

MINUTES OF MEETING OF BOARD OF DIRECTORS  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153  
April 18, 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, April 18, 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, except Directors Clarey and Claytor. 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. Karena Hauter of Brown & Gay Engineers, Inc. ("BGE"), engineers for the District; Ms. Autumn Phillips 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; Ms. Cheryl Allen and Ms. Linda Loup of Southwest Securities, Inc., financial advisors to 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 21, 2007.** Minutes of the meeting of March 21, 2007, previously distributed to the Board, were presented for consideration and approval. 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 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 noted that 92% of the District's 2006 taxes have been collected as of

March 31, 2007. Mr. Leared reported that the delinquent statements with the additional 20% penalty will be mailed next month.

Mr. Leared reported that he had the new aerial photograph and the disks of the District, and provided them to the engineer.

Upon motion by Director Soliz, seconded by Director DeYoung, 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 Ms. Phillips, who presented to and reviewed with the Board the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "C." Ms. Phillips reported that a Certificate of Deposit is maturing which she will invest in the District's money market account for upcoming pay estimates for the sanitary sewer rehabilitation.

Ms. Phillips reviewed which members of the Board she had registered for the Association of Water Board Directors Summer Conference.

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

5. **Receive Bids on Unlimited Tax Bonds, Series 2007.** The President recognized Ms. Allen, who presented to and reviewed with the Board the bid results for the Unlimited Tax Bonds, Series 2007 (the "Bonds"), a copy of which is attached hereto as Exhibit "D." Ms. Allen reported that four bids were received and that they have been verified.

6. **Award Bid for Unlimited Tax Bonds, Series 2007.** Ms. Allen recommended that the Board award the low bidder, Southwest Company, at a net effective interest rate of 4.163759%. 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 accept the bid from First Southwest Company.

7. **Authorize Bond Insurance.** 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 authorize Financial Security Assurance, Inc. to insure the Bonds.

8. **Authorize the Distribution of Funds and other matters relating to the Bonds.** The President recognized Mr. Pennington, who reported that the bond closing is scheduled for May 16, 2007, and requested the authorization to distribute the funds upon closing of the Bonds. Upon motion by Director Soliz, seconded by Director DeYoung, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the distribution of funds upon closing of the Bonds.

9. **Order Authorizing \$3,430,000 Unlimited Tax Bonds, Series 2007, a Paying Agency Agreement and an Official Statement and Other Actions in Connection with the Bonds.** The President recognized Mr. Pennington, who presented to and reviewed with the

Board the Order Authorizing Unlimited Tax Bonds, Series 2007, a Transfer and Paying Agency Agreement, and Other Matters in Connection Therewith (the "Order") and a Transfer and Paying Agency Agreement, copies of which are attached hereto as Exhibits "E" and "F," respectively. 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 adopt the Order, and the Transfer and Paying Agency Agreement.

10. **Atascocita Joint Operations Board ("AJOB") report and approval of Atascocita Joint Operations Board Construction Contract.** Mr. Zabaneh reported that 84% of the Wastewater Treatment Plant Expansion project is complete.

11. **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 there was an unauthorized discharge, which has been reported to the Texas Commission on Environmental Quality. He stated that the discharge was caused by a power outage and failure of a generator at the same time. Mr. Hastings reported that during the repair the electrician rectified the situation that allowed the generator to fail during a power outage.

Mr. Hastings presented for approval the Consumer Confidence Report ("CCR"), included in the Operator's Report.

Mr. Hastings reviewed the recommendations on amended rates for commercial customers included in the Operator's Report. He stated that the rate order study compared the prices of the other districts in AJOB. Mr. Hastings stated that the recommended price increases would generate approximately \$18,000 additional revenue annually and that the higher rates would bring the District's rates inline with the rest of AJOB rates. He stated that the District has forty-three commercial accounts. Mr. Pennington stated that the District is currently subsidizing the City of Houston withdrawal fee for the first 10,000 gallons. The Board discussed the impact of increasing the rates for commercial users. It was the consensus of the Board to defer action on the rates for commercial users.

Mr. Hastings reviewed the repair recommendations for the District's 243 flushing valves. He recommended authorization of the repairs totaling \$9,913, and stated that the painting is not necessary at this time.

Mr. Hastings reported that Mr. Gene Mack on Hikers Trail has filed a claim with his insurance company, which forwarded it to the District's insurance company. He stated that an adjuster visited the location and that he has not received the adjuster's report.

Upon motion by Director Soliz, 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 authorize the flushing valve repairs totaling approximately \$9,913, to terminate the delinquent accounts listed therein, and to approve the CCR.

12. **Approve Consumer Confidence Report.** This item was covered under the Operator's Report.

13. **Approve Amended Rate Order.** The President recognized Mr. Pennington, who presented to and reviewed with the Board the Order Amending and Restating Order Setting Water and Sewer Service Rates, Establishing Tap Fees, Adopting Rules and Regulations Concerning District's Waterworks and Sanitary Sewer System, and Establishing Policy with Respect to Fire Hydrants, Manholes, Meter Boxes, and Clean-Out Valves ("Amended Rate Order"), a copy of which is attached hereto as Exhibit "H." Mr. Pennington provided a memorandum by Director Clarey on the Residential Solid Waste Contract Proposal, a copy of which is attached hereto as Exhibit "I." Mr. Pennington stated that he calculated the increase in the solid waste collection fee and fuel surcharge to approximately \$3.49, which would increase the sewer rate for residents to \$28.85, not including the Pines of Atascocita which has its own trash contract. The Board discussed the recommendations in the memorandum. Upon motion by Director Soliz, seconded by Director DeYoung, after full discussion and the question being put to the Board, the Board voted unanimously to approve the proposed contract with Republic Waste at a rate of \$14.50 and the Amended Rate Order effective June 1, 2007.

14. **Engineer's Report including a review of Engineer's projects and capital repairs.** The President recognized Ms. Hauter, who presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "J." Ms. Hauter reported that BGE has revised the price of Change Order No. One to \$208,190.00, to increase the total contract amount to \$1,443,733.00. She also presented a request letter to the Texas Commission on Environmental Quality ("TCEQ") for approval of Change Order No. One.

Ms. Hauter presented for approval the proposal by HTS, Inc. Consultants for the laboratory testing of the constructed materials to meet the City of Houston specifications. She stated that the proposal is for approximately \$11,500.

Ms. Hauter presented for approval Pay Estimate No. Five and Final from Insituform Technologies for the Emergency Force Main Repairs in the amount of \$107,769.89, with the District's share of the pay estimate of \$25,271.02.

Ms. Hauter reported that the contracts for the modifications to the existing water meter and vault located at West Lake Houston Parkway are circulating for signature.

Ms. Hauter reported that the District may either solicit bids for minimum upgrades to the lift stations or proceed with major replacement of the electrical components in the lift station with an estimated cost of approximately \$50,000 per lift station, which would require public bidding. She stated that BGE recommends proceeding with the major replacement of the electrical components at an approximate cost of \$100,000. Mr. Pennington asked if funds were available to pay for such a project and stated that the District probably does not need TCEQ approval for work on an existing facility.

Ms. Hauter reported that Academy Development has approved a location for the proposed lift station. She reported that Academy Development is considering changes in the land plan to increase the lot size and that RG Miller Engineers will keep BGE informed of land plan revisions. Ms. Hauter reported that land plan revisions will not impact the general location of the proposed lift station.

Ms. Hauter reported that BGE has reconciled the boundary surveys of three of the proposed annexation tracts. She stated that the representatives of the 91 acre tract and 32 acre tract are coordinating resolution to the boundary discrepancy between their properties.

Ms. Hauter reported that three bid proposals were received for the clearing of trees and site preparation for Waterhaven and that the contract was awarded to the low bidder, Randy Road Construction, Inc., with a bid of \$148,918.00, per the District's approval at the March meeting.

Ms. Hauter reported that five bids were received for construction of the water, sanitary sewer and storm sewer utilities to serve Waterhaven, Phase I. She recommended award of the contract to the low bidder, Pace Services, with a bid of \$783,860.50. She stated that county and city plan approval are expected shortly.

Ms. Hauter reported that the engineer for Harris County Municipal Utility District No. 494 is still interested in participating in the proposed water plant; however, a final decision has not been made. Mr. Pennington asked if Academy Development is willing to fund the portion of the proposed water plant not allocated to the District. He stated that the annexation agreement with Academy Development has been drafted to that effect. He stated that the smaller developers may not be in a position to front funds for the proposed water plant at this time.

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 Engineer's Report; to approve the revised the price of Change Order No. One to \$208,190.00, to increase the total contract amount to \$1,443,733.00 for the Sanitary Sewer Rehabilitation, Phase III; to approve the proposal by HTS, Inc. Consultants for the laboratory testing for approximately \$11,500; to approve Pay Estimate No. Five and Final to Insituform Technologies for the Emergency Force Main Repairs in the amount of \$107,769.89, with the District's share of the pay estimate of \$25,271.02; to approve the advertisement of bids for the major replacement of the electrical components in the lift stations with an estimated cost of approximately \$50,000 per lift station; and to award to Pace Services the construction contract for the water, sanitary sewer and storm sewer utilities to serve Waterhaven, Phase I, with a bid of \$783,860.50.

15. **Award Utilities Contract to Serve Waterhaven.** This item was covered under the Engineer's Report.

16. **Discuss Expansion of Water Plant No. 2 for proposed Harris County MUD 494 for The Bridges at Lake Houston.** Mr. Zabaneh stated that the District should give Harris County Municipal Utility District No. 494 ("HC MUD 494") a few more weeks and then proceed. The Board reviewed the pricing options and determined that the District would have to reimburse developers less if HC MUD 494 did not participate in the water plant construction.

17. **Begin Compilation of Continuing Disclosure Materials.** The President recognized Mr. Pennington, who stated that an annual requirement for the District's bonds is to file annual financial and operating information. He requested approval for the District's consultants to prepare the disclosure materials. 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 authorize the District's consultants to prepare the disclosure materials.

18. **Discuss Renewal of Residential Solid Waste Collection Contract.** This item was covered under the Amended Rate Order.

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

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

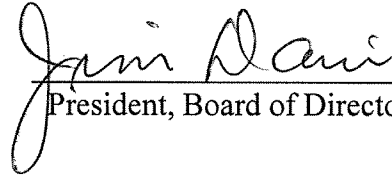
21. **Other matters.** No other matters were discussed.

22. **Next Meeting Date.** It was the consensus of the Board to hold the next monthly Board meeting on May 16, 2007 at 11:30 a.m. at the offices of Fulbright & Jaworski L.L.P., 1301 McKinney, Houston, Texas 77010.

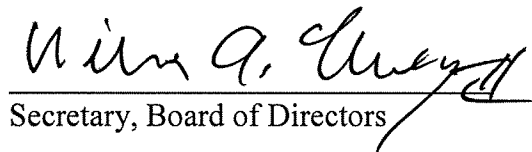
THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

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The foregoing minutes were passed and approved by the Board of Directors on May 16, 2007.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors

(DISTRICT SEAL)

