

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
October 19, 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 Fulbright & Jaworski L.L.P., 1301 McKinney, Houston, Texas 77010, at 11:30 a.m. on Wednesday, October 19, 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. 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. Cheryl Allen and Ms. Linda Loup of Southwest Securities, Inc., financial advisors 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 September 21, 2005.** Minutes of the meeting of September 21, 2005, previously distributed to the Board, were presented for consideration and approval. Upon motion by Director DeYoung, seconded by Director Clarey, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of September 21, 2005, as presented.
2. **Public Comments.** There were no public comments.
3. **Convene Public Hearing on Proposed Tax Rate for 2005.** The President convened the public hearing on the proposed tax rate for 2005. There were no residents of the District in attendance.

4. **Adopt Order Setting Tax Rate and Levying Tax for 2005.** The President recognized Ms. Allen, who presented to and reviewed with the Board two Comparison of Historical Assessed Valuations and Tax Rates, copies of which are attached hereto as Exhibits "B" and "C," respectively.

The President recognized Mr. Pennington, who presented to and reviewed with the Board the Order Setting Tax Rate and Levying Tax for 2005, a copy of which is attached hereto as Exhibit "D." Mr. Pennington informed the Board this order authorizes the tax assessor to levy the tax for 2005.

Mr. Leared requested the Board authorize duplicate mailing of the tax statements to the homeowners in January if the original tax statement was sent to a mortgage company and no payment has been received by that date.

Upon motion by Director Claytor, seconded by Director DeYoung, after full discussion and the question being put to the Board, the Board voted unanimously to Adopt the Order Setting Tax Rate and Levying Tax for 2005 with a total tax rate of \$0.45, including a rate of \$0.4053 for debt service and \$0.0447 for operation and maintenance expenses.

Upon motion by Director Clarey, seconded by Director DeYoung, after full discussion and the question being put to the Board, the Board voted unanimously to authorize Mr. Leared to mail duplicate tax statements in January as discussed.

5. **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 September, a copy of which is attached hereto as Exhibit "E." Mr. Leared reported that collection is at 97.88% for the District

Mr. Leared inquired if a written quarterly report by the District's delinquent tax attorney would be agreeable to the Board or would the Directors prefer to have him attend a meeting to answer questions. The Board discussed the options and decided the written quarterly report would suffice if there are no unusual delinquent tax accounts.

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.

6. **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 reviewed the District's debt service payments for 2006, which total \$1,724,603.76. Ms. Allen noted that the District is expected to collect approximately \$1,422,000 from taxes for these payments. Discussion ensued on future valuation, vacant lots, and when debt tax collection will meet the District's debt payments.

Ms. Anderson reported that one Certificate of Deposit ("CD") will mature in October. Ms. Anderson requested the Board to authorize her to reinvest the funds into CD's at the best possible rate. Ms. Anderson reviewed the budget comparison with the Board.

Ms. Anderson requested the Board to authorize Mr. Mark Burton and Ms. Teresa Rosenbaum to move funds for the District.

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 Bookkeeper's Report, Investment Report, to pay the bills listed therein, to authorize Ms. Anderson to invest in CD's at the best possible rate, subject to approval by Director Lavey, and to authorize Mr. Mark Burton and Ms. Teresa Rosenbaum to move funds for the District.

7. **Atascocita Joint Operations Board ("AJOB") report.** Director Lavey reported Director Clarey filled in at the special meeting. Director Lavey reported that AJOB authorized \$10,300,000 for the wastewater treatment plant expansion project. Director Lavey reported that the districts agreed to pay an extra \$63,000 each, except for HC MUD 46, for additional capacity and the District will pay an additional \$225,000 for the project. Director Lavey reported that the project should take approximately two years and that the contract was signed by AJOB. Mr. Zabaneh stated he will prepare a revised capacity allocation for each district for the wastewater treatment plant.

Upon motion by Director Claytor, seconded by Director Clarey, after full discussion and the question being put to the Board, the Board approved the AJOB wastewater treatment plant construction contract.

8. **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 "G." Mr. Hastings reported that the twelve month accountability average is at 97.6% for the District.

Mr. Hastings requested the Board approve billing new customers for the deposit on their first water bill instead of requiring them to come in person to AquaServices to pay the deposit to initiate water service.

Mr. Hastings reported on the District's hurricane preparedness and generator options. Mr. Hastings stated he will prepare a cost estimate for a generator for the District's large lift station.

Upon motion by Director Davis, seconded by Director Claytor, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operator's Report, to terminate the delinquent accounts listed therein, and to approve billing new customers for the deposit on their first water bill.

9. **Discussion of jogging trail/park and take any necessary action.** Director Lavey reported that the professor at Texas A&M never called him back about possibly taking on the project of preparing an analysis of potential recreational areas in the District. Mr. Zabaneh presented to the Board drawings and specifications provided to him by Ms. Waters, a copy of which is attached hereto as Exhibit "H." Mr. Zabaneh reported that he will prepare the specifications for the park and attach the drawings provided by Ms. Waters. Mr. Zabaneh stated that part of the park equipment may be included in the base bid and additional park equipment can be part of the supplemental, which will allow for adjustments. Mr. Zabaneh also stated the

park could be constructed in phases to allow allocation of the costs in 2005 and 2006. Discussion ensued on the proposed location of the park and other locations in the District.

Mr. Pennington requested the Board authorize an associate at F&J to prepare a memo addressing whether District expenditures for recreational purposes out of revenues is subject to new TCEQ and City of Houston rules.

Upon motion by Director Davis, seconded by Director Claytor, after full discussion and the question being put to the Board, the Board authorized Mr. Zabaneh to prepare the bid documents and to advertise the bid for the park project; and to authorize a F&J associate to prepare a memo on new rules by the TCEQ and City of Houston on District expenditures for recreational purposes.

Director DeYoung leaves the meeting.

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 "I." Ms. Zapletal recommended approval of Pay Estimate No. Twelve from LTG Enterprises for Phased Cleaning and Televising of Sanitary Sewer Mains.

Ms. Zapletal reported that LTG Enterprises was not able to televise the siphon between Golfers Village and Olympic Village, and that infiltration is occurring which requires repair. Ms. Zapletal stated the repair could be accomplished using directional drilling to construct new lines and abandon the existing lines. Ms. Zapletal offered the Board options on proceeding with the estimated \$200,000 repair.

Ms. Zapletal requested the Board's authorization to advertise bids for Phase Two of the Sanitary Sewer Rehabilitation project. Discussion ensued on the need to reassess the priority of repair jobs due to the new issue of the siphon needing repair.

Upon motion by Director Claytor, 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, payment of Pay Estimate No. Twelve from LTG Enterprises in the amount of \$8,858.28, to authorize the repair of the siphon between Golfers Village and Olympic Village to be a separate project on an emergency basis from the existing budget and refund the District from bond proceeds, and reduce the amount of the Sanitary Sewer Rehabilitation, Phase Two project by the cost of this repair, and to authorize BGE to advertise bids for the Sanitary Sewer Rehabilitation, Phase Two project.

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


12. **Determine date and place of next meeting.** The next monthly Board meeting will be held on November 16, 2005 at 11:30 a.m. at the offices of F&J. Director Claytor informed the Directors he would be unable to attend the next meeting.

13. **Other matters.** Director Lavey suggested the December meeting occur in the District. The Directors decided to defer this decision until the next meeting.

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 November 16, 2005.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

