

MINUTES OF MEETING OF BOARD OF DIRECTORS  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153  
November 19, 2008

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, November 19, 2008, whereupon the roll was called of the members of the Board, to-wit:

Sam Claytor, Jr., President  
Rick Soliz, Vice President  
William Clarey, Secretary  
Richard DeYoung, Treasurer  
Jerry Lavey, Assistant Secretary

All members of the Board were present, except Director Lavey. Also attending all or portions of the meeting were Mr. Rick Marriott of Southwest Water Company, 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. Jonathan Gonzalez, Mr. Ken Aucion, Mr. Ed O'Brien, Mr. Thomas Hackett, Mr. James Alexander, District residents; and Mr. Neil Thomas 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 October 15, 2008.** Minutes of the meeting of October 15, 2008, 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.** The President recognized Mr. Gonzalez, who presented to and reviewed with the Board issues related to the proposed Olympic Village spillway, a copy of which is attached hereto as Exhibit "B." Mr. Gonzalez stated that the District residents are concerned about the Olympic Village flooding, silt in the canal and canal pollution. Mr. Gonzalez stated that flooding occurred in Olympic Village with a rain event of eight inches in one day. He stated that the water has to travel a great distance and then funnel into a thirty inch

outfall. Mr. Zabaneh reported that the drainage lines were never designed to manage a 100-year rain event; however, were designed to manage two-year rain events. He stated that the swale was designed to manage the overflow from a 100-year rain event. Mr. Zabaneh reported that the swale was filled in and not functioning as designed. Mr. Gonzalez stated that the District engineer is proposing to grade the drainage easement so drainage would occur from the top of the curb to the canal with installation of concrete and articulated block as armoring. He stated that this proposed concrete spillway will decrease home values in the area and is not desired by the nearby residents. Mr. Gonzalez stated that the silt in the canal should be removed prior to the proposed drainage improvements. He stated that when the silt is removed from the canal, the drainage improvements will be destroyed by the heavy equipment brought in to remove the silt. Mr. Gonzalez stated that a stormceptor should be installed prior to the drainage improvement construction to prevent canal pollution. He stated that he is discussing the silt and pollution issues with Harris County, which is researching the issue. Mr. Gonzalez reported that Harris County Flood Control District ("HCFCD") has not accepted the storm water easement on the plat. Mr. Zabaneh reported that he informed Mr. Gonzalez that BGE would research using natural materials in place of the cement and articulated block. He stated that the drainage improvements would be difficult to maintain if not cement and that the Walden Homeowners Association or residents would need to agree to maintain the natural drainage improvements. Mr. Zabaneh reported that Harris County and HCFCD will need to approve the drainage improvement plan revisions for the natural materials. Mr. Zabaneh reported that the developer filled in the two foot swale, which is significantly impacting the drainage. He stated that the silt in the canal is from years of development and the proposed construction by the District will not add to the silt in the canal. Mr. Zabaneh reported that the entire canal and thirty foot reserve is owned by the Walden Homeowners Association. He stated that the District has a drainage easement and HCFCD has an easement in the canal. Mr. Zabaneh reported that BGE has verified the elevations in the as-built plans. The President stated that if the residents want natural materials used, then they will have to agree to maintain the drainage improvements and not block the drainage flow. Mr. Thomas stated that the public easement on the plat provides the right for drainage into the canal. Mr. Gonzalez stated that HCFCD refuses to lay claim to the easement. Mr. Zabaneh stated that it is illegal to block a storm sewer pipe even without an easement. Mr. Gonzalez stated that one is not allowed to drain onto another's property. Mr. Thomas stated that the District engineer will review the existing easements to clarify the issue.

The President stated that the Walden Homeowners Association property management company periodically removes the debris in the canal. Mr. Zabaneh reported that it would not be expensive for any regrading or swale digging after cleaning of the canal.

Discussion ensued on whether to proceed with the construction portion not related to the cement spillway and articulated block. Mr. Zabaneh stated that the drainage improvements will be more expensive if constructed in two parts. Mr. Aucion stated that the swale is five feet from his home and would much prefer natural materials used. Mr. Gonzalez stated that the design could include segmented walls for the sod swale which would be more aesthetic than a deep swale with no steps. Mr. Thomas asked Mr. Zabaneh to check with the contractor to see if a 30 day delay for the change in plans to use sod would increase the cost of the project.

Upon motion by Director Clarey, seconded by Director DeYoung, after full

discussion and the question being put to the Board, the Board voted three to one, with Director Soliz opposing, to authorize BGE and Director Soliz to review with the residents the plans for natural materials instead of concrete for the Olympic Village drainage improvements and to authorize the change in the plans and contract as necessary.

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 October, a copy of which is attached hereto as Exhibit "C." Mr. Leared reported that 98% of the District's 2007 taxes have been collected as of October 31, 2008.

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

4. **Update on electricity proposals and take any necessary action.** Director Clarey reported that he approved a three year electricity contract with Hudson Energy on behalf of the District. He stated that the District will save approximately 30% to 40% due to the recent decline in electricity prices.

5. **Developer's Report.** Ms. Zapletal reported that eleven homes are under construction and four homes have sold in Waterhaven. She reported that Dr. Manon and Dr. Quentel are coordinating drainage with Academy Development.

6. **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 "D." Ms. Zapletal reported that BGE has addressed City of Houston and Harris County comments on the offsite water and sewer facilities plans. She stated that BGE will postpone advertising for bids for the project until 2009.

Ms. Zapletal reported that BGE has received the 19100 West Lake Houston Parkway construction plans for review and is coordinating approval with Southwest Water Company.

Ms. Zapletal reported that BGE has approved the constructions plans for Texas Rainmaker's Farmingham Place Office Warehouse, Phase II, located at 7937 Farmingham Drive, west of Maplebrook Elementary School.

Ms. Zapletal reported that she has discussed with Mr. Thomas the use of surplus funds for the proposed generators at the Olympic Village and Champions Village lift stations. She stated that F&J concurred with the use of surplus funds for the generators at Olympic Village and Champions Village. Ms. Zapletal reported that this will be considered at the next Board meeting.

Ms. Zapletal reported that Professional Services Industries, Inc. ("PSI") has provided a proposal for construction material testing and inspection services for the Olympic Village Drainage Improvements, included in the Engineer's Report. She stated that BGE

recommended approval of the PSI proposal for construction material testing and inspection services.

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 and to approve the PSI proposal for construction material testing and inspection services for the Olympic Village Drainage Improvements.

7. **Discuss Olympic Village Drainage Improvement project spillway.** This item was discussed under Public Comments.

8. **Authorize draw on Dr. Manon Letter of Credit and Dr. Quentel Letter of Credit.** The President recognized Mr. Thomas, who noted that Dr. Manon's and Dr. Quentel's letters of credit expire in January 2009. He stated that if the letters of credit are not renewed or replaced before 45 days prior to its expiry date, the District is required under the terms of the letters of credit to draw on the remaining balance. Mr. Thomas reported that letters have been sent notifying Dr. Manon and Dr. Quentel of the impending expirations. 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 authorize the District bookkeeper to withdraw the remaining balance on the letters of credit if they are not renewed or replaced before 45 days prior to the expiry date.

9. **Update on service for proposed annexation tracts and Harris County MUD 494, sale of wastewater treatment plant capacity to Harris County MUD No. 494, and take any necessary action.** The President recognized Ms. Zapletal, who reported that BGE has prepared and provided to F&J the necessary documents for the 1.537 acre and 1.497 acre annexations.

Ms. Zapletal reported that BGE is coordinating the offsite facility plans with the City of Houston and Harris County. She reported that BGE is awaiting information from RG Miller regarding the railroad contact to obtain signature of the sanitary sewer control easement for Water Plant No. 2.

10. **Accept Sanitary Sewer Easements from Jess Fields and Eagle Lake Gardens & Nursery.** The President recognized Mr. Thomas, who reported that Jess Fields and Eagle Lake Gardens & Nursery have provided the sanitary sewer easements for the offsite sewer line along West Lake Houston Parkway, copies of which are attached hereto as Exhibits "E" and "F," respectively. 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 accept the sanitary sewer easements by Jess Fields and Eagle Lake Gardens & Nursery.

11. **Atascocita Joint Operations Board ("AJOB") Report.** Director Clarey reported that AJOB declined a Best Buy request for an easement to install a large store sign on a cement base over a main trunk line.

Director Clarey reported that Severn Trent used 1,300 gallons excess bleach in the wastewater treatment plant. He stated that the chemical costs are significantly increasing and the Board may want to consider raising the sewer rates to recoup such costs.

12. **Accept Eagle Lake Gardens & Nursery Petition for Addition of Land and Approve Petition for Consent to Addition of Land.** The President recognized Mr. Thomas, who presented to and reviewed with the Board the Eagle Lake Gardens & Nursery Petition for Addition of Land and Petition for Consent to Addition of Land, copies of which are attached hereto as Exhibits "G" and "H", respectively. He reported that if the Board approves the Petition for Consent to Addition of Land, F&J will submit the annexation request to the City of Houston for approval. 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 accept the Eagle Lake Gardens & Nursery Petition for Addition of Land, to approve the Petition for Consent to Addition of Land and to authorize F&J to submit the annexation request to the City of Houston.

13. **Accept MacAmeri Petition for Addition of Land and Approve Petition for Consent to Addition of Land.** The President recognized Mr. Thomas, who presented to and reviewed with the Board the MacAmeri Petition for Addition of Land and Petition for Consent to Addition of Land, copies of which are attached hereto as Exhibits "I" and "J", respectively. He reported that if the Board approves the Petition for Consent to Addition of Land, F&J will submit the annexation request to the City of Houston for approval. 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 accept the MacAmeri Petition for Addition of Land, to approve the Petition for Consent to Addition of Land and to authorize F&J to submit the annexation request to the City of Houston.

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 "K."

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

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, to authorize payment of the checks listed therein and to approve the Quarterly Investment Report.

15. **Amend Budget.** The President recognized Mr. LaConti, who presented to and reviewed with the Board the Amended Budget, included in the Bookkeeper's Report. He reported that Maintenance Tax Collection was changed to \$318,643 and Utilities Expense was decreased to \$108,000. 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 Amended Budget.

16. **Consider security of investments and financial institutions.** No action was taken on this item.

17. **Procedures and Guidelines Regarding Post-Issuance Compliance with Federal Tax Requirements Applicable to Tax Exempt Bonds.** The President recognized Mr.

Thomas, who presented to and reviewed with the Board the Procedures and Guidelines Regarding Post-Issuance Compliance with Federal Tax Requirements Applicable to Tax-Exempt Bonds ("Guidelines"), a copy of which is attached hereto as Exhibit "M." Mr. Thomas stated that the District has always complied with the federal tax requirements of its tax-exempt bonds and that these Guidelines document the procedures the District takes to be in compliance. 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 Guidelines.

18. **Operator's Report and hearing on delinquent accounts.** The President recognized Mr. Marriott, who presented to and reviewed with the Board the Operations Report, a copy of which is attached hereto as Exhibit "N." Mr. Marriott reported that Mr. Carlton is behind on the payments for the waterline damage from the fence post. The President reported that Mr. Carlton agreed to pay \$75 a month until the waterline repair cost was paid off. He requested that Mr. Marriott contact Mr. Carlton to remind him of the agreed upon payment plan.

Mr. Marriott reported receipt of a resident letter requesting relief from a water bill due to a toilet flapper leak. He stated that the resident averaged approximately 18,000 gallons per month and usage increased to 93,000 gallons during the leak. Mr. Marriott reported that Southwest Water Company hung a notice on the residence notifying of a possible leak on September 22. He reported that the water bill was \$278. The Board declined to provide relief for the water lost from the toilet flapper leak.

Mr. Marriott reported that Southwest Water Company has identified \$12,453 in costs to request for reimbursement from the Federal Emergency Management Agency for Hurricane Ike. He stated that there is a light pole repair outstanding not included in that amount. Mr. Marriott reported that the diesel gas cost \$1,725.25. The Board asked that Mr. Marriott check the diesel cost as it should be higher.

The President requested Mr. Marriott send a formal letter to Ms. Littlefield regarding the water meter test results and high water bill. Mr. Marriott stated that he would send the letter.

Upon motion by Director DeYoung, seconded by Director Lavey, 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.

19. **Amend Rate Order.** The President recognized Mr. Thomas, 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 "O." Mr. Thomas reported that the Amended Rate Order provides for an increase in the security deposit by \$50 for each delinquency with a maximum security deposit of \$400. 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 Amended Rate Order.

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

21. **Other matters.** No action was taken on this item.

22. **Next Meeting Date.** It was the consensus of the Board to hold the next monthly Board meeting on December 17, 2008 at 11:30 a.m. at the offices of Fulbright & Jaworski L.L.P., 1301 McKinney, Houston, Texas 77010.

23. **Discuss Consultant Contracts.** No action was taken on this item.

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 December 17, 2008.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors

(DISTRICT SEAL)

