

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
December 20, 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. Wednesday, December 20, 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. 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-collectors for the District; Mr. Sam Zabaneh and Ms. Karena Hauter 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 15, 2006.** Minutes of the meeting of November 15, 2006, previously distributed to the Board, were presented for consideration and approval. Upon motion by Director Claytor, 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. **Discuss Security Issue and Take Any Necessary Action.** Director Clarey stated that it would be desirable to find out what level of service is provided for the annual security cost of \$6,000. Director Claytor stated that the constables are not visible in the District and that there have been home construction thefts. Director Clarey stated that he would find out what the other districts in the Atascocita Joint Operations Board are paying for security. Director Soliz stated

that the constable has been more visible in the District the last few weeks and that there were some car windows damaged by BB guns recently. The Board discussed having a constable attend the January meeting in the District. Director Soliz stated that he would contact the Homeowner Association to invite them to the meeting and place an ad in the newspaper to notify the residents of the January meeting in the District.

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 "C." Mr. Leared noted that 0.278% of the District's 2006 taxes have been collected as of November 30, 2006. He stated that another \$130,000 has been collected in December for the District, so that approximately 7% of the District's 2006 taxes have been collected.

Mr. Leared asked the Board if it wanted to approve an aerial photograph of the District to document the value in the District for the tax roll. Mr. Leared estimated the cost to be approximately \$350 to \$400, and stated the photograph can also be put on disk for an additional \$50 to \$60, which can be utilized by the District engineer.

Upon motion by Director Claytor, 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, to authorize the expenditures listed therein, and to approve the aerial photograph and disk of the photograph.

5. **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 "D." Ms. Phillips reported that Academy Development paid its invoices and that the owner of the 1.54 acre tract paid the \$15,000 annexation deposit.

Ms. Phillips reported that a Certificate of Deposit ("CD") would mature before the next Board meeting. She stated that the funds from the maturing CD would be invested at the best interest rate available for the appropriate term.

Ms. Phillips presented to and reviewed with the Board a spreadsheet of the annexation costs and credits for the two annexation tracts, a copy of which is attached hereto as Exhibit "D."

Upon motion by Director DeYoung, 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, to authorize payment of the checks listed therein, and to invest the funds from the maturing CDs at the best interest rate available.

6. **Atascocita Joint Operations Board ("AJOB") report and approval of Atascocita Joint Operations Board Construction Contract.** Director Clarey reported that 60% of the wastewater treatment plant expansion is complete. He reported that Severn Trent Services requested an additional operator for the expanded wastewater treatment plant. Director Clarey reported that the additional operator would increase the District's cost from \$0.45 to \$1.00 per connection per month.

7. **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 "E."

Mr. Hastings reported that the access doors to the lift station on Lake Houston Parkway need repair, as they are rusted and difficult to open. He stated that the lift station is periodically cleaned. Mr. Hastings reported that two bids were obtained, one for \$1,885 and one for \$2,250. He requested the higher bid be approved as that contractor said he would also remove the rust and paint all the above-ground piping at the site for an additional \$900. Mr. Hastings stated that Harris County Municipal Utility District No. 152 would be paying half of this cost. Upon motion by Director Soliz, seconded by Director Claytor, after full discussion and the question being put to the Board, the Board voted unanimously to approve the bid of \$2,250 with the additional \$900 for the rust removal and painting.

Mr. Hastings reported that American Darling is working on the flushing valve refurbishing.

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.

8. **Meter Replacement for Meters Reading Over 1 Million Gallons.** 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. Hauter, who presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "F."

Ms. Hauter reported that 99% of the lining work has been completed by RePipe-Texas for the Sanitary Sewer Rehabilitation, Phase II. She stated one repair remains to be completed and that RePipe-Texas expects to be done in early January.

Ms. Hauter reported that Harris County has approved the plans for the Sanitary Sewer Rehabilitation, Phase III. She stated that BGE is adding additional work to the scope for the project based on recent bids received for similar projects. Ms. Hauter stated that the total budget for the rehabilitation work would remain the same.

Ms. Hauter reported that BGE has not heard from the TCEQ on the additional documentation supporting the Elevated Storage Variance Request.

Ms. Hauter reported that installation of the natural gas generator at the shared lift station is complete.

Ms. Hauter recommended payment of Pay Estimate No. Four from Insituform Technologies in the amount of \$94,278.78 (with the District's share being \$22,385.61) for the Emergency Force Main Repair. Ms. Hauter stated that BGE does not have the signed copy of the pay estimate and requested that the Board approve the check and that the check be held until

the signed pay estimate is received.

Ms. Hauter 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. Hauter reported that Academy Development has paid the outstanding invoices and that BGE will begin design for Water Plant No. 2, the lift station and offsite water and sanitary sewer lines to serve the proposed annexation tracts.

Ms. Hauter reported that Mr. David Emerson with Eagle Lake Gardens & Nursery, L.L.C. is requesting annexation of a 1.49 acre tract on West Lake Houston Parkway. She stated that upon Board approval and receipt of the annexation deposit, the annexation process for this tract may begin.

Ms. Hauter reported that thus far, the District has received annexation deposits from Academy Development and the 1.54 acre tract on West Lake Houston Parkway. Mr. Pennington asked if the neighboring landowners had been approached regarding annexation. Mr. Zabaneh stated that BGE is still attempting to discern the owners of the land. Mr. Leared stated that he would assist in the process of determining the landowners.

Ms. Hauter reported that BGE has contacted a new geotechnical engineer to investigate and recommend repair options for the driveway at 19211 Nehoc. She stated that Ms. Zapletal has notified the resident of the Board's offer to split the cost of replacing the driveway. Director DeYoung reported that the resident at 19211 Nehoc was satisfied with the \$4,000 the District offered to pay for the repair of the driveway and that he is currently getting bids to a new geotechnical engineer will not be retained.

Ms. Hauter reported that BGE will provide the final draft of the Bond Application to the attorney and financial advisor for review. Mr. Zabaneh reviewed with the Board the Summary of Costs for the fifth bond issue.

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. Four from Insituform Technologies in the amount of \$94,278.78 (with the District's share being \$22,385.61) for the Emergency Force Main Repair, and to authorize the annexation of Eagle Lake Gardens & Nursery, L.L.C. 1.49 acre tract on West Lake Houston Parkway.

10. Consider Annexation of 1.49 acre tract on West Lake Houston Parkway and other properties. This item was covered under the Engineer's Report.

11. Update on Driveway at 19211 Nehoc and Take Any Necessary Action. This item was covered under the Engineer's Report.

12. Bond matters. This item was covered under the Engineer's Report.

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

14. **Consider and approve action authorizing electronic document recording, director access, and establishing an extranet for District directors and consultants.** Mr. Pennington reported that new important District records are being placed on the electronic database. He stated that F&J may place critical historical documents on the electronic database for an approximate cost of \$2,000, which is the approximated cost of the District's paralegal locating and scanning the files. Mr. Pennington stated that the database will provide document integrity and efficiency in responding to document requests. The Board discussed the benefits of storing the District's files electronically. 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 authorize F&J to proceed with loading important historical District records onto the Ringtail database for an approximate cost of \$2,000 and to authorize access to the Ringtail electronic database for \$1,500.

15. **Other matters.** No other matters were discussed.

16. **Next Meeting Date.** It was the consensus of the Board to hold the next monthly Board meeting on January 17, 2007 at 6:30 p.m. at Walden on Lake Houston Country Club, 18100 Walden Forest Drive, Humble, Texas 77346.

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 17, 2007.

James E. Davis
President, Board of Directors

ATTEST:

William A. Conway
Secretary, Board of Directors

(DISTRICT SEAL)

