

MINUTES OF MEETING OF BOARD OF DIRECTORS  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153  
February 21, 2007

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, February 21, 2007, whereupon the roll was called of the members of the Board, to-wit:

Jim Davis, President  
Rick Soliz, 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. Sam Zabaneh and Ms. Amy Zapletal of Brown & Gay Engineers, Inc. ("BGE"), engineers for the District; Mr. Charlie LaConti 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. Mike McCall of McCall, Gibson & Company, auditor for the District; Mr. Louis Trapolino, Mr. Dennis Livotto and Ms. Cathy Penland of Academy Development, developer of land proposed to be annexed by the District; Mr. Scott Levy and Mr. Allen Jones of W.Y. Atlantis, developer of land near the District; Mr. Gary Montgomery and Mr. David Borengasser of Montgomery and Associates, engineers for W.Y. Atlantis; Ms. Patsy Oliver of the Tribune Newspaper; 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 17, 2007.** Minutes of the meeting of January 17, 2007, previously distributed to the Board, were presented for consideration and approval. Director Clarey noted the time of the next meeting was incorrect. 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 revised.

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

3. **Consider Water Interconnect with Proposed Harris County MUD 494 for the Bridges at Lake Houston.** The President recognized the developers and engineers for The Bridges at Lake Houston. Mr. Zabaneh reported that The Bridges at Lake Houston is south of the District and contiguous to Academy's land that is proposed for annexation. Mr. Zabaneh reported that W.Y. Atlantis is forming Harris County Municipal Utility District No. 494 ("HC MUD 494"); however, is requesting water service from the District. Mr. Montgomery reported that the land is at the end of the City of Houston's water line and currently would provide less than optimal water service. Mr. Montgomery stated that the City of Houston plans to extend the water line, at which time the HC MUD 494 would receive water from the City of Houston. Mr. Montgomery reported that W.Y. Atlantis wants to receive water from the District and contribute funds on a pro rata share for the construction of the Water Plant No. 2, currently under design to serve the Academy Development tract and other nearby tracts. Mr. Montgomery stated that W.Y. Atlantis wants reimbursement from the District for the water plant construction costs. Mr. Jones reported that the development is expected to have approximately 900 connections and 10 to 12 acres of commercial property. Mr. Montgomery reported that the agreement with the City of Houston has not been finalized yet, but that the City of Houston has given approval for W.Y. Atlantis to obtain water from the District. Mr. Pennington noted that there would need to be a separate water line to serve this development which would need to be metered. Mr. Zabaneh confirmed that Water Plant No. 2 will have a generator.

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 authorize BGE to prepare a feasibility analysis for the increase in Water Plant No. 2 to serve The Bridges at Lake Houston with the feasibility analysis costs to be assessed to the annexation tracts and W.Y. Atlantis.

4. **Engage auditor for fiscal year ending March 31, 2007.** The President recognized Mr. McCall, who presented to and reviewed with the Board the engagement letter for March 31, 2007, a copy of which is attached hereto as Exhibit "B." Mr. McCall stated that 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. Mr. McCall reported that the directors are now a central cog in the financial report process of reporting fraud and requested the directors contact him with any concerns they have.

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, 2007.

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 "C." Mr. Leared noted that 88% of the District's 2006 taxes have been collected as of January 31, 2007. Mr. Leared stated the delinquent tax notices have been sent.

Mr. Leared presented to the Board the Delinquent Tax Report, a copy of which is attached hereto as Exhibit "D."

Upon motion by Director DeYoung, seconded by Director Soliz, 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. LaConti, who presented to and reviewed with the Board the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "E." Mr. LaConti reported receipt of the annexation deposits for the Wheless tract and Quentel/Manon tract.

Mr. LaConti presented to and reviewed with the Board the Investment Report, a copy of which is attached hereto as Exhibit "F."

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 Bookkeeper's Report, and to authorize payment of the checks listed therein.

7. **Adopt budget for fiscal year ending March 31, 2008.** This item was deferred.

8. **Atascocita Joint Operations Board ("AJOB") report and approval of Atascocita Joint Operations Board Construction Contract.** Ms. Zapletal reported that 73% of the revised contract has been completed. She stated that the Texas Commission on Environmental Quality ("TCEQ") has approved Change Order Nos. 2 and 3, which reduce the cost of the Wastewater Treatment Plant Expansion project.

Director Clarey reported that the neighboring municipal utility districts did not support the Atascocita Homeowners Associations' proposal of having the utility districts assume the security contract.

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 "G." Mr. Hastings reported that he has received a letter by Mr. Donald Benefield requesting compensation for the four hours he spent resolving his water payment which was deducted twice by the Federal Reserve Bank. Mr. Hastings reported that Aqua Services was not even aware the Federal Reserve Bank had processed the checks twice until contacted by Mr. Benefield. He stated that Aqua Services has refunded the amount mistakenly deducted by the duplicate processing and talked to Mr. Benefield.

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 Operator's Report, to terminate the delinquent accounts listed therein, and to authorize Aqua Services to send a letter to Mr. Benefield explaining efforts to resolve the matter and to provide Director Soliz's number if he has any questions.

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 "H." Ms. Zapletal provided the Board a summary of the bond application for review.

Ms. Zapletal reported that the flow meter manufacturer will support the existing flow meters until 2008, and that the replacement units costs \$4,000 per unit.

Ms. Zapletal recommended payment of Pay Estimate No. Four from RePipe-Texas in the amount of \$94,864.50 for the Sanitary Sewer Rehabilitation, Phase II. She stated that the contractor has completed the project and the TCEQ inspection is scheduled for Friday.

Ms. Zapletal reported that BGE received five bids for Sanitary Sewer Rehabilitation, Phase III. She recommended award to the low bidder, Reynolds Inliner, L.L.C., in the amount of \$1,235,543. She stated that the current bond issue included \$1,444,013 for this project and requested approval to prepare Change Order No. 1 to include additional rehabilitation to match the amount in the bond issue. Mr. Pennington asked if the District had sufficient funds for this project to begin. Mr. Zabaneh stated that BGE will work with the bookkeeper on the timing of the project so there are sufficient funds available.

Ms. Zapletal reported that BGE has received TCEQ approval for the Elevated Storage Variance. She requested the Board pre-approve award of the Modifications to Existing Water Meter and Vault located at West Lake Houston Parkway, which are expected to be less than \$25,000.

Ms. Zapletal recommended payment of Pay Estimate No. Three and Final from Wade Contractors, Inc. in the amount of \$3,575.00 for Walden Park on Lake Houston.

Ms. Zapletal reported BGE has is designing Water Plant No. 2, the lift station and offsite water and sanitary sewer lines to serve the tracts proposed for annexation. She stated that BGE has requested layouts from Academy Development for determination of placement of the water plant and lift station.

Ms. Zapletal reported that Mr. Verret received two bids for his driveway repair and that Mr. Verret wants to proceed with the \$7,253.75 bid as it included a Harris County permit. She stated that per the District's prior approval to pay half of the repair costs, the District should pay \$3,626.88 for the driveway repair.

Ms. Zapletal reported that the 22 acre tract will be called Waterhaven and that BGE has received the plans for the tract.

Ms. Zapletal reported that BGE is preparing the revised District boundary survey to show the five annexation tracts.

Ms. Zapletal reported that the Bond Application No. Five has been submitted and that BGE has received notification from the TCEQ that it is administratively completed.

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 authorize payment of Pay Estimate No. Four from RePipe-Texas in the amount of \$94,864.50 for the Sanitary Sewer Rehabilitation, Phase II; to approve the award of the Sanitary Sewer Rehabilitation, Phase III to Reynolds Inliner, L.L.C. in the amount of \$1,235,543.00; to approve BGE preparing the Change Order to include additional rehabilitation

in the Sanitary Sewer Rehabilitation, Phase III, project to match the amount in the bond issue for the project; to approve payment of Pay Estimate No. Three and Final to Wade Contractors, Inc. in the amount of \$3,575.00 for Walden Park on Lake Houston; and to approve payment of \$3,626.88 for the driveway repair at 19211 Nehoc.

11. **Approve Reimbursement Agreement with Waterhaven, Ltd./Oakmont Group.** This item was deferred.

12. **Ratify Resolution Declaring Official Intent to Reimburse Expenses.** The President recognized Mr. Pennington, who presented to and reviewed with the Board the Resolution Declaring Official Intent to Reimburse Expenditures (“Resolution”), a copy of which is attached hereto as Exhibit “I.” Mr. Pennington reported that the Resolution was approved at the last Board meeting. Upon motion by Director DeYoung, seconded by Director Soliz, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Resolution.

13. **Consider Annexation Agreements and Reimbursement Agreements.** No action was taken on this item.

14. **Attorney’s Report.** No action was taken on this item.

15. **Matters related to Bond Sale.** Mr. Pennington stated that Mr. Leared would follow up on the Request for Certificate of Estimated Assessed Valuation for the Bond Sale.

16. **Report on Association of Water Board Directors (“AWBD”) Conference.** Directors Soliz and Clarey discussed the winter AWBD conference seminars with the Board.

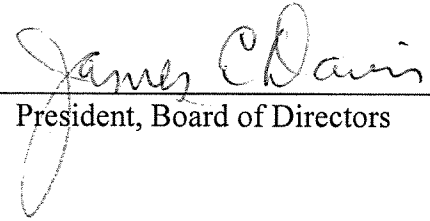
17. **Other matters.** No other matters were discussed.

18. **Next Meeting Date.** It was the consensus of the Board to hold the next monthly Board meeting on March 21, 2007 at 11:30 a.m. 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 March 21, 2007.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors

(DISTRICT SEAL)

