

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.