

MINUTES OF MEETING OF BOARD OF DIRECTORS
FEBRUARY 13, 2018

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 February 13, 2018, 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 Mr. Dan Edwards of AECOM, engineer for the District; Mr. Joe Stunja of Pinehurst Trail Holdings, LLC; Mr. Larry Jones and Mr. Allen Jenkins of INFRAMARK, operators for the District; Mr. Jorge Diaz of McLennan and Associates ("McLennan"), bookkeeper for the District; Ms. Yvonne Luevano 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. **Public Comments.** There were no comments from the public.
2. **Minutes.** Proposed minutes of the regular meeting of January 9, 2018, previously distributed to the Board, were presented for approval. Upon motion by Director Berry, seconded by Director Jordan, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the regular meeting of January 9, 2018, as presented.
3. **Tax Collector's Report.** President Spitzmiller recognized Ms. Luevano, who presented and reviewed the Tax Collector's Report and the Delinquent Collections Listing as of January 31, 2018, a copy of which is attached hereto as *Exhibit B*. The report reflects that the District had collected 91.87% of its 2017 taxes as of January 31, 2018.

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 Tax Collector's Report, and to authorize payment of check numbers 3290 through 3293 from the Tax Account in the amounts, to the persons and for the purposes listed in such Report.

4. **Bookkeeper's Report.** President Spitzmiller recognized Mr. Diaz, who presented and reviewed the Bookkeeper's Report for the period from January 10, 2018 to February 13, 2018, certain statements for payment, and the investment report for the period ending January 31, 2018, copies of which are attached hereto as *Exhibit C*.

Mr. Diaz presented check numbers 10570 through 10573 for utilities and other costs for the District for approval and payment upon receipt of invoices expected prior to the District's next meeting.

Mr. Diaz pointed out check number 10560 to HARCO Insurance Services in the amount of \$14,038.00 for renewal of the District's insurance policies and check number 10561 to HARCO Insurance Services for a consulting fee in the amount of \$3,273.00. President Spitzmiller inquired about the discrepancy in the amount of the check versus the amount due for the insurance premium because the Board did not elect all policies presented in the proposal. Mr. Diaz stated that he will follow up with HARCO on the correct amount with the policies approved by the District and re-issue the check for the corrected amount.

Director Jordan inquired about a Certificate of Deposit at Independent Bank that is due to on March 29, 2018 and discussed current rates and consideration for renewal placement for a shorter term. Discussion ensued. Mr. Diaz stated that he will obtain the best available rates and present to the Board next month. He noted there is a 15-day grace period for renewal after maturity.

Upon motion by Director Smith, seconded by Director Berry, 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, and to authorize payment of check numbers 10550 through 10573 from the General Fund in the amounts, to the persons, and for the purposes listed in such Report as requested herein.

5. Engineer's Report. No written engineer's report was presented. President Spitzmiller recognized Mr. Edwards, who discussed the report relating to the inspection of Bolted Ground Storage Tank No. 3 ("B-GST 3") that was presented by Inframark last month. He noted that the Board authorized the repair of the floor last month. He stated that repairs to the roof of B-GST 3 will entail removal of each panel, preparation for painting, painting and re-installing, which is estimated to cost approximately \$150,000. He discussed the differences in costs for rehabilitation of a bolted versus a welded ground storage tank and stated that the gaskets on the bolted ground storage tanks cannot be painted over. Mr. Edwards reviewed the costs for rehabilitation versus replacement when the Board previously voted to replace Ground Storage Tank No. 2 (bolted). Discussion ensued regarding cost efficiency for replacement, maintenance, and coating materials for bolted and welded ground storage tanks. Director Berry noted there is useful life remaining for B-GST 3 and inquired about components that have reduced the anticipated useful life of B-GST 3. Mr. Edwards reviewed alternative storage facilities that remain in compliance with the City of Houston requirements. He stated that he will re-visit with the Board in the spring to summer to discuss options for B-GST 3 repairs.

Mr. Edwards reported that he received plans for review of a proposed assisted living facility on Atasca Oaks, which is within the boundaries of the District but within the service area of Harris County Municipal Utility District No. 109 in accordance with a contract between the two districts. He noted the District will provide Trunkline capacity and he is coordinating with BGE on plan review. Discussion ensued as to precise location and size of property.

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 accept the Engineer's report.

6. Operations Report. The President recognized Mr. Jenkins, who presented to and reviewed with the Board the Operations Report for January 2018, a copy of which is attached hereto as *Exhibit D*. He noted that 94.91% of the water pumped was billed for the period of December 21, 2017 to January 20, 2018.

He reviewed the Major Maintenance Summary for January 2018.

Mr. Jenkins reported there are 59 accounts on the delinquent list and he requested the Board's authorization to send seven accounts to collections.

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 and to authorize sending seven accounts to collections.

7. Developer's Report. Mr. Stunja reported that he has no updates to report.

The Board discussed renewal of the capacity commitment of 658 ESFCs to Pinehurst Trail Holdings, LLC for a one-year term. 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 a capacity commitment for 658 ESFCs to Pinehurst Trail Holdings, LLC for a one-year term. A copy of the letter to Pinehurst Trail Holdings, LLC confirming reservation of 658 ESFCs is attached as *Exhibit E*.

8. Renew District Insurance. President Spitzmiller noted the Consultants Fidelity Bond is included in the Consulting and Servicing fee to HARCO and should be extracted and included with the bond premium payment to TML. Discussion ensued regarding supplemental sewage backup policy. Upon motion by Director Berry, seconded by Director Jordan, after full discussion and the question being put to the Board, the Board voted unanimously to accept the insurance proposal from HARCO Insurance Services/TML, as presented at last month's meeting and to decline sewer backup coverage.

9. Indemnification of Directors. Ms. Cogburn noted that to the extent that Directors are acting in good faith in carrying out their duties, the District may indemnify Directors from losses or costs in connection with lawsuits that are not otherwise covered by the Directors and Officers liability insurance. 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 approve the District's indemnification of Directors from losses or costs arising from Directors carrying out their lawful duty, to the extent that such losses or costs are not otherwise covered by insurance.

10. Order Calling Election. The Board reviewed an Order Calling Directors Election, a copy of which is attached hereto as *Exhibit G*. Ms. Cogburn reported that the Order will be updated to reflect election judges and polling location in the event that an election is needed.

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 Order Calling Directors Election.

11. Status report on District website. No report was presented to 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 March 13, 2018.

Kent E. Spitzgull
President, Board of Directors

ATTEST:

Len Smith
Secretary, Board of Directors

