

MINUTES OF MEETING OF BOARD OF DIRECTORS  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153  
April 19, 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. on Wednesday, April 19, 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 and Ms. Autumn Philips 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; 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 March 22, 2006.** Minutes of the meeting of March 22, 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. **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 March, a copy of which is attached hereto as Exhibit "B." Mr. Leared reported that the collection rate is at 92% for the District, which is slightly behind the rate of 94% for this time last year. Mr. Leared reported that he talked to the

delinquent tax attorney, Mr. Carl Sandin, who reported everything is fine. Mr. Leared reported that the delinquent notices will be mailed in May, which will provide enough time for the residents to make payment. Mr. Leared provided the Board with a list of the delinquent tax accounts in 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.

4. **Bookkeeper's Report, Investment Report, and payment of bills.** The President recognized Mr. Burton, who introduced Ms. Autumn Phillips to the Board and stated she would be taking over for him due to a conflict. Ms. Phillips presented to and reviewed with the Board the Bookkeeper's Report and Investment Report, a copy of which is attached hereto as Exhibit "C." Ms. Phillips reported that the bond checking account was closed and the funds were transferred to a money market account. Ms. Phillips stated that the next debt payment is due September 1. Ms. Phillips discussed registration for the Association of Water Board Directors summer conference and the need to obtain housing as soon as possible if the directors plan on attending.

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

5. **Authorize compilation of Continuing Disclosure Materials.** Mr. Pennington reported that this is an annual requirement for the District. 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 authorize the attorney and financial advisor to begin compilation of the continuing disclosure materials.

6. **Atascocita Joint Operations Board ("AJOB") report and approval of Atascocita Joint Operations Board Construction Contract.** The President reported that the AJOB wastewater treatment plant project should be completed in July 2007. The President reported that as the Districts are rehabilitating their sanitary sewer systems, flows have dramatically decreased at the plant, which may change the rating of the plant when it is recertified.

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 "D." Mr. Hastings reported a resident on Nehoc has a driveway that is sinking and wants the District to pay for the repair. Mr. Hastings reported that the resident had a study performed by an engineering service that stated the driveway is sinking due to settlement over a sanitary sewer line. Mr. Hastings reported that he has forwarded the documents to the District's insurance company and notified the resident of this.

Mr. Hastings reported that he has to bore a hole on Saline Drive for a new tap, that the job was bid and that Superior Water Works was the lowest bidder at \$6,200. Mr. Hastings requested approval by the Board to authorize Superior Water Works to perform the

boring.

Upon motion by Director Davis, seconded by Director Claytor, after full discussion and the question being put to the Board, the Board voted four to one, with Director Lavey abstaining as he knew the parties that bid for the boring job, to approve the Operator's Report, to terminate the delinquent accounts listed therein, to await the determination by the insurance company on the sinking driveway on Nehoc, and to authorize Superior Water Works to perform the bore job on Saline Drive for \$6,200.

8. **Approve Amended Rate Order for grease traps.** Mr. Hastings reported that the auditor found conflicting paragraphs in the District's Rate Order for the inspection of grease traps. Mr. Pennington presented to and reviewed with the Board the Amended Rate Order, a copy of which is attached hereto as Exhibit "E." Mr. Pennington explained that the proposed change is removal of the paragraph in the Rate Order that is not used by the operator for charging for inspection of grease traps. 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 Amended Rate Order.

9. **Approve Consumer Confidence Report.** Mr. Hastings reviewed the Drinking Water Quality Report for 2005, a copy of which is included in the Operator's Report. Mr. Hastings stated that Director Dereck needs to stay listed on the Water Quality Report as he was a director in 2005; however, Director Claytor could be added on the report as he joined the Board in 2005. Mr. Hastings reported that the water is tested for 97 substances and only the substances that are detected are listed on the report. Mr. Hastings reported that the District is in no violation of any water quality requirements. 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 Consumer Confidence Report.

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 "F." Ms. Zapletal reported that the Board was provided a summary of additional work that could be performed with the \$142,199.00 that is the difference between the budgeted amount and the amount bid. Ms. Zapletal stated that Change Order No. One will add approximately 5500 linear feet of sanitary sewer rehabilitation. Discussion ensued on the costs of postponing the repairs, including larger problems by postponing and that repair costs will increase with time.

Ms. Zapletal recommended payment of pay estimate number One from Insituform Technologies, Inc. in the amount of \$95,047.99 for the emergency siphon replacement. Ms. Zapletal reported that the siphon replacement has been completed.

Ms. Zapletal reported that the elevated storage variance request is ready to be submitted to the TCEQ. Ms. Zapletal stated that the TCEQ requires interconnects to be metered and that the District has an interconnect with Harris County MUD No. 152 which is not metered. Ms. Zapletal reviewed with the Board an option for a meter at an interconnect between Harris County MUD No. 132 and Harris County MUD No. 152 that is not being utilized, where the District could add pipe and use that interconnect to Harris County MUD No. 152. Ms. Zapletal

reported that the District also has an interconnect with Harris County MUD No. 132; however, that interconnect is not an issue as Harris County MUD No. 132 cannot open the valve as it is unknown where it is located. Ms. Zapletal requested authorization to ask Harris County MUD No. 152 and Harris County MUD No. 132 for permission to utilize the meter at this interconnect.

Ms. Zapletal reported that Texas Rainmakers has requested 1,320 gallons per day of water capacity and 960 gallons per day of sewer capacity for its Lake Houston office warehouse located on Farmingham Drive. Ms. Zapletal recommended authorizing the capacity commitment.

Mr. Zabaneh reported that Mr. Wheless has a 30 acre tract that he is requesting to annex to the District. Mr. Zabaneh reported that Mr. Wheless intends to build multifamily structures. Discussion ensued on the location of the property and the cost of serving that location, compared to other districts closer to the 30 acre tract. The Board deferred making a decision on this request at this time until further information is provided.

Ms. Zapletal reported that Centerpoint has corrected the description of the easement location, a copy of which is attached hereto as Exhibit "G." She stated that Mr. Pennington has approved the easement and it is ready for execution.

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 Engineer's Report; to approve Change Order No. One in the amount of \$142,199.00 for the Sanitary Sewer Rehabilitation, Phase II project; to authorize payment of pay estimate Number One from Insituform Technologies, Inc. in the amount of \$95,047.99 for the emergency siphon replacement; to authorize BGE to ask Harris County MUD No. 152 and Harris County MUD No. 132 for permission to utilize the meter at their interconnect; to approve the capacity commitment to Texas Rainmakers; and to approve the easement with Centerpoint.

11. **Consider request by Texas Rainmakers for capacity commitment.** This item was covered under the Engineer's Report.

12. **Consider annexation request by Wheless (30 acres).** This item was covered under the Engineer's Report.

13. **Discuss existing ownership, financing and operations agreement for the shared lift station with HC MUD 152.** Mr. Pennington reported that he has contacted the attorney for Harris County MUD No. 152 and performed research regarding the shared lift station. He stated he would prepare a new agreement for the agreed upon allocation of the capacity.

14. **Approve encroachment of easement for Centerpoint.** This item was covered under the Engineer's Report.

15. **Update on Academy Development annexation request and take any necessary action.** This item was covered under the Engineer's Report.

16. **Consider need for insurance proposals.** Mr. Pennington reported that the District's insurance is expiring in June. He stated that usually the District reviews proposals from other insurance companies every few years and that last year the District reviewed proposals from the municipal utility district insurance providers. The Board indicated that it would like to renew with Harco insurance this year at next month's meeting.

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

18. **Approve agreement between Harris County and District for voting machines.** Mr. Pennington presented to and reviewed with the Board the Agreement with Harris County for the electronic voting machines, a copy of which is attached hereto as Exhibit "H." 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 Agreement with Harris County for the electronic voting machines.

19. **Attorney's Report.** Mr. Pennington noted that the Directors were provided a memorandum detailing the required director training and the different methods of obtaining the training, including online and at the AWBD summer conference. Mr. Pennington stated that the re-elected directors will need to obtain the training within 90 days of re-election and the other directors have until January 1, 2007, to obtain the required training.

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

21. **Next Meeting Date.** The next monthly Board meeting will be held on May 17, 2006 at 11:30.

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 May 17, 2006.

*James Lewis, Jr. Pres.*  
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President, Board of Directors

ATTEST:

*William A. Gault*  
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Secretary, Board of Directors

(DISTRICT SEAL)

