

MINUTES OF MEETING OF BOARD OF DIRECTORS  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153  
August 16, 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, August 16, 2006, whereupon the roll was called of the members of the Board, to-wit:

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

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. Sandra Anderson 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 of Brown & Gay Engineers, Inc. ("BGE"), engineer for the District; Ms. Cheryl Allen of Southwest Securities, Inc., financial advisor for the District; Mr. Martin Willhoite of the Observer Newspapers; and Mr. Neil Thomas 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 July 19, 2006.** Minutes of the meeting of July 19, 2006, previously distributed to the Board, were presented for consideration and approval. 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 minutes, as presented.

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

3. **Update on Academy Development annexation request and take any necessary action.** The President recognized Ms. Allen, who reported that she requested elevations and additional information on the types of homes Academy Development intended to construct. Ms. Allen stated that she did not receive the requested information and has not heard from Academy Development. Ms. Allen reported that at the last Board meeting Academy

Development reported acquiring an additional 20 acres for detention, yet all the information the District engineer has is of the same acreage. Ms. Allen stated that Academy Development wanted 100% reimbursement. She stated that she informed Academy Development that it can only be reimbursed for the value added and that the District does not intend to increase the tax rate. Mr. Zabaneh reported that other subdivisions developed by Academy Development are selling in the \$95,000 to \$119,000 range. Mr. Zabaneh recommended getting in writing the type of homes which will be constructed by Academy Development.

4. **Adopt Order Calling Bond Election to be held on November 7, 2006.** Mr. Thomas presented to and reviewed with the Board the Order Calling Bond Election, a copy of which is attached hereto as Exhibit "B." Mr. Thomas reviewed with the Board the options available, including holding its own election, holding a bond election with Harris County or waiting to hold the bond election in May 2007. Discussion ensued on the costs of the different options and voter participation. Mr. Thomas reported that the District may issue revenue bonds without an election; however, the bonds would have a higher interest rate and would not be as popular in the market.

The President stated that the District should inform the residents why the District needs the bonds. Mr. Thomas stated that the District may provide factual information on why the funds are necessary and the intended use of the funds from the bonds. He noted that the District is not allowed to use District funds to campaign for the bonds.

Mr. Thomas noted that the Order Calling Bond Election will need to be amended with the election information once it is determined.

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 adopt the Order Calling Bond Election and to approve the District holding its own election.

5. **Consider appointment of an agent for the District in connection with the Bond Election.** Mr. Thomas reported that this agent would be authorized to manage any election matters that arose. He stated that Ms. Deitrick is named as the agent in the Order Calling Bond Election and no further action is required.

6. **Authorize Voting Rights Act letter and approve necessary voting procedures.** Mr. Thomas 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. Thomas 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 DeYoung, after full discussion and the question being put to the Board, the Board voted unanimously to authorize F&J to send the Voting Rights Act letter to the United States Department of Justice to obtain preclearance.

7. **Approve contract with Harris County for voting machines or joint election.** The President recognized Mr. Thomas, who reported that the contract for the voting machines will be presented at a later date.

8. **Designate media spokesperson for the District.** Ms. Deitrick reported that several questions had been asked of F&J from Mr. Willhoite. She noted that Mr. Pennington thought the District should designate a spokesperson for the District for the press. Upon motion by Director Claytor, seconded by Director Soliz, after full discussion and the question being put to the Board, the Board voted four to one, with Director Davis opposing, to appoint Director Davis as the spokesperson for the District.

9. **Approve Resolution requesting Estimate of Value on September 1, 2006.** The President recognized Ms. Allen, who reported that the Estimate of Value is for the bond application submittal to the TCEQ. Mr. Thomas presented to and reviewed with the Board the Resolution Authorizing Request for Certificate of Estimated Assessed Valuation, a copy of which is attached hereto as Exhibit "C." 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 Resolution Authorizing Request for Certificate of Estimated Assessed Valuation.

10. **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 July, a copy of which is attached hereto as Exhibit "D." Mr. Leared reported that the collection rate is at 96.95% for the District.

Mr. Leared reported that the delinquent accounts have been turned over to Perdue, Brandon, Fielder, Collins & Mott, L.L.P. for collection. He presented to the Board the Delinquent Tax Report by Perdue, Brandon, Fielder, Collins & Mott, L.L.P., a copy of which is attached hereto as Exhibit "E."

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 Tax Assessor-Collector's Report, to approve Delinquent Tax Report, and to authorize the expenditures listed therein.

11. **Bookkeeper's Report, Investment Report, and payment of bills.** The President recognized Ms. Anderson, who presented to and reviewed with the Board the Bookkeeper's Report and Investment Report, a copy of which is attached hereto as Exhibit "F." Ms. Anderson reported that the bank incorrectly deducted from Director Soliz's account and that the bank will correct it. She also noted the bank made an error on check amount for Mr. Wiley. Mr. Hastings reported that the bank error has been corrected.

Ms. Anderson reported that it will cost a year of interest, which is \$11,000, to break the Certificate of Deposit ("CD") in the Construction Fund at Woodforest Bank. Ms. Anderson stated that the District may continue to pay for the capital projects from the General Fund and repay the General Fund when the CD matures in the Construction Fund. The Board elected not to break the CD at Woodforest Bank.

Ms. Anderson reported that a CD matured at Sterling Bank in the Bond Fund which will be used to make the September 1, 2006 debt payment.

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, Investment Report, to pay the bills listed therein and not to break the CD at Woodforest Bank.

12. **Atascocita Joint Operations Board ("AJOB") report and approval of Atascocita Joint Operations Board Construction Contract.** Director Clarey reported there was nothing new to report. Mr. Zabaneh reported that 36% of the wastewater treatment plant expansion has been funded and the contractor is approximately one-third into the project.

13. **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 "G." Mr. Hastings reported that the flyer included in the Operator's Report for the Harris County Household Hazardous Waste Collection Event could be included in the District's water bills for the cost of approximately \$200.

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 the Household Hazardous Waste Collection Event flyer with the water bills.

14. **Engineer's Report including a review of Engineer's projects and capital repairs.** The President recognized Mr. Zabaneh, who presented to and reviewed with the Board the Engineering Report on Proposed \$38,170,000 Bond Authorization and Engineer's Report, copies of which are attached hereto as Exhibits "H" and "I," respectively. Mr. Zabaneh presented to and reviewed with the Board the Engineering Report on Proposed \$38,170,000 Bond Authorization. He noted that there were a few changes made to the draft sent out previously.

Mr. Zabaneh recommended payment of pay estimate number fourteen from W.W. Payton in the amount of \$6,390.00 for the improvements to Water Plant No. 1. Mr. Zabaneh reported that the walk-through should occur in the next 2-3 weeks.

Mr. Zabaneh reported wastewater flows are reduced during heavy rain with the installation of a new meter. He noted that this excellent progress is a result of the sanitary sewer rehabilitation.

Mr. Zabaneh recommended payment of pay estimate number one from Repipe Texas in the amount of \$228,045.15 for the Sanitary Sewer Rehabilitation, Phase II. Mr. Zabaneh reported that Change Order No. One has been approved by the TCEQ. Mr. Zabaneh requested approval of Change Order No. Two in the amount of \$15,377.50 to add heavy cleaning of a sewer line along Vantage View Drive in response to resident notification of surcharge during rain events. He stated that the heavy cleaning is necessary due to blockage in the sewer line.

Mr. Zabaneh requested authorization to advertise and receive bids for Sanitary Sewer Rehabilitation, Phase III. He reported that BGE is preparing the bid documents.

Mr. Zabaneh reported that BGE is responding to TCEQ comments to the District

## Elevated Storage Tank Variance Request.

Mr. Zabaneh recommended payment of pay estimate number one from Wade Contractors, Inc. in the amount of \$26,640.00 for Walden Park on Lake Houston. Mr. Zabaneh reported that this pay estimate includes the play equipment. He stated that BGE has provided Ms. Waters a proposed layout for future parking and sidewalk.

Mr. Zabaneh reported that the installation of the generator at the shared lift station is progressing.

Mr. Zabaneh reported that he has received a request for repair of an eroding golf cart bridge by the golf course. He stated that the District has no facilities adjacent to the eroded embankment and that the golf course should repair it.

Mr. Zabaneh reported that the preliminary bond issuance requirement for the Series 2007 bonds is \$3,430,000 and includes funding for the Sanitary Sewer Rehabilitation, Phase III and the generator at the shared lift station with Harris County MUD No. 152. Mr. Zabaneh reported that BGE will confirm the final amount with Ms. Allen upon receipt of the Certificate of Estimate of Value from the Harris County Appraisal District. Mr. Zabaneh recommended an expedited application to the TCEQ.

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 Engineering Report on Proposed \$38,170,000 Bond Authorization; to approve the Engineer's Report; to authorize payment of pay estimate Number Fourteen from W.W. Payton. in the amount of \$6,390.00 for the improvements to Water Plant No. 1; to authorize payment of pay estimate Number One from Repipe Texas in the amount of \$228,045.15 for the Sanitary Sewer Rehabilitation, Phase II; to approve Change Order No. Two to the Sanitary Sewer Rehabilitation, Phase II in the amount of \$15,377.50 to add heavy cleaning of a sewer line along Vantage View Drive; to authorize BGE to advertise and receive bids for Sanitary Sewer Rehabilitation, Phase III; and to authorize payment of pay estimate Number One from Wade Contractors, Inc. in the amount of \$26,640.00 for Walden Park on Lake Houston.

15. **Authorize Application and Order Authorizing Application for expedited approval by TCEQ of Project and Issuance of Bonds.** The President recognized Mr. Thomas, who presented to and reviewed with the Board the Order Authorizing Application for Expedited Consideration of Approval by Texas Commission on Environmental Quality of Project and Issuance of Bonds and Waiver or Conditional Waiver of Certain Commission Rules (the "Order"), a copy of which is attached hereto as Exhibit "J." Mr. Thomas noted that this was discussed under the Engineer's Report and that the Order will be submitted to the TCEQ with the Engineering Report for the Sanitary Sewer Rehabilitation, Phase III and the generator at the shared lift station. 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 submittal of the Order to the Texas Commission on Environmental Quality.

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

17. **Other matters.** Director Clarey asked Mr. Hastings for the status of the resident who had a sinking driveway. Mr. Hastings reported that the insurance requested additional information and that TML is working with the resident's insurance company. Mr. Hastings reported that the insurance companies have not resolved it yet.

Director Soliz reported that he attended the first day of the TCEQ's Public Drinking Water Conference. He stated that the conference provided good information. Director Soliz asked if there had been a request to switch payment from the HOA to the District for constable service. Director Soliz also asked if any efforts had been made to provide recycling to the residents. Mr. Hastings reported that recycling was considered. He stated that recycling is available at the school, which receives money for it, and that the District decided to leave the recycling at the school. Mr. Hastings reported that in other districts where the residents are surveyed whether they want to pay \$2.50 to \$3.00 a month for recycling, the response is overwhelmingly that the residents do not want to pay for that service.

Director Soliz reported that he wanted to publish the District's downtown meetings in the local paper to inform the residents. Discussion ensued on having an October meeting in the District, perhaps at night, to facilitate educating the residents of the need for the bonds and how the funds will be used. The Board decided to determine the October meeting day and time at the September Board meeting.

18. **Next Meeting Date.** The next monthly Board meeting will be held on September 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 September 20, 2006.

James D. Davis  
President, Board of Directors

ATTEST:

William A. Chisler Jr.  
Secretary, Board of Directors

(DISTRICT SEAL)

