

MINUTES OF MEETING OF BOARD OF DIRECTORS  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153  
August 15, 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, August 15, 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 Phillip and Mr. Charlie LaConti of Municipal Accounts and Consulting, L.P. ("MA&C"), bookkeepers for the District; Mr. Bob Leared of Bob Leared Interests, tax assessor-collector for the District; Mr. Scott Levy and Mr. Allen Jones of W.Y. Atlantis, developer of land near the District; Mr. David Borengasser of Montgomery and Associates, engineer for W.Y. Atlantis; and Ms. Jana Cogburn and Ms. Yvette Deitrick of Fulbright & Jaworski L.L.P. ("F&J"), attorneys for the District.

The meeting was called to order and, in accordance with notice posted pursuant to law, 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 18, 2007.** Minutes of the meeting of July 18, 2007, previously distributed to the Board, were presented for consideration and approval. Upon motion by Director Claytor, seconded by Director Soliz, after full discussion and the question being put to the Board, the Board voted unanimously to approve such minutes, as presented.
2. **Public Comments.** There were no public comments.
3. **Engineer's Report, including 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 "B." Ms. Zapletal presented for approval Pay Estimate No. 4 from Reynolds Inliner, LLC in the amount of \$91,303.20 for the

Sanitary Sewer Rehabilitation, Phase III. Ms. Zapletal reported that the Texas Commission on Environmental Quality (“TCEQ”) has confirmed receipt of Change Order No. 1 for the Sanitary Sewer Rehabilitation, Phase III.

Ms. Zapletal reported that the Modifications to existing water meter and vault located at West Lake Houston Parkway are complete. She stated that the TCEQ will inspect the water meter and vault next Tuesday.

Ms. Zapletal reported that the boundary discrepancies between Academy Development and the owner of the 32 acre tract have not been resolved.

Ms. Zapletal presented for approval Pay Estimate No. 1 from Randy Roan Construction, Inc. in the amount of \$134,026.20 for payment by the developer for the site preparation and storm water pollution control items for Waterhaven, Phase I.

Ms. Zapletal reported that Texas Rainmakers has requested a capacity commitment of 1,085 gallons per day of water and 771 gallons per day of sewer. She stated that the District originally approved a larger commitment to Texas Rainmaker on April 19, 2006.

Ms. Zapletal reported that three bids were received for the Lift Station Electrical Improvements. She stated that the low bidder was Neil Technical Services with a total bid of \$105,208.00 and a base bid of \$93,798.00. She stated that the total bid included a few alternate items and recommended the contract be awarded to Neil Technical Services in the amount of \$105,208.00.

The President recognized Mr. Jones, who reported that he continues work on obtaining formal permission to obtain water from the District by the City of Houston. Mr. Jones confirmed that Harris County Municipal Utility District No. 494 (“MUD 494”) will require 1,350 estimated single family connections (“ESFC”). Mr. Jones reported that he is working on forming a joint venture with Midway Companies to develop the front 52 acres along West Lake Houston Parkway and will work with Ashland Homes to develop the back of the tract. Mr. Jones requested that the Board consider allowing W. Y. Atlantis to provide an initial letter of credit in the amount of \$2,000,000 instead of the originally requested amount of \$6,000,000 for MUD 494's pro rata share of the construction costs for water plant no. 2 until the joint venture with Midway Companies is arranged. Mr. Zabaneh stated that the project cannot be bid until the funds are in place. He stated that BGE could proceed with the design and get the plans approved in the meantime. Ms. Cogburn questioned why the District would take the risk of financing the project as the value in MUD 494 will not be realized by the District. Mr. Borengasser asked if the Board would consider a phased purchase of the wastewater treatment capacity, with an appropriate increase in cost to be paid by MUD 494 for ESFCs not purchased for the initial phase of development. Mr. Zabaneh stated that it will take six months to design the water plant and that not proceeding will cause a delay for Academy Development. Ms. Cogburn stated that if the District proceeds with only a \$2,000,000 letter of credit and the housing market significantly declines, the District will have spent a large sum on engineering fees for nothing. Mr. Zabaneh reported that Academy Development has not provided the funds for its share of the construction costs for water plant no. 2. Mr. Zabaneh reported that the District will benefit by selling its excess sewer capacity to MUD 494. Ms. Cogburn stated that the Atascocita Joint

Operations Board Agreement will have to be reviewed to confirm MUD 494 can purchase sewer as it is outside of the service area. The Board agreed not to proceed with the design of the water plant until Academy Development and MUD 494 advance the funds for the construction of water plant no. 2.

Ms. Zapletal reported that the owners of 1.54, 1.49 and 32 acre tracts have confirmed the number of ESFC required for their respective tracts.

Ms. Zapletal reported that Dr. Manon and Dr. Quentel have requested a 45-day extension for providing the letter of credit for their share of the water plant construction costs.

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 Engineer's Report; to approve payment of Pay Estimate No. 4 from Reynolds Inliner, LLC in the amount of \$91,303.20 for the Sanitary Sewer Rehabilitation, Phase III; to approve payment by the developer of Pay Estimate No. 1 to Randy Roan Construction, Inc. in the amount of \$134,026.20 for the site preparation and storm water pollution control items for Waterhaven, Phase I; to approve a capacity commitment of 1,085 gallons per day of water and 771 gallons per day of sewer to Texas Rainmakers; to award the Lift Station Electrical Improvements to Neil Technical Services in the amount of \$105,208.00; to approve a 45-day extension for Dr. Manon and Dr. Quentel to provide their share of the funds or letter of credit for the construction of the water plant and to take no action on the construction of water plant no. 2.

4. **Accept bids and award Lift Station Electrical Improvements project.** This item was covered under the Engineer's Report.

5. **Update on Expansion of Water Plant No. 2 for proposed annexation tracts and Harris County MUD 494 for The Bridges at Lake Houston and Take Any Necessary Action.** This item was covered under the Engineer's Report.

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

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

8. **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 the 1.49 acre tract owner has paid his share of the water plant construction costs, although the payment is not reflected in the Bookkeeper Report.

Ms. Phillips reviewed the Investment Strategy for the District included in the Bookkeeper's Report.

Ms. Phillips presented to and reviewed with the Board a Depository Pledge Agreement with Comerica Bank, a copy of which is attached hereto as Exhibit "D."

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, to authorize payment of the checks listed therein, and to approve and authorize the execution of the Depository Pledge Agreement with Comerica Bank.

9. **Approve Depository Pledge Agreement with Comerica Bank.** This item was covered under the Bookkeeper's Report.

10. **Atascocita Joint Operations Board ("AJOB") report and approval of Atascocita Joint Operations Board Construction Contract.** Director Clarey reported that the Wastewater Treatment Plant Expansion project is approximately 85% complete and that the rainy weather has caused a slight delay in construction progress. He stated that an additional fuel tank for the generator is still being debated. Director Clarey stated that the two day fuel supply should suffice. Mr. Zabaneh reported that the longest power outage the area has incurred since 1983 was for eleven hours and that the power company prioritizes restoring power needed to provide water and sewer service after hospitals.

Ms. Cogburn reported that she reviewed the Atascocita Joint Operations Board Agreement and that it does not authorize AJOB participants to sell sanitary sewer treatment capacity to a third party outside of the service area. She stated that the agreement would have to be amended for sewer capacity to be sold to MUD 494 and that each participating utility district in AJOB would have to approve the amendment.

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 "E." Mr. Hastings stated that the test results for water well no. 1 are excellent. Mr. Hastings stated that the submergence is a measure of the static water above the underwater pump. He stated that any amount over one hundred feet is good and that the pump at water well no. 1 is at one hundred fifty feet.

Director Soliz asked for additional information on the invoice that required a crane for a pump that was "tripping". Mr. Hastings explained that the issue was due to the electrical issues at the lift station and that the project just awarded for the electrical improvements will resolve that issue. He reported that the sanitary wipes are not disposable and are clogging up the sewer systems. Mr. Hastings asked if the Board wanted a message on the water bill that the wipes are not disposable. It was the consensus of the Board to put the message on the water bill.

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 Operator's Report, and to terminate service to the delinquent accounts listed therein.

12. **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 July, a copy of which is attached hereto as Exhibit "F." Mr. Leared noted that 96% of the District's 2006 taxes have been collected as of July 31, 2007.

Mr. Leared reported that the delinquent accounts have been turned over to Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("PBFCM") for collection. He stated that PBFCM has mailed the demand letters. Mr. Leared recommended obtaining a report from PBFCM in October to get the status on collection of the delinquent accounts.

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 Tax Assessor-Collector's Report, and to authorize the expenditures listed therein.

13. **Attorney's Report.** Ms. Cogburn reported that new legislation requires reporting of electrical usage and asked if that had been arranged yet for the District. She stated that the District could ask the bookkeeper to include a statement on electrical usage in her report. Ms. Cogburn reported that the new law becomes effective September 1, 2007. It was the consensus of the Board to have the bookkeeper include the District's electrical usage in her report.

14. **Approve List of Authorized Users for Ringtail Database.** The Board reviewed a list of proposed authorized users for the District's Ringtail database. Discussion ensued. It was the consensus of the Board to approve the proposed list of users as submitted.

15. **Other matters.** There were no other matters to come before the Board at this time.

16. **Next Meeting Date.** It was the consensus of the Board to hold the next monthly Board meeting on September 19, 2007 at 10:00 a.m. at Walden on Lake Houston Country Club, 18100 Walden Forest Drive, Humble, Texas 77346.


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 September 19, 2007.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors

(DISTRICT SEAL)

