

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
January 18, 2006

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, January 18, 2006, 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; 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; Mr. Martin Willhoite of the Observer Newspapers; 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 December 21, 2005.** Minutes of the meeting of December 21, 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 December 21, 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 she has not provided him with comments. Mr. Pennington presented to and reviewed with the Board a Ground Lease with Walden on Lake Houston for the property by the club, a copy of which is attached hereto as Exhibit "B." Discussion ensued on easements on the potential park

location by the club. Ms. Zapletal stated she would provide the President with a map of the easements on the tract of land.

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 December, a copy of which is attached hereto as Exhibit "C." Mr. Leared reported that the collection rate is at 66.8%, compared to a rate of 67% for last year. Mr. Leared reported he has mailed the duplicate tax bills to the individuals whose tax bill was originally sent to the mortgage companies.

Mr. Leared presented to and reviewed with the Board a letter from a resident regarding the 3% convenience fee for making on-line payments to Bob Leared Interests, a copy of which is attached hereto as Exhibit "D." Mr. Leared stated neither the District or Bob Leared Interests receives the 3% fee. The letter states that HCAD does not have a 3% fee and Mr. Leared stated he will contact HCAD to research their payment system. Mr. Leared reported he tried to contact the resident, however, the resident has not returned his call.

Director DeYoung reported that his neighbor did not receive a tax bill. Mr. Leared stated he would mail the neighbor a tax bill.

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 Tax Assessor-Collector's Report, and to authorize the expenditures listed therein.

5. **Consider property tax exemptions.** Mr. Pennington reviewed with the Board the Order Adopting Exemption from Taxation for Individuals Who Are Disabled or are 65 Years of Age or Older, a copy of which is attached hereto as Exhibit "E." Mr. Leared stated that last year the Board granted property tax exemptions for those who are 65 years of age or older and for those who are disabled in the amount of \$5,000. Upon motion by Director Davis, seconded by Director DeYoung, after full discussion and the question being put to the Board, the Board voted unanimously to grant property tax exemptions for those who are 65 years of age or older and for those who are disabled in the amount of \$5,000 of the appraised value.

6. **Review tax rate comparison of neighboring districts.** The President recognized Mr. Leared, who presented to and reviewed with the Board a tax rate comparison of the neighboring districts, a copy of which is attached hereto as Exhibit "F." The Board reviewed the comparison.

7. **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 "G." Mr. Burton noted the payment to AJOB is in the checks to be approved. Mr. Burton also stated he has not received an invoice from Direct Energy yet.

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 approve the Bookkeeper's Report, Investment Report, and to pay the bills listed therein.

8. **Atascocita Joint Operations Board (“AJOB”) report and approval of Atascocita Joint Operations Board Construction Contract.** The President reported that AJOB has made the cash call for the wastewater treatment plant. Director Lavey reported construction has begun on the wastewater treatment plant and that it should take eighteen months. Mr. Zabaneh reported that he has sent the TCEQ a request for approval of change order on the project, which would reduce the costs.

9. **Operator’s Report.** The President recognized Mr. Hastings, who presented to and reviewed with the Board the Operator’s Report, a copy of which is attached hereto as Exhibit “H.” Mr. Hastings reported there was an unauthorized discharge caused by a grease blockage on 8510 Mile Run Road. Mr. Hastings reported the blockage was cleaned up and disinfected, and that the TCEQ was notified of the event.

Mr. Hastings reported a resident has requested repair of a manhole on Aquatic Drive. Mr. Hastings stated it will require replacement of a twenty foot pipe due to sinkholes. Mr. Hastings stated the first estimate of the repair was \$14,000 and that he will get more estimates. Mr. Hastings reported he would provide pictures and estimates for the repair at the next meeting.

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 Operator’s Report, and to terminate the delinquent accounts listed therein.

10. **Approve enhanced payment system with Texas State Bank.** The President recognized Mr. Hastings, who presented to the Board two binders from Texas State Bank to initiate the electronic payment system. Mr. Hastings stated this allows the District’s customers to pay their water bill online, at the grocery store, with automatic debit and credit card. Mr. Hastings reported there is a \$100 set up fee for the District and the customers pay all other fees of the electronic payment system. Discussion ensued on how this added payment feature may prevent water service termination due to nonpayment.

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 agreements authorizing the electronic payment system offered by Texas State Bank.

11. **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 Estimates Number Eight and Nine from WW Payton Corporation in the amount of \$145,080.00 and \$187,155.00, respectively.

Ms. Zapletal reported that the emergency siphon replacement will begin this week and take two to three weeks, with some additional time for landscape restoration.

Ms. Zapletal stated BGE continues to work on the request for a variance from the TCEQ’s elevated storage tank requirement and that it will be submitted shortly.

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 Engineer's Report, and payment of Pay Estimates Number Eight and Nine from WW Payton Corporation in the amount of \$145,080.00 and \$187,155.00, respectively, for improvements to Water Plant No. 1.

12. **Approve encroachment of easement for Centerpoint.** Ms. Zapletal reported she has left several messages with Centerpoint regarding Mr. Pennington's comments on the Consent to Encroachment; however, BGE has not received any response from Centerpoint. Ms. Zapletal stated she will continue to pursue the matter with Centerpoint.

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

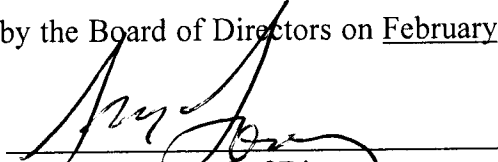
14. **Determine date and place of next meeting.** The next monthly Board meeting will be held on February 15, 2006, at the offices of Fulbright & Jaworski L.L.P., and the March meeting will be held in the District at 9:00 a.m. on March 22, 2006.

15. **Other matters.** There was nothing further to report at this time.

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

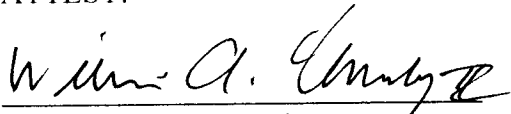
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The foregoing minutes were passed and approved by the Board of Directors on February 15, 2006.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

