

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
March 22, 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 special session, open to the public at Walden on Lake Houston Country Club, 18100 Walden Forest Drive, Humble, Texas 77346, at 9:00 a.m. on Wednesday, March 22, 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 of Municipal Accounts and Consulting, L.P. ("MA&C"), bookkeeper for the District; Mr. Ben Pawlak of Bob Leared Interests, tax assessor-collector for the District; Mr. Sam Zabaneh of Brown & Gay Engineers, Inc. ("BGE"), engineers for the District; Ms. Yolanda Waters, district resident; 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 February 15, 2006.** Minutes of the meeting of February 15, 2006, previously distributed to the Board, were presented for consideration and approval. 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 minutes, as presented.

2. **Tax Assessor and Collector's Report, status of delinquent tax accounts, and payment of bills.** The President recognized Mr. Pawlak, who presented to and reviewed with the Board the Tax Assessor-Collector's Report for February, a copy of which is attached hereto as Exhibit "B." Mr. Pawlak reported that the collection rate is at 90% for the District, which is slightly behind the rate of 93% for this time last year.

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, and to authorize the expenditures listed therein.

3. **Authorization of additional 20% penalty on taxes, penalty, and interest remaining delinquent on July 1, 2006.** The President recognized Mr. Pennington, who presented to and reviewed with the Board the Resolution Authorizing Additional Penalty on Delinquent Taxes under Section 33.07 and 33.08, Tax Code, a copy of which is attached hereto as Exhibit "C." 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 the Resolution Authorizing Additional Penalty on Delinquent Taxes under Section 33.07 and 33.08, Tax Code.

4. **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 "D." Mr. Burton reported that Camcorp Interests made a \$15,000 annexation deposit to the District. He also stated the District paid the March 1 debt payment.

Upon motion by Director Clarey, 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, and to pay the bills listed therein.

5. **Adopt budget for fiscal year ending March 31, 2007.** The President recognized Mr. Burton, who reviewed with the Board the proposed budget which was included in the Bookkeeper's Report. Mr. Burton reported that he adjusted the budget for the emergency generator. Director Clarey requested the amount of Utilities Expense be adjusted to \$84,000. 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 budget for fiscal year ending March 31, 2007, as amended for utilities expense.

6. **Public Comments.** The President recognized Mr. Dan Huberty, a District resident running for Position 1 of the Humble Independent School District School Board. Mr. Huberty discussed his qualifications and motivation for influencing the future of Humble I.S.D.

7. **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.

8. **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 despite the additional payment options available to the District customers, 89% are still paying by mail and lock box. Mr. Hastings reported that online payment is one method that is being utilized. Mr. Hastings reviewed the Water Audit Reporting Form submitted to the Texas Water Development Board and reported that according to the formulas used by the Texas Water Development Board, it cost the District \$2,161 for lost water in 2005. Mr. Hastings also reviewed the Drinking Water Quality Report for 2005, a copy of which is included in the Operator's Report.

Mr. Hastings reported that Aqua Services had a vibration analysis performed on water well number one and the results were satisfactory.

Mr. Hastings reported receiving a letter from Scott Howell regarding inaccurate usage on his water bill. He stated the customer's usage went to 170,000 gallons, from an average of approximately 24,000 gallons. Mr. Hastings reported that he has investigated the matter and found the water meter to be accurate and did not observe any leaks. The resident's letter stated the sprinkler system was off during the period of high meter readings. Discussion ensued on possible causes of such high water usage. The Board instructed Mr. Hastings to inform the resident the District needs evidence the water was not used, to ask for payment and to offer a three month payment plan for the balance.

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 Operator's Report, to terminate the delinquent accounts listed therein, and to demand payment from the resident with the high water bill.

9. **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 Engineer's Report, a copy of which is attached hereto as Exhibit "F." Mr. Zabaneh recommended payment of pay estimate number Ten from W.W. Payton Corporation in the amount of \$56,520.00 for improvements to Water Plant No. 1.

Mr. Zabaneh reported that inspection of the ground storage tank found a leaking valve and a need for application of an epoxy coating. Mr. Zabaneh recommend approval of Change Order No. Five to the Water Plant Improvement project for a cost of \$42,620.00.

Mr. Zabaneh reported that the Sanitary Sewer Rehabilitation, Phase Two, was bid and the low bidder was RePipe-Texas, Inc., with a bid of \$453,931.00. Mr. Zabaneh recommended awarding the Sanitary Sewer Rehabilitation, Phase Two, contract to RePipe-Texas, Inc. Mr. Zabaneh reported that due to the lowering costs of sanitary sewer rehabilitation, the Board may want to consider approving adding additional areas to Phase Two of the Sanitary Sewer Rehabilitation project. Mr. Zabaneh stated he would provide the Board with proposed recommendations of areas to add to the project.

Mr. Zabaneh reported that bids were received for Walden Park on Lake Houston and that the low bidder was Wade Contractors, Inc., with a bid of \$39,500.00. Mr. Zabaneh recommended the contract be awarded to Wade Contractors, Inc. Discussion ensued and Mr. Zabaneh stated he would not provide Notice to Proceed to the contractor until Ms. Waters had met with the contractor to provide detailed instructions regarding Walden Park on Lake Houston.

Mr. Zabaneh reported that installing a natural gas generator at the shared lift station with Harris County MUD No. 152 has been discussed with the President and attorney for Harris County MUD No. 152 and they are agreeable to the project. Mr. Zabaneh requested authorization to advertise for bids for the project. Mr. Zabaneh reported that Gibraltar had a share of capacity in the shared lift station and it has to be determined how to allocate this capacity. Discussion ensued and the Board decided it would prefer to purchase all of Gibraltar's

share of the capacity.

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 Engineer's Report; to authorize payment of pay estimate number Ten from W.W. Payton Corporation in the amount of \$56,520.00 for improvements to Water Plant No. 1; to approve Change Order No. Five to the Water Plant Improvement project for \$42,620.00; to approve awarding the Sanitary Sewer Rehabilitation, Phase Two, contract to RePipe-Texas, Inc. for \$453,931.00; to approve awarding the contract for Walden Park on Lake Houston to Wade Contractors, Inc. in the amount of \$39,500.00; to approve advertising for bids for the installation of a natural gas generator at the shared lift station; and to approve purchasing Gibraltar's share of capacity in the shared lift station.

10. **Approve Recreational Park Agreement with the Community Services Association.** The President recognized Mr. Pennington, who reviewed with the Board the Recreational Park Agreement, a copy of which is attached hereto as Exhibit "F." 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 Recreational Park Agreement.

11. **Accept bids for Park Improvements.** This item was covered under the Engineer's Report.

12. **Discuss existing ownership, financing and operations agreement for the shared lift station with HC MUD 152.** This item was covered under the Engineer's Report.

13. **Approve encroachment of easement for Centerpoint.** No action was taken on this item.

14. **Update on Academy Development annexation request and take any necessary action.** Mr. Burton noted that Academy Development has sent the deposit to the District. Mr. Hastings and Mr. Zabaneh reported they provided information to Academy Development, and that they continue with the feasibility study. Discussion ensued on the possibility of having different tax rates within a municipal utility district. Mr. Pennington stated he would research if that is possible and other methods that would facilitate the proposed annexation residents to finance the utilities to their area in order to maintain the current low tax rate for residents of the District.

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

16. **Approve any necessary action regarding Directors Election.** Mr. Pennington presented reported there was no action needed at this time.

17. **Attorney's Report.** There was nothing to report on this item.

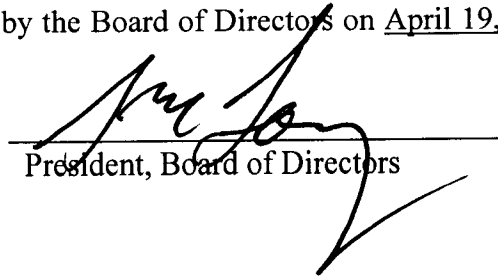
18. **Other matters.** There was nothing further to report at this time.

19. **Next Meeting Date.** The next monthly Board meeting will be held on April 19, 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 April 19, 2006.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

