

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
November 16, 2005

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 Fulbright & Jaworski L.L.P., 1301 McKinney, Houston, Texas 77010, at 11:30 a.m. on Wednesday, November 16, 2005, whereupon the roll was called of the members of the Board, to-wit:

Gerald Lavey, President
Jim Davis, Vice President
William Clarey, Secretary
Richard DeYoung, Treasurer
Sam Claytor, Jr., Assistant Secretary

All members of the Board were present, except Directors Claytor and DeYoung. Also attending all or portions of the meeting were Mr. Gary Hastings of Aqua Services, L.P., operator for the District; Ms. Sandra Anderson of Municipal Accounts and Consulting, L.P. ("MA&C"), bookkeeper for the District; Mr. Bob Leared of Bob Leared Interests, tax assessor-collector for the District; Mr. Sam Zabaneh and Ms. Amy Zapletal of Brown & Gay Engineers, Inc. ("BGE"), engineers for the District; Ms. Karen Riddle of Able Permits; and Mr. Oliver Pennington and Ms. Yvette Deitrick of Fulbright & Jaworski L.L.P. ("F&J"), attorneys for the District.

The meeting was called to order in accordance with the notice posted pursuant to law, Chapter 551, Government Code; Section 49.063, Texas Water Code; copies of certificates of posting of which are attached hereto as Exhibit "A", the following business was transacted:

1. **Minutes of the meeting of October 19, 2005.** Minutes of the meeting of October 19, 2005, previously distributed to the Board, were presented for consideration and approval. Upon motion by Director Clarey, seconded by Director Davis, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of October 19, 2005, as presented.

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

3. **Approve encroachment request by Best Western.** The President recognized Ms. Karen Riddle, who presented to the Board a letter requesting approval of Consent to Encroachment and the Consent to Encroachment, copies of which are attached hereto as Exhibits "B" and "C," respectively. Mr. Pennington reviewed the Consent to Encroachment with the

Board. Mr. Zabaneh reported that the Best Western needs to obtain the consent from the dry utility companies that have easements in this area as well. Upon motion by Director Clarey, seconded by Director Davis, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Consent to Encroachment for the Best Western pool house in the form attached as Exhibit "C."

4. **Tax Assessor and Collector's Report, status of delinquent tax accounts, and payment of bills.** The President recognized Mr. Leared, who presented to and reviewed with the Board the Tax Assessor-Collector's Report for October and the delinquent tax attorney report, copies of which are attached hereto as Exhibits "D" and "E," respectively. Mr. Leared reported that collection for 2004 is at 98% for the District.

Mr. Leared reported that lawsuits for delinquent tax accounts less than \$500 is frowned upon by the court. Mr. Leared stated that the delinquent tax attorney can provide quarterly reports to the Board.

Upon motion by Director Clarey, seconded by Director Davis, 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.

5. **Bookkeeper's Report, Investment Report, and payment of bills.** The President recognized Ms. Anderson, who presented to and reviewed with the Board the Bookkeeper's Report and Investment Report, a copy of which is attached hereto as Exhibit "F." Ms. Anderson reported receipt of the first payment by the City of Houston for the Strategic Partnership Agreement. Ms. Anderson stated the payment did not specify the time period the payment covers. Ms. Anderson reported obtaining five new Certificates of Deposit for the General Operating Fund. Ms. Anderson reported that there was some discrepancy in the debt service fund in that JPMorgan Chase made a debt payment from the incorrect debt fund. Ms. Anderson stated she is working with JPMorgan Chase to rectify the matter.

Ms. Anderson reported receiving an invoice from Republic Waste Services for extra hauling from the hurricane. Mr. Pennington reported that he reviewed the contract with Republic Waste Services and that the District may not have to pay the extra charge if it does not collect it from the District customers. Discussion ensued as to the process of notification of this extra charge.

Ms. Anderson stated she also received an invoice from the Atascocita Joint Operations Board, which she has not paid. Mr. Zabaneh stated the District has applied to the TCEQ for the release of escrowed funds. Ms. Zapletal stated that the TCEQ is awaiting approval of the construction documents by Mr. Herrin before approving the release of the escrowed funds. Mr. Zabaneh reported that the engineering fees were not escrowed for this project.

Upon motion by Director Clarey, seconded by Director Davis, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Bookkeeper's Report, Investment Report, to pay the bills listed therein, and to authorize payment of the extra charge by Republic Waste Services.

6. **Atascocita Joint Operations Board (“AJOB”) report and approval of Atascocita Joint Operations Board Construction Contract.** The President recognized Mr. Pennington, who presented to and reviewed with the Board the Amended and Restated Agreement for Third Phase of Atascocita Sanitary Sewer Treatment Plant, a copy of which is attached hereto as Exhibit “G.” Director Lavey stated this contract was discussed at the last Board meeting. Upon motion by Director Clarey, seconded by Director Davis, after full discussion and the question being put to the Board, the Board approved the Amended and Restated Agreement for Third Phase of Atascocita Sanitary Sewer Treatment Plant.

7. **Operator’s Report.** The President recognized Mr. Hastings, who presented to and reviewed with the Board the Operator’s Report, including the Constable’s Report, a copy of which is attached hereto as Exhibit “I.” Mr. Hastings reported that the accountability for the month of October is 106% for the District. Mr. Hastings informed the Board the accountability is this high due to the water meter reader not doing his job and that he has been terminated.

Mr. Hastings reported that the manhole has been repaired by the collapsed bulkhead. Mr. Hastings stated once the bulkhead is repaired, some fill may be required around the manhole, and that the bulkhead contractors had requested the manhole be repaired previous to their work.

Upon motion by Director Clarey, seconded by Director Davis, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operator’s Report, and to terminate the delinquent accounts listed therein.

8. **Consider amendment to Rate Order and take any necessary action.** The President recognized Mr. Hastings, who presented to and reviewed with the Board the Rate Order Study, a copy of which is attached hereto as Exhibit “J.” Mr. Hastings reported the District’s rates are significantly lower than the neighboring districts. Mr. Hastings also stated that there are 69 lots or 5% of the District which are paying the City of Houston rates as the lots are not in the District. Discussion ensued on whether the City of Houston has increased the GRP fee. The Board decided to defer action on this item at this time.

9. **Discussion of jogging trail/park and take any necessary action.** The President recognized Mr. Zabaneh, who presented to and reviewed with the Board the Budget Estimate for the Walden on Lake Houston Park, a copy of which is attached hereto as Exhibit “K.” Mr. Zabaneh reported that the budget for the park is in two phases to allow the District to contribute some funds this fiscal year and contribute additional money for the park in the next fiscal year. Mr. Pennington reported that another park conservatory is using volunteer workers to put in crushed granite for a jogging trail. Discussion ensued on the potential savings of using volunteer workers and crushed granite. Ms. Zapletal reported that Ms. Yolanda Waters stated the Walden on Lake Houston Board is considering allowing the lot next to the clubhouse be used for the park at its next meeting. Ms. Zapletal stated Ms. Waters is also considering other lots as possible locations for the proposed park. Director Lavey reported he contacted the club regarding possibly using the lot next to the clubhouse for a park. Discussion ensued on the lot by the clubhouse as a preferred location for the proposed park and alternative locations for the park. The Board decided to defer action on this item until after the clubhouse meeting on the matter.

10. **Engineer's Report including a review of Engineer's projects and capital repairs.** The President recognized Ms. Zapletal, who presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "L." Ms. Zapletal recommended approval of Pay Estimate No. Six from WW Payton Corporation in the amount of \$11,880.00 for improvements to Water Plant No. 1.

Ms. Zapletal reviewed with the Board change orders for improvements to Water Plant No. 1. Ms. Zapletal presented to the Board Change Order No. Two in the amount of a \$13,327.00 reduction, which deletes the use of large gate valves with butterfly valves, adds payment for the CenterPoint Facilities Extension Agreement and documents the revised contract amount of \$1,226,373. Ms. Zapletal presented to the Board Change Order No. Three in the amount of \$12,000.00 for the increase in size of the diesel storage tank for the generator, and Change Order No. Four in the amount of \$2,500.00 for replacement of a non-working valve that was discovered during the work at the water plant.

Ms. Zapletal recommended approval of Pay Estimate No. Thirteen from LTG Enterprises in the amount of \$1,130.12 for Phased Cleaning and Televising of Sanitary Sewer Mains.

Ms. Zapletal reported Insituform Technologies, Inc. has provided a bid proposal for the emergency siphon replacement. Ms. Zapletal recommended award of the contract to Insituform Technologies. The President reported that due to using BuyBoard to obtain the Insituform Technologies bid, that BuyBoard has requested execution of an Interlocal Agreement with it.

Upon motion by Director Clarey, seconded by Director Davis, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report, Change Order No. Two in the amount of a \$13,327.00 reduction, Change Order No. Three in the amount of \$12,000.00, and Change Order No. Four in the amount of \$2,500.00; payment of Pay Estimate No. Six from WW Payton Corporation in the amount of \$11,880.00 for improvements to Water Plant No. 1; Pay Estimate No. Thirteen from LTG Enterprises in the amount of \$1,130.12 for Phased Cleaning and Televising of Sanitary Sewer Mains; to award the contract to Insituform Technologies, Inc. contingent upon Mr. Pennington's approval of the performance and payment bonds and insurance; and to approve the Interlocal Agreement with BuyBoard.

11. **Approve Amended and Restated Agreement for Third Phase of Atascocita Sanitary Sewer Treatment Plant.** This item was covered under Atascocita Joint Operations Board report.

12. **Approve Resolution Casting Ballot for Harris County Appraisal District.** The President recognized Mr. Pennington, who presented to and reviewed with the Board the Resolution Casting Ballot for Harris County Appraisal District, a copy of which is attached hereto as Exhibit "M." Upon motion by Director Clarey, seconded by Director Davis, after full discussion and the question being put to the Board, the Board voted unanimously to vote for Glenn E. Peters for the HCAD board.

13. **Harris County Flood Control District Partnership.** There was nothing to report at this time.

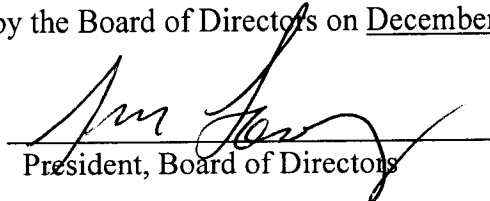
14. **Determine date and place of next meeting.** The next monthly Board meeting will be held on December 21, 2005 at 9:00 a.m. at the Walden on Lake Houston Country Club in the District.

15. **Other matters.** Mr. Pennington reported that as the electricity provider for the District has gone out of business, the District needs to execute a new electricity contract as currently the District is provided electricity by the provider of the last resort at a high rate. Upon motion by Director Davis, seconded by Director Clarey, after full discussion and the question being put to the Board, the Board authorized Director Clarey to either execute a new electricity contract with either the current District electricity representative or a new electricity broker.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

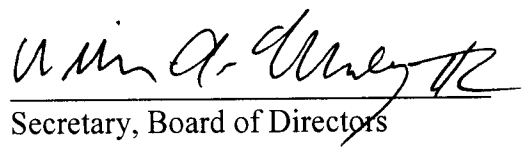
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The foregoing minutes were passed and approved by the Board of Directors on December 21, 2005.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)