

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
October 17, 2007

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 regular session, open to the public at Fulbright & Jaworski L.L.P., 1301 McKinney, Houston, Texas 77010, at 11:30 a.m. Wednesday, October 17, 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 Director 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. 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. David Borengasser of Montgomery and Associates, engineer for W.Y. Atlantis; Ms. Linda Loup of Southwest Securities, financial advisor 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 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 September 19, 2007.** Minutes of the meeting of September 19, 2007, previously distributed to the Board, were presented for consideration and approval. Upon motion by Director Clarey, seconded by Director DeYoung, 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. **Convene Public Hearing on Proposed Tax Rate for 2007.** The President convened the public hearing on the proposed tax rate for 2007. There were no residents of the District in attendance.

4. **Adopt Order Setting Tax Rate and Levying Tax for 2007.** The President recognized Mr. Pennington, who presented to and reviewed with the Board the Order Setting Tax Rate and Levying Tax for 2007, a copy of which is attached hereto as Exhibit "B." Mr. Leared reported that the hearing on the proposed tax rate was published. Mr. Pennington informed the Board this order authorizes the District to levy the tax for 2007.

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 Adopt the Order Setting Tax Rate and Levying Tax for 2007 with a total tax rate of \$0.45 per \$100 assessed valuation, including a rate of \$0.4014 for debt service and \$0.0486 for operation and maintenance expenses.

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 September, a copy of which is attached hereto as Exhibit "C." Mr. Leared noted that 97% of the District's 2006 taxes have been collected as of September 20, 2007.

Mr. Leared requested the Board authorize duplicate mailing of the tax statements addressed to the homeowner/taxpayer in January if the taxes are still due.

Mr. Leared provided the Delinquent Tax Report by Perdue, Brandon, Fielder, Collins & Mott, L.L.P., a copy of which is attached hereto as Exhibit "D." Director Soliz stated that the lot in the District which has been foreclosed upon and written off to the school district will be auctioned off in November. The Board discussed the pros and cons of purchasing the property to develop a park. It was the consensus of the Board not to pursue purchasing the property.

Upon motion by Director Clarey, 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, to authorize the expenditures listed therein, to authorize the mailing of duplicate tax statements addressed to homeowner in January if the taxes are still due, and to approve the Delinquent Tax Report.

6. **Delinquent Tax Report.** This item was covered under the Tax Assessor and Collector's Report.

7. **Public Hearing on Taxation of Goods in Transit.** The President convened the public hearing on the proposed taxation of goods in transit. There were no comments. Mr. Pennington noted that notice of the hearing was published as required by the Texas Constitution and applicable legislation.

8. **Resolution Authorizing Taxation of Goods in Transit.** The President recognized Mr. Pennington, who reported that new legislation allows for utility districts to disallow a new exemption from tax for personal property that's held within a district for less than 175 days. Mr. Pennington presented to and reviewed with the Board the Resolution Authorizing Taxation of Goods in Transit under Section 11.253(j), Tax Code, a copy of which is attached hereto as Exhibit "E."

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 Resolution Authorizing Taxation of Goods in Transit under Section 11.253(j), Tax Code, and for the tax assessor collector to provide a copy of the Resolution to the Harris County Appraisal District.

9. **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 "F." Ms. Zapletal presented for approval Pay Estimate No. 6 from Reynolds Inliner, LLC in the amount of \$205,200.68 for the Sanitary Sewer Rehabilitation, Phase III. Ms. Zapletal reported that BGE has provided the Texas Commission on Environmental Quality ("TCEQ") additional information for the request for approval of Change Order No. One for the Sanitary Sewer Rehabilitation, Phase III.

Ms. Zapletal reported that BGE is coordinating with the District's financial advisor on the upcoming Bond Issuance Report.

Ms. Zapletal reported that Mr. Wheless has asked BGE what reduction in costs will be realized from a reduction to 105 connections for his thirty acre tract proposed for annexation. She reported that the boundary discrepancies between Academy Development and the owner of the 32 acre tract have been resolved. She stated that BGE will await the documentation of the resolution and update the District boundary map accordingly for the proposed annexations.

Ms. Zapletal presented for approval Pay Estimate No. 2 from Pace Services in the amount of \$82,670.98 for payment by the developer for the water, sewer and storm sewer at Waterhaven, Phase I.

Ms. Zapletal reported that Aqua Services has confirmed the fence at the entrance to the water plant may be offset an additional twenty feet from the roadway to align with the proposed fence of Waterhaven. She reported that the Waterhaven developer has provided a cost estimate of \$33,150.00 (\$61/LF) to replace the existing fence around the water plant. Ms. Zapletal reported that the Waterhaven developer has offered to replace the chain link fence on the north side of the water plant for no cost to the District. The Board discussed the pros and cons of installing a new fence around the water plant. It was the consensus of the Board not to install a new fence around the water plant; however, the Waterhaven developer may install new fencing along the north side of the water plant at his cost.

Ms. Zapletal reported that Texas Rainmakers has provided BGE a receipt for a plat. She stated that BGE still needs a hard copy of the recorded plat and the revised construction plans. Ms. Zapletal reported that the civil plans and plumbing plans were not consistent on the location of the sewer service connection.

Ms. Zapletal reported that the owners of the 1.49 acre, 1.54 acre and 32 acre tracts have confirmed the number of connections for their respective tracts. She reported that Academy Development, Harris County Municipal Utility District No. 494 ("MUD 494") and Mr. Wheless are still undecided on the number of connections for their respective tracts. Ms.

Zapletal reported that the costs were revised after the September Board meeting for the sale of wastewater capacity to MUD 494. She reviewed the breakdown of costs for the respective tract owners and noted that the engineering costs have now been separated out so the tract owners and the District may advance the engineering costs so BGE may begin design of the water plant. Director Clarey reported that the Atascocita Joint Operations Board (“AJOB”) districts have excess wastewater capacity to sell and are interested in selling it to MUD 494. Mr. Pennington asked Mr. Zabaneh if all the engineering fees had to be paid in advance. Mr. Zabaneh reviewed the issues of not obtaining all of the engineering fees in advance in this situation. It was the consensus of the Board to request advance of all the engineering fees and if BGE agreed to phased payment by a developer that would be between BGE and the developer. Mr. Borengasser asked if the wastewater agreement would be with the District or AJOB. Mr. Pennington stated that the wastewater agreement would be with AJOB. He stated that he expects each utility district in AJOB will reallocate capacity and have the District sell capacity to MUD 494. Mr. Zabaneh reported that Harris County Municipal Utility District No. 46, Harris County Municipal Utility District No. 106 and Harris County Municipal Utility District No. 132 do not have excess wastewater capacity to sell. He reported that Harris County Municipal Utility District No. 109 may have approximately 200,000 gpd available to sell.

Upon motion by Director Clarey, 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 payment of Pay Estimate No. 6 from Reynolds Inliner, LLC in the amount of \$205,200.68 for the Sanitary Sewer Rehabilitation, Phase III; to approve payment by the developer of Pay Estimate No. 2 from Pace Services in the amount of \$82,670.98 for the water, sewer and storm sewer at Waterhaven, Phase I; not to approve replacement of the fence around the water plant except that which is provided by the Waterhaven developer; and to authorize BGE to design Water Plant No. 2 when all engineering costs are paid in advance by the developers.

10. 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.

11. Discuss and take any necessary action in connection with sale of wastewater treatment plant capacity to Harris County MUD No. 494. This item was covered under the Engineer’s Report.

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

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

14. 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 “G.” The Board asked that the cost for electricity be added to the Analysis of Electricity Usage.

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

Upon motion by Director Clarey, seconded by Director DeYoung, 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 the Quarterly Investment Report.

15. **Atascocita Joint Operations Board ("AJOB") report and approval of Atascocita Joint Operations Board Construction Contract.** Director Clarey reported that 92% of the Wastewater Treatment Plant Expansion project is complete. He reported that Ms. Cogburn, attorney for AJOB, is working on the agreements to provide wastewater to MUD 494. Mr. Zabaneh stated that the addition of MUD 494 to the shared lift station and trunk line with Harris County Municipal Utility District No. 152 ("MUD 152") will allow repair and maintenance costs to be reduced as the costs will be allocated among three parties.

16. **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 "I." Mr. Hastings asked whether the Board received the flyer on the trash collection guidelines with the water bill. The Board stated that it did.

Mr. Hastings reported that the autodialer at the shared lift station with MUD 152 needs to be updated for the upcoming digital signal to be utilized by February 2008. He stated that the cost to update the autodialer is \$850.

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, to terminate service to the delinquent accounts listed therein, and to approve the expenditure to update the autodialer at the shared lift station with MUD 152 to receive a digital signal.

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

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

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

James E. Davis Jr.
President, Board of Directors

ATTEST:

W. M. A. Cherry Jr.
Secretary, Board of Directors

(DISTRICT SEAL)

