

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
February 15, 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, February 15, 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, except Director DeYoung. 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. Michael McCall, auditor for the District; Ms. Yolanda Waters, district resident; Mr. Alan Waters, district resident, Ms. Jennie Trapolino and Mr. Louis Trapolino of Academy Development, Inc.; developers of land near the District; Mr. Jason Johnson and Mr. Andrew Paderanga of R.G. Miller Engineers, Inc.; engineers for the Academy Development, Inc. project; 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 January 18, 2006.** Minutes of the meeting of January 18, 2006, previously distributed to the Board, were presented for consideration and approval. 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 minutes of January 18, 2006, as presented.

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

3. **Engage auditor for fiscal year ending March 31, 2006.** The President recognized Mr. McCall, who presented to and reviewed with the Board the engagement letter for March 31, 2006, a copy of which is attached hereto as Exhibit "B." Mr. McCall stated the estimated costs will be between \$11,000 and \$12,500. Mr. McCall presented to the Board a letter and questionnaire regarding the Statement of Auditing Standard No. 99, a copy of which is attached hereto as Exhibit "C." Mr. McCall reported that the directors are now a central cog in the financial report process of reporting fraud and requested the directors complete and return the questionnaires to him.

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 engagement letter for McCall, Gibson & Company, Inc. for fiscal year ending March 31, 2006.

4. **Consider proceeding with contract for park improvements.** The President recognized Ms. Zapletal, who reviewed the budget estimate for the proposed park. Ms. Zapletal reported the bid form for the park project was separated into two phases so the costs could be split between two fiscal years for the District. Ms. Zapletal stated the first phase of the park project would cost approximately \$40,500. Discussion ensued on whether sidewalks and wheelchair ramps are required. Ms. Water reported that the Property Owners Association ("POA") has committed \$11,000 to the park project. Ms. Waters further stated that she is talking with the Community Services Association ("CSA") about contributing money to the project and that the CSA will maintain the park. Ms. Waters stated the CSA has donated the 1.88 acres for the park project. Discussion ensued on payment for the park and the Board decided to have a line item in the General Fund budget for the park project. Ms. Zapletal requested authorization to advertise for bids for the park project. 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 authorize BGE to advertise for bids for the park project, with the bid specifying that the CSA and POA will determine what park equipment to include, and to authorize payment of \$30,000 for the first phase of the project.

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 January, a copy of which is attached hereto as Exhibit "D." Mr. Leared reported that the courtesy duplicate tax bills were mailed to the individuals whose tax bill was originally sent to the mortgage companies. Mr. Leared stated the delinquent tax notices will be mailed in the near future. Mr. Leared reported that the collection rate is at 89% 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 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 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 "E." Mr. Burton reported that AJOB requested a wire transfer instead of a check. Mr. Burton

requested authorization to close the Debt Service Fund checking account as funds are only moved from the account by wire.

Upon review of the budget draft, Mr. Burton commented that he will add the park project to the budget, and adjust the maintenance tax revenue.

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, and to authorize closing the Debt Service Fund checking account.

7. **Adopt budget for fiscal year ending March 31, 2007.** This item was tabled until the next Board meeting.

8. **Atascocita Joint Operations Board ("AJOB") report and approval of Atascocita Joint Operations Board Construction Contract.** The President reported that AJOB has begun construction on the wastewater treatment plant and the change order for the project was approved.

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 "F." Mr. Hastings presented to the Board photographs of a Brighton Homes' driveway interfering with a six foot manhole. Mr. Hastings reported the estimate to rebuild it to a four foot manhole and replace the valve is approximately \$9,900. Mr. Hastings stated that Aqua Services will perform the work and charge \$9,300 to Brighton Homes, with the District paying for the new valve. Mr. Pennington requested that Mr. Hastings have Brighton Homes sign a document agreeing to pay for the work before beginning the work.

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 Operator's Report, to terminate the delinquent accounts listed therein, and to authorize Aqua Services to rebuild the manhole.

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 "G." Ms. Zapletal reported that wastewater flows are improving, although spikes do occur in the commercial areas of the District. Ms. Zapletal stated the emergency siphon replacement is proceeding and should be completed by the end of next week. The contractor will install two new manholes and do site work.

Ms. Zapletal reported the cost for a diesel generator at the lift stations will cost approximately \$247,6000, while natural gas generators will cost approximately \$191,200. Ms. Zapletal requested authorization to advertise and receive bids for natural gas generators at the lift stations. Ms. Zapletal stated the cost estimate did include the transfer switch. Discussion ensued on installing one generator per year and perhaps sharing the cost of the generator at the shared lift station with Harris County Municipal Utility District No. 152. The Board asked Ms. Zapletal to discuss sharing the generator costs with Harris County Municipal Utility District No. 152.

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 Engineer's Report, and to advertise and receive bids for natural gas generators at the lift stations, with installing one natural gas generator per year.

11. **Discuss and take any necessary action regarding utility service to adjacent property.** Mr. Zabaneh reported that he had been contacted by R.G. Miller Engineers, Inc. requesting utility service to a 91 acre tract to the south of the District. Ms. Trapolino of Academy Development, Inc. introduced herself as the representative of the owner of the 91 acre tract. Ms. Trapolino stated she initially wanted to confirm the tract could get service from the District and then Academy Development will do a feasibility study of whether it is advisable to obtain service from the District. Discussion ensued on the fact that the District had sufficient wastewater capacity to meet the needs of the 91 acre tract; however, the tract would probably require its own water plant. Mr. Pennington reviewed the annexation process and the fact that the District is not willing to increase the tax rate to add development to the District. Mr. Pennington stated it is customary to have the developer pay a \$15,000 deposit to cover the feasibility and annexation costs. Discussion ensued on a reimbursement agreement that did not require the District to sell bonds to reimburse Academy Development, Inc. until a ratio of ten to one debt to added value has been achieved. Mr. Pennington stated the District will sell bonds when the value is on the ground.

Upon motion by Director Claytor, seconded by Director Clarey, after full discussion and the question being put to the Board, the Board voted three to one, Director Davis objecting, to authorize the District consultants to participate in the feasibility study of providing service and annexing the 91 acre tract upon receipt of a \$15,000 deposit by Academy Development, Inc.

Mr. Zabaneh reported that he received a request for utility service to a 2.9 acre tract near the District for a car wash. Mr. Zabaneh stated he invited the people requesting service to the meeting. Discussion ensued on the fact that Harris County MUD No. 152 is probably closer than Harris County MUD No. 153. The Board deferred making a decision.

12. **Approve encroachment of easement for Centerpoint.** Ms. Zapletal reported that Centerpoint has determined an easement does not exist along the north property line. She stated she has been contacted by a new person at Centerpoint from the Mapping Division and Ms. Zapletal is proceeding to work with Centerpoint on the easement.

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

14. **Adopt Order Calling Directors Election.** Mr. Pennington presented to and reviewed with the Board the Order Calling Directors Election, a copy of which is attached hereto as Exhibit "H." Mr. Pennington reported that a new requirement is to have electronic voting machines for disabled voters. Mr. Pennington reported that Harris County is renting these machines. Mr. Pennington stated that the Board may compensate the early voting clerks for use

of their home, for attending training and agreeing to be a voting judge. Mr. Pennington reported that Walden on Lake Houston Country Club is not available for the day of the election. Discussion ensued on other possible locations, including the fire station.

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 Order Calling the Directors Election, to compensate the election judge \$150 for the use of her home for early voting, to compensate the election judges \$15 per hour for training and service as a judge, and to establish the fire station as the polling place for election day.

15. **Authorize Voting Rights Act letter and approve necessary voting procedures.** Mr. Pennington stated that when there is a change in election procedure the District is required to file a letter to the Department of Justice Voting Section. Mr. Pennington requested authorization to file the Voting Rights Act letter to the Department of Justice to obtain preclearance of the election procedures decided upon by the Board. 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 Mr. Pennington to send the Voting Rights Act letter to the United States Department of Justice to obtain preclearance.

16. **Approve contract with Harris County for voting machines.** Mr. Pennington reviewed with the Board the different contracts offered by Harris County for the electronic voting machines. Mr. Pennington stated that as it is the first year of electronic voting machines, it is advisable to also have paper ballots. 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 full service contract with Harris County for a voting machine.

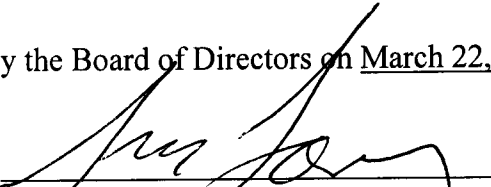
17. **Determine date and place of next meeting.** The next monthly Board meeting will be held in the District at 9:00 a.m. on March 22, 2006, at Walden on Lake Houston Country Club.

18. **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 March 22, 2006.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

