

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
December 21, 2005

THE STATE OF TEXAS §
COUNTY OF HARRIS §
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153 §

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 18100 Walden Forest Drive, Humble, Texas 77346, at 9:00 a.m. on Wednesday, December 21, 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 Director DeYoung. Also attending all or portions of the meeting were Mr. Gary Hastings of Aqua Services, L.P., operator for the District; Mr. Mark Burton 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; 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 November 16, 2005.** Minutes of the meeting of November 16, 2005, previously distributed to the Board, were presented for consideration and approval. Upon motion by Director Davis, seconded by Director Clarey, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of November 16, 2005, as presented.

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

3. **Discussion of jogging trail/park and take any necessary action.** The President recognized Mr. Zabaneh, who reported that he sent the bid documents to Ms. Yolanda Waters and that she informed Mr. Zabaneh she would not have time to examine the documents until after the holidays. Discussion ensued on using the lot by the Walden on the Lake clubhouse and the fact that the clubhouse will have a new general manager. The President asked Mr.

Pennington to prepare a letter and lease to the Walden on the Lake clubhouse for leasing the lot by the club for five years, which would be terminable after five years with six months notice. Ms. Zapletal and Mr. Zabaneh stated they would provide Mr. Pennington the necessary maps and surveys for the lease.

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 November, a copy of which is attached hereto as Exhibit "B." Mr. Leared reported that the variance in the collection rate in comparison to 2004 is due to the timing of the tax bills being mailed.

Mr. Leared asked the Board if an aerial photograph of the District on January 1, 2006, is desired. Mr. Leared estimated the cost to be approximately \$450, and stated the photographs can also be put on disk for an additional \$50 to \$60, which can be utilized by the District engineer.

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, to authorize the expenditures listed therein, and the aerial photograph and disk of the photograph.

5. **Bookkeeper's Report, Investment Report, and payment of bills.** The President recognized Mr. Burton, who presented to and reviewed with the Board the Bookkeeper's Report and Investment Report, a copy of which is attached hereto as Exhibit "C."

Director Clarey reported that the District has a new three year electricity contract with Direct Energy. Upon review of the checks, the Board requested Mr. Burton hold the electricity payments for 30 days until the amount is verified by Mr. Mike Harrington from American Enerpower.

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, and to pay the bills listed therein.

6. **Atascocita Joint Operations Board ("AJOB") report and approval of Atascocita Joint Operations Board Construction Contract.** The President recognized Mr. Zabaneh, who presented to and reviewed with the Board the Monthly AJOB Memorandum, a copy of which is attached hereto as Exhibit "D." Mr. Zabaneh reported that the TCEQ has approved the plans for the wastewater treatment plant expansion. Mr. Zabaneh reviewed the contractor's change orders which will reduce the cost of the project.

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 "E." 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 meter replacement for meters reading over 1 million gallons and take any necessary action.** Mr. Hastings reported Aqua Services is currently replacing meters over 2 million and with the current accountability in the District, there is no need to change the current meter replacement program.

9. **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 "F." Ms. Zapletal recommended approval of Pay Estimate No. Seven from WW Payton Corporation in the amount of \$213,075.00 for improvements to Water Plant No. 1.

Ms. Zapletal reported Centerpoint requested Consent to Encroachment at 8410 Farmingham Road and that Mr. Pennington provided his comments on the proposed consent to encroachment to Ms. Zapletal who forwarded them to Centerpoint.

Ms. Zapletal recommended approval of Pay Estimate No. Fourteen from LTG Enterprises in the amount of \$15,189.66 for Phased Cleaning and Televising of Sanitary Sewer Mains.

Ms. Zapletal presented to and reviewed with the Board a spreadsheet of rehabilitation costs and prioritization of the jobs, a copy of which is attached hereto as Exhibit "G." Discussion ensued on the best approach of performing the rehabilitation work and funds available for it.

Upon motion by Director Clarey, seconded by Director Claytor, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report, payment of Pay Estimate No. Seven from WW Payton Corporation in the amount of \$213,075.00 for improvements to Water Plant No. 1; and Pay Estimate No. Fourteen from LTG Enterprises in the amount of \$15,189.66 for Phased Cleaning and Televising of Sanitary Sewer Mains.

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

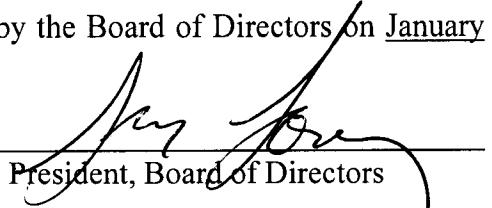
11. **Determine date and place of next meeting.** The next monthly Board meeting will be held on January 18, 2006, at the offices of Fulbright & Jaworski L.L.P.

12. **Other matters.** Mr. Pennington reported that for the election of directors in May the District needs to rent an electric voting machine from Harris County and comply with the American with Disabilities Act. Discussion ensued on potential polling locations and election judges.

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

* * *

The foregoing minutes were passed and approved by the Board of Directors on January 18, 2006.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

