

MINUTES OF MEETING OF BOARD OF DIRECTORS
MAY 8, 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 May 8, 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 were Dave Ciarella of Enhanced Energy Services; Ms. Anthea Moran of Masterson Advisors; Mr. Dan Edwards of AECOM, engineer for the District; 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. **Qualify Directors and election of officers.** Ms. Cogburn reported that Directors Walker, Berry, and Smith were unopposed candidates for the 2018 Directors Election. She stated that the candidates have executed their Oaths of Office and Statements of Elected Officer and requested that the Board accept these documents electing Directors Walker, Berry and Smith to new terms. Discussion ensued regarding election of officers and there were no nominations presented. 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 Oaths of Office and Statements of Officers for Directors Walker, Berry and Smith, copies of which are attached as *Exhibit B* and to retain the officers in their current positions.

2. **Public Comments.** There were no comments from the public.

3. **Minutes.** Proposed minutes of the regular meeting of April 10, 2018, 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 April 10, 2018, as presented.

4. **Consider Financial Advisor's contract.** President Spitzmiller recognized Ms. Moran, who reported on her recent move from Hilltop Securities ("Hilltop") to Masterson Advisors, LLC ("Masterson"). Ms. Moran presented a Financial Advisory Contract for the Board's consideration to engage Masterson as its financial advisor, noting that the terms are the same as the terms in the

District's contract with Hilltop. Discussion ensued regarding notice to Hilltop to terminate the District's contract.

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 authorize termination of the existing contract with Hilltop and to approve and authorize execution of the Financial Advisory Contract with Masterson.

5. **Presentation by Enhanced Energy Services of America, LLC.** Mr. Ciarella reviewed general considerations, the District's electric usage history, natural gas 36-month strip prices, potential new pricing with Nodal congestion, and savings for contract periods of 12, 18, 24, 30, 36, 42, 48 or 60 months, a copy of which is attached hereto as *Exhibit D*. Mr. Ciarella stated that the District's current contract with Hudson Energy was extended 42 months from its previous expiration of June, 2018 on the current contract to December 19, 2021, and reviewed options for additional savings to the District.

Discussion ensued for extending the District's new contract with the Nodal congestion by 48 months after expiration in December 2021.

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 48-month extension with Nodal congestion on the District's electricity contract with Hudson Energy.

6. **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 April 30, 2018, a copy of which is attached hereto as *Exhibit E*. The report reflects that the District had collected 98.43% of its 2017 taxes as of April 30, 2018.

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 3323 through 3332 from the Tax Account in the amounts, to the persons and for the purposes listed in such Report.

7. **Bookkeeper's Report.** President Spitzmiller recognized Mr. Diaz, who presented and reviewed the Bookkeeper's Report for the period from April 11, 2018 to May 8, 2018, certain statements for payment, and the investment report for the period ending April 30, 2018, copies of which are attached hereto as *Exhibit F*.

Mr. Diaz presented check numbers 10650 through 10656 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 presented the draft budget for fiscal year ending May 31, 2019, a copy of which is attached to the Bookkeeper's Report. He stated that no changes have been made since it was presented last month.

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 10632 through 10659 from the General Fund in the amounts, to the persons, and for the purposes listed in such Report, and to approve the budget as presented.

8. **Engineer's Report.** President Spitzmiller recognized Mr. Edwards, who stated that he has no written report and wished to follow up with the Board on a couple of discussions last month. He reported that AECOM is preparing a Lifespan Analysis of welded versus bolted water tanks and he will present to the Board at the next meeting. Mr. Edwards stated that with reasonable maintenance, the life of a water tank could be up to 100 years because corroded or damaged pieces can be cut and replaced. Discussion ensued regarding materials such as galvanized and painted steel tanks and associated maintenance. Mr. Edwards stated that he will bring a proposal to the next meeting for authorization to begin design. Discussion ensued regarding remaining life of existing water plant and timeline for construction. No action was taken.

Mr. Edwards reported that a previous Ordinance adopted by the City of Houston prohibited water tank ladders to be made of any material other than steel. He stated that a subsequent Ordinance has been approved that allows ladders made of other materials.

9. **Operations Report.** The President recognized Mr. Jenkins, who presented to and reviewed with the Board the Operations Report for April 2018, a copy of which is attached hereto as *Exhibit E*. He noted that 90.11% of the water pumped was billed for the period from March 21, 2018 to April 19, 2018.

He reviewed the Major Maintenance Summary for April 2018.

Mr. Jenkins reported there are 117 accounts on the delinquent list of which 14 were disconnected for non-payment. He requested the Board's authorization to send three accounts for collection.

Mr. Jenkins reviewed the annual Identity Theft Prevention Program report, which is an annual requirement by the Texas Commission on Environmental Quality ("TCEQ") and attached to the Operator's Report.

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 Operations Report, to authorize termination of service to delinquent accounts in accordance with the District's Rate Order, and to authorize sending three accounts to collections.

10. **Approve Consumer Confidence Report.** Mr. Jenkins presented and reviewed the Consumer Confidence Report due for distribution by July 1, 2018, a copy of which is attached to the Operator's Report. The Board discussed distribution and, it was the consensus of the Board that the Water Quality Report bill be posted on the District's web site with a reference link in the customers' bills.

11. **Developer's Report, including request(s) for capacity commitment.** Mr. Edwards reported that he received a call from someone with interest on Mr. Stunja's property.

12. **Status report on District website.** No report was presented to the Board.

13. **Resignation of Bill Walker.** It is the consensus of the Board to defer this matter to the next meeting.

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 June 12, 2018.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

