

MINUTES OF MEETING OF BOARD OF DIRECTORS  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153  
November 15, 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, November 15, 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 and Mr. Michael Keefe of Bob Leared Interests, tax assessor-collectors 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 October 18, 2006.** Minutes of the meeting of October 18, 2006, 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, as presented.

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

3. **Adopt the Order Canvassing Bond Election.** Mr. Pennington presented to and reviewed with the Board the Order Canvassing Bond Election, a copy of which is attached hereto as Exhibit "B." Mr. Pennington reported that the final vote count was twenty-seven for and four against the bond proposition. 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 adopt the Order Canvassing Bond Election, approving all bond proposals.

4. **Consider annexation of 1.54 acre tract on West Lake Houston Parkway.** The President recognized Mr. Zabaneh, who reported that a dentist owns a 1.54 acre tract on West Lake Houston Parkway south of the District that is requesting annexation. He stated that Dr. Ameri intends to construct an office building and has made a \$15,000 deposit with the District for annexation costs. Mr. Zabaneh stated that annexing this tract is only feasible upon annexation of the Academy Development tract and construction of the water plant, lift station, and offsite water and force main. Mr. Pennington stated that all of the tracts that will be served by the water plant should contribute to the prebond sale water plant, lift station, and offsite water and force main construction costs. Mr. Pennington suggested that the District engineers send correspondence to neighboring land owners regarding annexation and utility service to locate all parties that could potentially be annexed to facilitate one single annexation submittal to the City of Houston and increase the number of parties contributing to the construction costs.

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 accept the \$15,000 deposit by Dr. Ameri, to authorize the District engineer to prepare a feasibility study of annexation of the 1.54 acre tract and to authorize the District engineer to contact neighboring landowners regarding possible annexation.

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 October, a copy of which is attached hereto as Exhibit "C." Mr. Leared noted that 98.68% of the District's 2005 taxes have been collected as of October 31, 2006.

Mr. Leared provided the Delinquent Tax Report from Perdue, Brandon, Fielder, Collins & Mott, L.L.P., a copy of which is attached hereto as Exhibit "D." Mr. Leared reported that a suit has been filed on the estate of Lillian Dial.

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 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. Phillips, who presented to and reviewed with the Board the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "E." Ms. Phillips reported that upon review of the District's liquidity, it was determined that breaking the Certificates of Deposit ("CDs") at Banco Popular and Royal Oaks Bank would not accomplish a long term solution for the District. She reported that she contacted Houston Community Bank and found that the large CD could be broke with no penalty incurred. She stated that she broke the CD at Houston Community Bank. Ms. Phillips reported that the District's next debt payment is March 1, 2007.

Ms. Phillips reported that she invoiced Academy Development for approximately

\$10,000 and that she has not received payment. The Board discussed the Academy Development annexation work that has to be performed by the District's consultants.

Upon motion by Director Clarey, seconded by Director Soliz, 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 BGE to inform Academy Development that no further work on the annexation will be done until payment is received.

7. **Atascocita Joint Operations Board ("AJOB") report and approval of Atascocita Joint Operations Board Construction Contract.** Director Clarey reported that 50% of the wastewater treatment plant expansion is complete. He reported that the contractor is doing a fault analysis on the collapse. Mr. Zabaneh reported the construction is slightly behind schedule due to the rain. He stated that there will be additional operator labor costs next year due to the increase in size of the plant.

8. **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 he sent letters to Legend Homes and Choice Homes for payment, and that Legend Homes did not pay. He requested authorization to hold taps for Legend Homes until collected.

Mr. Hastings reported that fire hydrants manufactured by American Darling between 1999 and 2003 have been found to have a problem. He stated that due to the grease used, the hydrants might be difficult or impossible to open. Mr. Hastings stated that Aqua Services has determined that approximately one-half of the fire hydrants in the District are manufactured by American Darling. He reported that Aqua Services will check the date of manufacture on each hydrant and that those that were constructed between 1999 and 2003 will be repaired by American Darling for free.

Director Soliz asked about the Water Smart presentation at Maplebrook Elementary. Mr. Hastings stated that he would order the materials for the school children and then the presentation date can be arranged anytime in the school year.

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, to terminate the delinquent accounts listed therein, and to hold taps for Legend Homes until full payment is received.

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 "G."

Ms. Zapletal recommended payment of Pay Estimate No. Sixteen from W. W. Payton Corporation in the amount of \$65,332.15 for improvements to Water Plant No. 1.

Ms. Zapletal reported that trash blocked a velocity sensor, which resulted in an inaccurate flow reading. She stated that the inaccurate data was removed the flow calculations and that the flow appears to be improving.

Ms. Zapletal reported that 90% of the Sanitary Sewer Rehabilitation, Phase II, is done and that Repipe Texas anticipate completing the lining the first week of December. She presented to the Board Change Order No. Three for approval in the amount of \$4,170.00, which is for the sanitary sewer rehabilitation behind Preakness Palm Circle and the televising along Nehoc Lane.

Ms. Zapletal reported that BGE has prepared the plans for the Sanitary Sewer Rehabilitation, Phase III, and that the plans have been approved by Harris County. She stated that the bid documents are being prepared.

Ms. Zapletal recommended payment of Pay Estimate No. Two from C.F. McDonald Electric, Inc. in the amount of \$3,991.05 (with the District's share being \$2,622.12) and Pay Estimate No. Three from C.F. McDonald Electric, Inc. in the amount of \$5,193.45 (with the District's share being \$3,412.10) for the installation of the natural gas generator at the shared lift station.

Ms. Zapletal recommended payment of Pay Estimate No. Three from Instituform Technologies in the amount of \$201,046.23 (with the District's share being \$61,721.19) for the Emergency Force Main Repair.

Ms. Zapletal reported that BGE is coordinating with the electrical engineer to prepare the electrical schematics for installing the variable frequency drive on the pumps at the lift station and will solicit bids for the project upon completion of the plans.

Ms. Zapletal requested authorization for BGE to begin design of Water Plant No. 2, the lift station, and offsite water and sanitary sewer lines to serve the tracts proposed for annexation. Mr. Pennington stated that it is necessary to obtain the funds from Academy Development to prepare the designs. Ms. Zapletal stated that Academy Development had approved funding all of the design costs for this expansion on the condition that Academy Development is reimbursed from the first bond sale.

Ms. Zapletal reported that annexation deposits have been requested from Ms. Vickery for the 32 acre tract and Mr. Wheless for the 30 acre tract.

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. Sixteen from W. W. Payton Corporation in the amount of \$65,332.15 for improvements to Water Plant No. 1; to approve Change Order No. Three in the amount of \$4,170.00, which is for the sanitary sewer rehabilitation behind Preakness Palm Circle and the televising along Nehoc Lane; to authorize payment of Pay Estimate No. Two from C.F. McDonald Electric, Inc. in the amount of \$3,991.05 (with the District's share being \$2,622.12) and Pay Estimate No. Three from C.F. McDonald Electric, Inc. in the amount of \$5,193.45 (with the District's share being \$3,412.10) for the installation of the natural gas generator at the shared lift station; to authorize payment of Pay Estimate No. Three from Instituform Technologies in the amount of \$201,046.23 (with the District's share being \$61,721.19) for the Emergency Force Main Repair; to authorize BGE to begin design of Water Plant No. 2, the lift station, and offsite water and sanitary sewer lines to

serve the tracts proposed for annexation upon receipt of funds from the developers.

10. **Update on Driveway at 19211 Nehoc and Take Any Necessary Action.** The President recognized Ms. Zapletal, who reported that the televising did not demonstrate any required rehabilitation of the sanitary sewer line. She stated that the sewer line is not taking on water and there is no infiltration. Ms. Zapletal stated that the Geotechnical Report is not ready yet. The Board discussed the possible reasons the driveway sunk and possible solutions, including raising the driveway slab and pumping filler underneath to raise it. Upon motion by Director DeYoung, seconded by Director Soliz, after full discussion and the question being put to the Board, the Board voted three to one, with Director Davis opposing, to approve offering Mr. Mark Verret to pay for the repair cost up to a maximum of \$4,000.

11. **Discuss 22 Acre Tract Development in the District at Farmingham Road and Take Any Necessary Action.** The President recognized Ms. Zapletal, who reported that the preliminary plat was approved and that BGE is conducting a topo survey of the project. Ms. Zapletal reported that the contract with the City of Houston for utility service does include this property. Ms. Zapletal reported that BGE is working with the City of Houston regarding detention requirements.

12. **Bond matters.** Ms. Zapletal presented to the Board the draft Bond Engineering Report, a copy of which is attached hereto as Exhibit "H." She stated that the draft Bond Engineering Report will be provided to the District's consultants for review by the end of the week.

13. **Bond Election Matters.** No further action was taken on this item.

14. **Attorney's Report.** No action was taken on this item.

15. **Approve Resolution to City of Houston Regarding Concerns.** The President recognized Mr. Pennington, who presented to and reviewed with the Board the Resolution regarding enforcement of City ordinances within limited annexation property for the sale and discharge of fireworks, and signs, a copy of which is attached hereto as Exhibit "I." Mr. Pennington reported that this Resolution was requested by the Houston Northwest Chamber of Commerce. 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 approve the Resolution.

16. **Discuss and take any necessary action in connection with implementation of Ringtail database and Extranet web site for District.** The President recognized Mr. Pennington, who reported that Fulbright & Jaworski L.L.P. is beginning to digitize the records of the districts and store them in a database, which will facilitate accessibility and disaster recovery. He stated that Fulbright & Jaworski L.L.P. is also developing an extranet for the districts where the directors and consultants can view reports and district files on the Internet. Mr. Pennington stated that Fulbright & Jaworski L.L.P. would be holding a couple of information sessions on this new technology at the end of November and early December.

17. **Other matters.** Director Soliz reported on the Association of Water Board Directors mid Winter Conference occurring January 26-27, 2006 in Austin. Director Soliz asked that the Board consider whether to continue paying security costs in 2007.

18. **Next Meeting Date.** It was the consensus of the Board to hold the next monthly Board meeting will be held on December 20, 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 December 20, 2006.

James E. Davis Jr.  
President, Board of Directors

ATTEST:

William A. Long II  
Secretary, Board of Directors

(DISTRICT SEAL)

