 to Corrosion Eliminators, LLC for \$14,258.61

Mr. Froehlich reported that the Storm Water Quality Permit expires on October 10, 2018, and that Harris County requires a letter of representation from the District to submit the renewal materials. He requested the Board's approval of the representation letter, a copy of which is attached to the Engineer's Report.

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: (1) approve the Engineer's Report; (2) approve Pay Estimate No. 3 in the amount of \$14,258.61 to Corrosion Eliminators,



LLC.; and (3) authorize BGE to issue a letter of representation for renewal of the District's Storm Water Quality renewal permit.

10. **Atascocita Joint Operations Board ("AJOB") report.** Mr. Froehlich reported that AJOB met the previous evening and Mr. Scott Conley of Drylet reviewed an analysis of the quantitative costs savings versus expenses during the periods Drylet was added to the Plant. He also stated the Board reviewed and discussed a proposed maintenance plan for the Muffin Monster.

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 J*. He reported that the District billed 94% of its pumped water for the August 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 the Board's authorization to terminate delinquent accounts in accordance with the terms of the District's Rate Order.

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 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.

12. **Republic Services Report, and take appropriate action.** There was no report presented to the Board.

13. **Discuss community projects, including Flood Control Canal maintenance and improvements.** Director Roe distributed copies of correspondence with Harris County Flood Control District ("HCFCD") regarding financial contribution and coordination for mowing maintenance of the HCFCD canal in the District. He reviewed estimates for proper maintenance services for drainage in accordance to design for the original purpose of the HCFCD canal. Director Roe stated that HCFCD will reimburse the District for up to three cuttings per year in lieu performing the service for the District. Before investing further into this project, he asked if the Board is interested in cleaning and maintaining the HCFCD canal and willing to move forward without HCFCD's reimbursement?

14. **Other matters.** No other matters 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 October 17, 2018.

*Samuel B. Claff*

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President, Board of Directors

ATTEST:

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Secretary, Board of Directors





THE STATE OF TEXAS, COUNTY OF [illegible]

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