

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

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. Wednesday, October 18, 2006, whereupon the roll was called of the members of the Board, to-wit:

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

All members of the Board were present, except Director Claytor. Also attending all or portions of the meeting were Mr. Gary Hastings of Aqua Services, L.P., operator for the District; Ms. Autumn Phillips 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. Karena Hauter of Brown & Gay Engineers, Inc. ("BGE"), engineers for the District; Mr. Bill Burney of the Oakmont Group, a developer of land within 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 meetings of September 20, 2006 and October 5, 2006.** Minutes of the meetings of September 20, 2006 and October 5, 2006, previously distributed to the Board, were presented for consideration and approval. Upon motion by Director DeYoung, seconded by Director Soliz, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes, as presented.

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

3. **Discuss 22 Acre Tract Development in the District at Farmingham Road and Take Any Necessary Action.** The President recognized Mr. Burney, who presented to the Board the site plan for the 22.6 acre development at Farmingham Road, a copy of which is attached hereto as Exhibit "B." Mr. Burney stated that Oakmont Group develops land, that they

have not closed on the property, and that the builder of the property has not been finalized. He reported that the plan is for patio homes selling at approximately \$200,000 with a lot size of approximately 45 feet by 110 feet. Mr. Burney reported that some of the lots are within the City of Houston. Mr. Burney requested a capacity commitment letter from the District and a reimbursement agreement. Mr. Pennington stated that the District has a contract with the City of Houston for providing utility service to the property within the City of Houston, which will have to be reviewed to determine if this property is included in that contract. Mr. Pennington stated that the reimbursement agreement would have the reimbursement tied to the value added to the property. 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 the engineer to write the capacity commitment letter to the Oakmont Group contingent upon it closing on the property.

4. **Update on Driveway at 19211 Nehoc and Take Any Necessary Action.** The President recognized Mr. Zabaneh, who reported that the Geotechnical Report and televising findings would be ready for the next Board meeting.

5. **Update on Academy Development Annexation Request and Take Any Necessary Action.** This item was deferred.

6. **Convene Public Hearing on Proposed Tax Rate for 2006.** The President convened the public hearing on the proposed tax rate for 2006. There were no residents of the District in attendance.

7. **Adopt Order Setting Tax Rate and Levying Tax for 2006.** The President recognized Mr. Pennington, who presented to and reviewed with the Board the Order Setting Tax Rate and Levying Tax for 2006, a copy of which is attached hereto as Exhibit "C." Mr. Leared reported that the hearing on the proposed tax rate was published in the Houston Chronicle This Week section. Mr. Pennington informed the Board this order authorizes the District to levy the tax for 2006.

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 DeYoung, seconded by Director Clarey, 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 2006 with a total tax rate of \$0.45, including a rate of \$0.3697 for debt service and \$0.0803 for operation and maintenance expenses; and to authorize Mr. Leared to mail duplicate tax statements in January as discussed.

8. **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 "D." Mr. Leared noted that 98.29% of the District's 2005 taxes have been collected as of September 30, 2006.

Mr. Leared provided the Board the Top Delinquent Taxpayers. The President

reported that Ms. Lillian Dial on the list had passed away. Mr. Leared stated he would notify Perdue, Brandon, Fielder, Collins & Mott, L.L.P. of this information.

Upon motion by Director DeYoung, seconded by Director Soliz, 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.

9. **Bookkeeper's Report, Investment Report, and payment of bills.** The President recognized Ms. Phillips, who presented to and reviewed with the Board the Bookkeeper's Report and Investment Report, a copy of which is attached hereto as Exhibit "E." Ms. Phillips reported that a Certificate of Deposit ("CD") matured and the funds were wired to several accounts. Ms. Phillips reported that the District received several large pay estimates that have put the Operating Fund in a deficit until the one CD matures. The Board discussed available options and instructed Ms. Phillips to break the CDs at Banco Popular and Royal Oaks Bank to facilitate payment of the pay estimates.

Ms. Phillips reported that the District is invoiced \$6,000 by Walden on Lake Houston in January in arrears for security services for the year.

Ms. Phillips stated that she has calculated the current costs for the proposed Academy annexation and will bill Academy \$2,500.

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 Bookkeeper's Report, to pay the bills listed therein, and to authorize Ms. Phillips to break the CD at Banco Popular and Royal Oaks Bank.

10. **Atascocita Joint Operations Board ("AJOB") report and approval of Atascocita Joint Operations Board Construction Contract.** Mr. Zabaneh reported that there was a collapse at the wastewater treatment plant expansion and that the contractor would provide a report on the matter. Mr. Zabaneh reported that BGE is currently preparing Change Order No. 2 for the Wastewater Treatment Plant Expansion project.

11. **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 "F." Mr. Hastings reported that there is a large amount of receivables over 90 days and that he will send letters to Legend Homes and Choice Homes for payment.

Mr. Hastings reported that the fire hydrant in front of Crosby State Bank is in need of repair. He stated that there is significant landscaping around the fire hydrant and that Aqua Services will attempt to restore the landscaping. Mr. Hastings reported that the repair would be completed soon.

Mr. Hastings reported that there was a leak repaired under the pavement in the parking lot of Whataburger.

Upon motion by Director DeYoung, seconded by Director Soliz, 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.

12. **Engineer's Report including a review of Engineer's projects and capital repairs.** The President recognized Ms. Hauter, who presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "G."

Ms. Hauter reported that the improvements to Water Plant No. 1 have been completed.

Ms. Hauter reported that trash blocked a velocity sensor, which resulted in an inaccurate flow reading.

Ms. Hauter stated that 90% of the Sanitary Sewer Rehabilitation, Phase II, is done and that BGE is addressing comments by Harris County on the Sanitary Sewer Rehabilitation, Phase III, plans.

Ms. Hauter reported that additional documentation has been sent to the TCEQ in response to its comments to the elevated storage tank variance request.

Ms. Hauter recommended payment of Pay Estimate No. Two from Wade Contractors, Inc. in the amount of \$5,535.00 for Walden Park site preparation, wheelchair ramps and sidewalk.

Ms. Hauter recommended payment of Pay Estimate No. One from C.F. McDonald Electric, Inc. in the amount of \$58,795.62 for the installation of the natural gas generator at the shared lift station.

Ms. Hauter reported that BGE has received the land plan for the 32 acre tract on West Lake Houston Parkway, which shows the planned commercial development but not the residential development.

Mr. Zabaneh reported that the lift station was pump motor not operating properly. He stated that it was determined that the motor requires a three phase power supply and that only a one phase power supply is provided. Mr. Zabaneh recommended adding a variable frequency drive ("VFD"), which mimics a three phase power supply and will allow the lift station pump to operate properly. He stated that the electrical components upstream of the VFD, would require inspection for the new electrical demands. Mr. Zabaneh requested authorization for preparation of the electrical plans and soliciting bids for the project.

Ms. Hauter reported that BGE was notified of a sinkhole in the rear easement on Preakness Palm Circle. She stated that the location was scheduled for phase III rehabilitation, but that BGE will investigate the situation and work with Repipe to correct the problem.

Ms. Hauter recommended payment of Pay Estimate No. One from Insituform Technologies in the amount of \$24,920.38 and Pay Estimate No. Two from Insituform Technologies in the amount of \$155,172.29 for the Emergency Force Main Repair. She requested approval of Change Order No. One in the amount of \$36,135.65 for the Emergency Force Main Repair.

Ms. Hauter reported that BGE would confirm the final bond application amount with Ms. Allen upon receipt of the Certificate of Estimate of Value from the Harris County Appraisal District.

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 Engineer's Report; to authorize payment of Pay Estimate No. Two from Wade Contractors, Inc. in the amount of \$5,535.00 for Walden Park site preparation, wheelchair ramps and sidewalk; to authorize payment of Pay Estimate No. One from C.F. McDonald Electric, Inc. in the amount of \$58,795.62 for the installation of the natural gas generator at the shared lift station; to authorize the preparation of the electrical plans for the variable frequency drive at the lift station and soliciting bids for the project; to authorize payment of Pay Estimate No. One from Insituform Technologies in the amount of \$24,920.38 and Pay Estimate No. Two from Insituform Technologies in the amount of \$155,172.29 for the Emergency Force Main Repair; and to approve Change Order No. One in the amount of \$36,135.65 for the Emergency Force Main Repair.

- 13. **Bond matters.** No action was taken on this item.
- 14. **Bond Election Matters.** No action was taken on this item.
- 15. **Attorney's Report.** No action was taken on this item.
- 16. **Other matters.** No action was taken on this item.

17. **Next Meeting Date.** It was the consensus of the Board to hold the next monthly Board meeting will be held on November 15, 2006 at 11:30 at the offices of Fulbright & Jaworski L.L.P., 1301 McKinney, Houston, Texas 77010.

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 November 15, 2006.

James E. Davis  
President, Board of Directors

ATTEST:

Wm. A. Gray  
Secretary, Board of Directors

(DISTRICT SEAL)

