

MINUTES OF MEETING OF BOARD OF DIRECTORS
SEPTEMBER 12, 2017

THE STATE OF TEXAS
COUNTY OF HARRIS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 151

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The Board of Directors (the "Board") of Harris County Municipal Utility District No. 151 (the "District") met in regular session, open to the public, at Norton Rose Fulbright US LLP, 1301 McKinney, Suite 5100, Houston, Texas, at 11:30 a.m. on September 12, 2017, whereupon the roll was called of the members of the Board, to-wit:

Kent F. Spitzmiller, President
Jerry Berry, Vice President
Herman Jordan, Vice President
Ken Smith, Secretary
Bill Walker, Assistant Secretary

Persons Attending. All members of the Board were present, except Director Walker, thus constituting a quorum. Also attending all or parts of the meeting were Ms. Anthea Moran of FirstSouthwest, a Division of Hilltop Securities, Inc.; Mr. Dan Edwards of AECOM, engineer for the District; Mr. Larry Jones of Severn Trent Environmental Services, Inc. ("ST"), operators for the District; Mr. Jorge Diaz of McLennan and Associates, bookkeeper for the District; Ms. Yvonne Luevano and Ms. Miranda Burks of Wheeler & Associates ("Wheeler"), tax assessor and collector for the District; and Ms. Jana Cogburn and Ms. Brenda Presser, paralegal, of Norton Rose Fulbright US LLP ("NRF"), law firm representing the District.

Call to Order. The meeting was called to order and, in accordance with notice posted pursuant to law, copies of the certificates of posting of which are attached hereto as *Exhibit A*, the following business was transacted:

1. **Minutes.** Proposed minutes of the regular meeting of August 8, 2017, previously distributed to the Board, were presented for approval. Upon motion by Director Berry, seconded by Director Smith, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the regular meeting of August 8, 2017, as presented.

2. **Approve audit for fiscal year ending May 31, 2017.** President Spitzmiller reported that the auditor notified him that the bookkeeping records were not received in sufficient time for presentation of the audit today. The Board discussed compilation and earlier delivery of the requested information to the auditor. Action on this matter was deferred until next month.

3. **Adopt Order Designating Officer to Calculate and Publish Tax Rates.** President Spitzmiller recognized Ms. Moran, who presented to and reviewed with the Board a 2017 Tax Rate Analysis, a copy of which is attached hereto as *Exhibit B*. Ms. Moran reviewed the District's historical and current assessed values. Discussion ensued regarding recommended tax rate.

The Board reviewed an Order Designating Officer to Calculate and Publish Tax Rates and Taking Other Actions in Connection with the Levy of a Tax for 2017 (the "Order"), a copy of which is attached hereto as *Exhibit C*. Discussion ensued regarding the status of District facilities following Hurricane Harvey.

Upon motion by Director Jordan, seconded by Director Berry, after full discussion and the question being put to the Board, the Board voted unanimously to propose a tax rate of \$0.35 per \$100 assessed valuation (\$0.29 for debt service and \$0.06 for maintenance and operation), and to adopt the Order authorizing Wheeler & Associates to publish the proposed rate.

Ms. Luevano confirmed that the Board will publish the tax rate notice in The Tribune and that the District will hold a hearing to levy its 2017 tax on October 10, 2017 at 11:30 a.m. at Rosemont Assisted Living Center.

4. Tax Collector's Report. The Board reviewed the Tax Collector's Report and the Delinquent Collections Listing as of August 31, 2017, a copy of which is attached hereto as *Exhibit D*. The report reflects that the District had collected 99.45% of its 2016 taxes as of August 31, 2017.

Upon motion by Director Jordan, seconded by Director Smith, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Tax Collector's Report, and to authorize payment of check numbers 3261 through 3266 from the Tax Account in the amounts, to the persons and for the purposes listed in such Report.

5. Bookkeeper's Report. Mr. Diaz presented to and reviewed with the Board the Bookkeeper's Report for the period from August 9, 2017 to September 12, 2017, certain statements for payment, and the investment report for the period ending July 31, 2017, copies of which are attached hereto as *Exhibit E*.

Mr. Diaz presented check numbers 10414 through 10417 for utilities and pumpage fees for approval and payment upon receipt of invoices expected prior to the District's next meeting.

Mr. Diaz reported that Central Bank is offering the District more competitive rates that are slightly over 1%. The Board discussed the next time deposit due to mature, requested that Mr. Diaz obtain the best available rate for the time deposit that matures September 25, 2017, and instructed Mr. Diaz to notify Director Jordan of the rate for approval.

Upon motion by Director Berry, seconded by Director Smith, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Bookkeeper's Report, to approve the Investment Report, to authorize payment of check numbers 10379 through 10419 from the General Fund in the amounts, to the persons, and for the purposes listed in such Report as requested herein, and to authorize Director Jordan to approve renewal of the time deposit maturing September 25, 2017 at the best available rate..

6. Review Investment Policy and accept related party disclosures. The Board reviewed a Resolution Reviewing Investment Policy and Making Any Desirable Changes Thereto (the "Investment Policy Resolution") and related disclosures under the Public Funds Investment Act, copies of which are attached hereto as *Exhibit F*. Ms. Cogburn discussed suggested changes to the Investment Policy in compliance with the 2017 Legislature's Regular Session.

Upon motion by Director Berry, seconded by Director Smith, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Investment Policy Resolution, and to accept the related party disclosures.

7. Adopt the Resolution Adopting an Amended and Restated Code of Ethics. Ms. Cogburn reviewed suggested changes to the Code of Ethics to comply with the 2017 Legislature's Regular Session, a copy of which is attached as *Exhibit G*. She also stated the Code of Ethics is

combined with other District policies and the resolution contains wording to adopt as a separate policy.

Upon motion by Director Berry, seconded by Director Smith, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Resolution Adopting an Amended and Restated Code of Ethics, as presented.

8. **Adopt the Resolution Adopting the Fees and Expenses Policy.** Ms. Cogburn stated the Fees and Expenses Policy is combined with other District policies and requested the Board's consideration to adopt as a separate policy.

Upon motion by Director Berry, seconded by Director Smith, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Resolution Adopting Restated Fees and Expenses Policy, as presented and attached as *Exhibit H*.

9. **Adopt the Resolution Adopting the Policy Concerning Selection, Monitoring, Review, and Evaluation of Professional Consultants.** Ms. Cogburn stated the Policy Concerning Selection, Monitoring, Review, and Evaluation of Professional Consultants is combined with other District policies and requested the Board's consideration to adopt as a separate policy.

Upon motion by Director Berry, seconded by Director Smith, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Resolution Adopting Policy Concerning Selection, Monitoring, Review, and Evaluation of Professional Consultants, as presented and attached as *Exhibit I*.

10. **Adopt the Resolution Adopting the Policies Relating to Use of Management Information and Formation of an Audit Committee.** Ms. Cogburn stated the Policies Relating to Use of Management Information and Formation of an Audit Committee is combined with other District policies and requested the Board's consideration to adopt as a separate policy.

Upon motion by Director Berry, seconded by Director Smith, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Resolution Adopting Policies Relating to Use of Management Information and Formation of an Audit Committee, as presented and attached as *Exhibit J*.

11. **Engineer's Report.** President Spitzmiller recognized Mr. Edwards, who updated the Board on the status of repairs at Water Well No. 2. He reported that the chemical agitation process to clean the screens is scheduled for today. He noted that completion of repairs is anticipated by September 29, which is about nine days earlier than previously determined. Mr. Edwards discussed the remaining tasks to complete the project and discussed re-installing the framing around the well, which was not included in the proposal from the contractor. The Board reported the framing is required to prevent proposed damages to the well caused by surrounding pine trees. Mr. Jones concurred with the Board that framing is necessary. Discussion ensued regarding pricing. No action was taken regarding framing the well. Upon motion by Director Berry, seconded by Director Smith, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Engineer's report.

12. **Operations Report.** The President recognized Mr. Jones, who presented to and reviewed with the Board the Operations Report for August 2017, a copy of which is attached hereto as *Exhibit K*. He noted that 96.30% of the water pumped was billed for the period of July 20, 2017 to August 21, 2017.

He reviewed the Major Maintenance Summary for August 2017.

Mr. Jones noted there were excursions at the Wastewater Treatment Plant following Hurricane Harvey and the appropriate state agency was notified of the excursions.

Mr. Jones reviewed the delinquent list and requested the Board's authorization to submit two accounts for collection. The Board discussed waivers for customers who were flooded. Mr. Jones noted that the delinquent list presented is for accounts prior to Hurricane Harvey. It was the consensus of the Board to waive termination of service to those customers affected by Hurricane Harvey.

Ms. Cogburn discussed the filing of a voluntary material event notice on EMMA. She stated the District is not required to post such notice and she discussed the criteria that would be reported. Discussion ensued regarding status of flooding in the District and damage to District facilities. Upon a full discussion by the Board, the Board deferred this matter. Director Berry raised a point of seeing a big increase in sink holes and settlement over storm sewer drainage facilities since Hurricane Harvey. Mr. Jones reported that ST has marked the areas and reported this to Harris County Precinct No. 2 for handling.

Upon motion by Director Berry, seconded by Director Smith, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operations Report, to authorize termination of service to delinquent accounts in accordance with the District's Rate Order for customers NOT affected by Hurricane Harvey, and to submit two uncollectible accounts for collection.

13. **Developer's Report.** No report was presented to the Board.

14. **Status report on District website.** Ms. Presser discussed revising contact information provided on the District's website. Following a discussion, it was the consensus of the Board to clarify the contact information provided on the web site for water and sewer issues, taxes, and general questions.

15. **Public Comments.** President Spitzmiller discussed a letter from the Harris County Sheriff's office, requesting permission to make a presentation to the Board regarding Contract Deputy Program. Upon a full discussion by the Board, the Board declined to participate in the Contract Deputy Program and requested that NRF notify the Harris County Sheriff's Office of the Board's decision.

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 10, 2017.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

