

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
May 16, 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, May 16, 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; 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; 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 April 18, 2007.** Minutes of the meeting of April 18, 2007, previously distributed to the Board, were presented for consideration and approval. 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 minutes, as presented.

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

3. **Series 2007 Bonds Closing Matters.** The President recognized Mr. Pennington, who reported the Series 2007 Bonds closed that morning. Ms. Phillips reported that she verified the funds have been deposited in District's accounts.

4. **Approved Amended District Information Form.** The President recognized Mr. Pennington, who presented to and reviewed with the Board the Amendment to Amended and

Restated District Information Form, a copy of which is attached hereto as Exhibit "B." Mr. Pennington reported that the District is required to record the Notice to Purchaser with Harris County Real Property records. He stated that this District Information Form informs purchasers in the District that the District has issued bonds. 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 Amendment to Amended and Restated District Information Form.

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 April, a copy of which is attached hereto as Exhibit "C." Mr. Leared noted that 93% of the District's 2006 taxes have been collected as of April 30, 2007.

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

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 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 Ms. Phillips, who presented to and reviewed with the Board the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "E." Ms. Phillips provided the Closing Memo for the Series 2007 Bonds, a copy of which is attached hereto as Exhibit "F." She requested authorization for the paying agent to release the wires totaling \$169,481.20 for the costs of issuance. Ms. Phillips stated that the bond funds just deposited in the Capital Projects Fund will be invested in Texpool.

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

Ms. Phillips presented to and reviewed with the Board the Investment Report, a copy of which is attached hereto as Exhibit "G."

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, to authorize payment of the checks listed therein, to approve the Investment Report and to approve the paying agent to release the wires for the costs of issuance for the Series 2007 Bonds.

7. **Atascocita Joint Operations Board ("AJOB") report and approval of Atascocita Joint Operations Board Construction Contract.** Director Clarey reported that 84% of the Wastewater Treatment Plant Expansion project is complete. Mr. Zabaneh requested Board approval for minor improvements to be added to the Wastewater Treatment Plant Expansion, such as paving the driveway and a hand rail, to be paid from interest from the funds already contributed for the project. He estimated that the District's share of the costs to be approximately \$26,000 for such improvements. 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 expenditure of interest from funds already contributed for the Wastewater Treatment Plant Expansion for minor improvements.

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 "H." Mr. Hastings reported 93% accountability for April. The Board discussed possible causes of the decrease in accountability. Mr. Hastings stated that for a District of this size, the accountability is fine.

Mr. Hastings reported that Ms. Lisa Gray has had some billing issues with large bills. He reviewed the history of the account and stated that she was provided a credit the first time she had a bill for 85,000 gallons. However, he stated that a new meter has been installed and she now is using 60,000 gallons regularly. He stated that the resident has a pool and sprinkler system. He asked the Board whether to provide any further credit.

Mr. Hastings reported that the insurance company has rejected Mr. Gene Mack's claim for the driveway repair.

Mr. Hastings reported that there is a leak under the driveway at 18710 Walden Forest. He stated that the driveway will be dug up to fix the leak and subsequently repaired.

Mr. Hastings reported that the District has receivables from custom builders not paying for charges for inspections where the builder fails to attend the inspection appointment. He stated that Aqua Services charges builders \$150 for the inspection when the builder fails to show up. Mr. Hastings reported that he would send letters to the builders that owe the District.

Mr. Hastings presented to and reviewed with the Board the recommendations on amended rates for commercial customers, a copy of which is attached hereto as Exhibit "I." Mr. Pennington 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 "J." The Board discussed the budgetary necessity of increasing the commercial rates and that the increase would bring the District's rates inline with the rest of AJOB rates. Mr. Hastings reported that the District has forty-three commercial accounts. The Board discussed the impact of increasing the rates for commercial users.

Mr. Hastings reported that Aqua Services had trouble finding valves in the process of repairing a leak. He requested authorization to perform a valve survey, which would include the use of blue paint to identify the valve locations, for the approximate cost of \$4,500. He stated that there are 300 valves in the District. Mr. Hastings stated that the valve survey would prove indispensable for night repairs that involved locating a valve.

Upon motion by Director Soliz, seconded by Director Clarey, 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, not to provide Ms. Lisa Gray any further credits for large water bills; to approve the Amended Rate Order, and to approve the

valve survey.

9. **Approve Amended Rate Order.** This item was covered under the Operator's Report.

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 "K." Ms. Zapletal presented for approval Pay Estimate No. Five and Final from Repipe-Texas, Inc. in the amount of \$59,063.75 for the Sanitary Sewer Rehabilitation, Phase II.

Ms. Zapletal presented for approval Pay Estimate No. One from Reynolds Inliner, LLC. in the amount of \$33,511.05 for the Sanitary Sewer Rehabilitation, Phase III.

Ms. Zapletal 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. Zapletal reported that BGE is working on the plans for the increased scope of the lift station rehabilitation.

Ms. Zapletal reported that BGE is awaiting receipt of the revised land plans from Academy Development. She stated that the revisions will not impact the general location of the proposed lift station and Water Plant No. 2. Ms. Zapletal reported that the boundary discrepancies between Academy and the owner of the 32 acre tract have not been resolved.

Ms. Zapletal reported that the construction contracts for the Water, Sanitary Sewer and Storm Sewer Utilities to serve Waterhaven, Phase I, are ready for Board signature.

Ms. Zapletal reported that Harris County Municipal Utility District No. 494 ("MUD 494") has indicated that it wants to participate in Water Plant No. 2. Additionally, due to additional requirements by the City of Houston, MUD 494 is interested in receiving wastewater treatment through the District and sharing the lift station with Academy Development. She stated that BGE is working on the feasibility study of providing wastewater treatment to MUD 494. Mr. Zabaneh stated that the costs would be reduced if the large water transmission line could go through MUD 494 instead of along West Lake Houston Parkway. He stated that he would have to meet with the City of Houston for approval as this is through a City of Houston tract. Ms. Zapletal and Mr. Zabaneh reviewed with the Board the construction options for Water Plant No. 2. Ms. Zapletal confirmed that the costs do not include engineering fees. Mr. Zabaneh stated that Option C would allow the District to perform service on Water Plant No. 1; however; that Option C is not the full replacement size for the District. Mr. Zabaneh stated that he would send letters to the annexation tract owners stating the assumed number of connections for their respective tracts and their share of the costs for sewer service and construction of Water Plant No. 2. Mr. Zabaneh reported that MUD 494 has mentioned a contract for the joint project. Mr. Pennington stated that the engineer should get the funds for Water Plant No. 2 before beginning the design.

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 approve Pay Estimate No. Five and Final from Repipe-Texas, Inc. in the amount of \$59,063.75 for the Sanitary Sewer Rehabilitation, Phase II; to approve Pay Estimate No. One from Reynolds Inliner, LLC. in the amount of \$33,511.05 for the Sanitary Sewer Rehabilitation, Phase III; to approve BGE proceeding with Water Plant No. 2 Option C negotiations with MUD 494, the City of Houston, and the annexation tract owners; to authorize BGE to send letters to the tract owners and MUD 494 regarding their share of the costs for utility service; and to authorize Mr. Pennington to discuss the joint project with MUD 494.

11. **Approve Resolution Declaring Intent to Reimburse Expenditures (lift station rehabilitation).** No action was taken on this item.

12. **Discuss Expansion of Water Plant No. 2 for proposed Harris County MUD 494 for The Bridges at Lake Houston.** This was covered under the Engineer's Report.

13. **Approve Agreement with Harris County MUD No. 494 and the Developer in that District.** No action was taken on this item.

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

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

16. **Review Ethics Policy.** The Board reviewed the Code of Ethics, Fees and Expense Policy, Investment Policy, Policies and Procedures for Selection and Review of Consultants, Policies Concerning the Use of Management Information Including the Formation of an Audit Committee, Appointing Investment Officer, and Certain Other Matters ("Ethics Policy"), a copy of which is attached hereto as Exhibit "L." It was the consensus of the Board to make no changes to the Ethics Policy at this time.

17. **Consider need for Insurance Proposal.** The President recognized Mr. Pennington, who reported that the District's insurance expires in July and asked if the Board would like to see proposals from other insurance companies. He noted that the District's current provider is Anco Wessendorf. The Board indicated that it would like to review the renewal proposal by Anco Wessendorf.

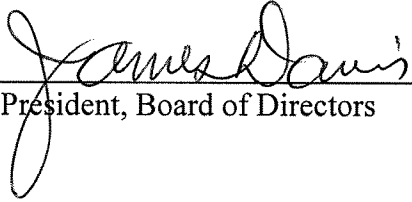
18. **Other matters.** The Board discussed the backdoor trash service provided by Republic Waste Services. The Board requested Mr. Hastings put a message on the water bill requesting residents leave the trash cans at the back doors and state that back door service is part of the trash contract.

19. **Next Meeting Date.** It was the consensus of the Board to hold the next monthly Board meeting on June 20, 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.

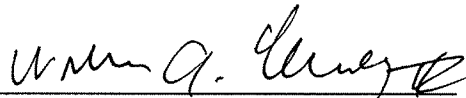
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The foregoing minutes were passed and approved by the Board of Directors on June 20, 2007.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

