

MINUTES OF MEETING OF BOARD OF DIRECTORS  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153  
December 17, 2008

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, December 17, 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. Also attending all or portions of the meeting were Mr. Rick Marriott of Southwest Water Company ("Southwest Water"), operator for the District; Mr. Sam Zabaneh of Brown & Gay Engineers, Inc. ("BGE"), engineer for the District; Ms. Lisa Adkins and Mr. Cory Burton 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; 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 November 19, 2008.** Minutes of the meeting of November 19, 2008, previously distributed to the Board, were presented for consideration and approval. Upon motion by Director Lavey, 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. **Consider contacting Harris County Precinct 4 regarding channel improvements.** Mr. Zabaneh reported that the Walden on Lake Houston Homeowners Association ("HOA") representative stated that he would advise the HOA to compose a letter to the District requesting that the District compose a letter to Harris County Precinct 4 regarding cleaning of the channel. He reported that the HOA met on December 10, 2008 and that the

request letter has not yet been received. Mr. Zabaneh requested the Board's consideration of the anticipated request. The Board discussed whether it was appropriate for the District to request cleaning of the canal. Mr. Thomas advised the Board that because the canal could affect drainage, a letter requesting cleaning would be appropriate.

Mr. Zabaneh reported that BGE and Director Soliz met with the HOA representative and Olympic Village residents to discuss possible alternatives for the proposed Olympic Village drainage improvements. He stated that the residents requested a retainage wall by ERWS, Inc. He reported that the ERWS, Inc. retainage wall prices are comparable to the natural retainage wall proposed by BGE. Mr. Zabaneh stated that he will need to discuss the proposed changes with the contractor. Mr. Thomas stated that the contract should reflect the work being performed. He recommended that BGE have the contractor enter into the contract and change order at the same time if the contractor is amenable to the change in plans at the same price.

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 authorize BGE to send a letter to Harris County Precinct 4 and Harris County Flood Control District requesting dredging and maintenance of the canal.

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 authorize BGE to proceed with the contract and change order for the Olympic Village Drainage Improvements with the ERWS, Inc. retainage wall.

**4. Discuss Olympic Village Drainage Improvement project spillway and take any necessary action.** This item was covered under Item 3.

**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 November, a copy of which is attached hereto as Exhibit "B." Mr. Leared reported that 3% of the District's 2008 taxes have been collected as of November 30, 2008.

Mr. Leared asked the Board if it wanted to authorize an aerial photograph of the District to document the value in the District for the tax roll.

Upon motion by Director Lavey, 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, to authorize the expenditures listed therein and not to authorize the aerial photograph of the District.

**6. Developer's Report.** Mr. Zabaneh reported that eleven homes are under construction and four homes have sold in Waterhaven. He reported that BGE met with Merrylands and that Merrylands continues work on an agreement with Harris County Municipal Utility District No. 494. Mr. Zabaneh reported that BGE requires the easements to proceed with the facility plans. He reported that Dr. Manon and Dr. Quentel are coordinating drainage with Academy Development.

7. **Engineer's Report, including review of Engineer's projects and capital repairs.** The President recognized Mr. Zabaneh, who presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "C." Mr. Zabaneh reported on the lift station options for Lift Station No. 4. He reported that a 100 kilowatt diesel generator will cost approximately \$55,400. He reported that a 125 kW natural gas generator will cost approximately \$68,400 and \$81,400 for 150 kW. Mr. Zabaneh reported that the prices do not include installation costs.

Mr. Zabaneh reported that BGE has reviewed the 19100 West Lake Houston Parkway construction plans and provided comments.

Mr. Zabaneh reported that the Offsite Water Distribution System and Sanitary Sewer Trunk Utilities, Water Plant No. 2 – Phase 1 Engineering Fees, Proposed Lift Station No. 4, and Improvements to Existing Shared Harris County Municipal Utility Districts No. 152/153 Lift Station Surplus Funds Application will be submitted upon receipt of plan approval.

Mr. Zabaneh reported that BGE is assisting Southwest Water with completion of the Texas Commission on Environmental Quality Utility Profile and Conservation Plan Requirements for Municipal Water Use by Public Water Supplies as requested by the City of Houston.

Mr. Zabaneh requested approval of the Surplus Funds Application for the proposed generators at the Olympic Village and Champions Village lift stations. He reported that the estimate of engineering and construction costs for diesel generator units and installation at both lift stations is \$335,611.00. Mr. Zabaneh reported that the estimate of engineering and construction costs for natural gas generator units and installation at both lift stations is \$335,393.50. Mr. Thomas presented to and reviewed with the Board the Order Authorizing Application for Use of Surplus Funds, attached hereto as Exhibit "D."

Mr. Zabaneh reported that the Federal Emergency Management Agency ("FEMA") has a grant program for generators. He stated that if the District chooses to proceed with applying for the grant, it would need to file a notice of interest by January 9, 2009.

Mr. Zabaneh reported that the District may want to proceed with the Merrylands annexation prior to the land swap of the small triangle of land with Harris County Municipal Utility District No. 494.

Mr. Zabaneh reported that BGE is working closely with Severn Trent and LEM Construction to get all warranty issues resolved at the wastewater treatment plant prior to warranty expiration, which is March 1, 2009.

Upon motion by Director Lavey, seconded by Director Clarey, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report, to approve a natural gas generator at Lift Station No. 4 of the necessary kilowatts, to approve natural gas generators at Olympic Village and Champions Village lift stations, to approve the Surplus Funds Application for an approximate cost of \$335,393.50 for the Olympic Village and Champions Village lift stations; and to authorize the submittal of the Notice of Interest for the FEMA grant for the lift station generators.

8. **Approve Order Authorizing Application for Use of Surplus Funds for Olympic Village and Champions Village lift station generators.** This item was covered under the Engineer's Report.

9. **Report on Hurricane Preparedness.** This item was covered under the Engineer's Report.

10. **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.** No action was taken on this item.

11. **Atascocita Joint Operations Board ("AJOB") Report.** Director Clarey reported that the audit was completed and approved.

Director Clarey reported that Trammell Crow provided another presentation on the Best Buy request for an easement to install a large store sign on a cement base over the main trunk line. He stated that Trammell Crow agreed to placement of the sign away from the trunk line. Director Clarey reported that AJOB authorized the sign installation contingent on certain criteria that will assure AJOB's ability to operate and maintain the facilities and sewer lines.

Director Clarey reported that the six month budget indicated a \$25,000 increase in expenses. He noted that the Board may want to consider raising the sewer rates to recoup such costs.

12. **Accept DaPonte Properties 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 DaPonte Properties Petition for Addition of Land and Petition for Consent to Addition of Land, copies of which are attached hereto as Exhibits "E" and "F", 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.

Mr. Thomas presented to and reviewed with the Board the Victor Manon and Manfred Quentel 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 Lavey, seconded by Director Clarey, after full discussion and the question being put to the Board, the Board voted unanimously to accept the DaPonte Properties Petition for Addition of Land and Victor Manon and Manfred Quentel Petition for Addition of Land, to approve the Petitions for Consent to Addition of Land and to authorize F&J to submit the annexation requests to the City of Houston.

13. **Accept Victor Manon and Manfred Quentel Petition for Addition of Land and Approve Petition for Consent to Addition of Land.** This item was covered under Item 12.

14. **Bookkeeper's Report, Investment Report, and payment of bills.** The President recognized Ms. Adkins, who presented to and reviewed with the Board the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "I." Ms. Adkins noted check #3051 to Beyer Construction for fuel during Hurricane Ike in the amount of \$1,725.23. Mr. Marriott reported that FEMA reimburses for generator runtime. He stated that for the District's generator runtime, reimbursement will be approximately \$42,000.

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

15. **Engagement Letter for Arbitrage Rebate Report for Bond Series 2004A with Arbitrage Compliance Specialists.** The President recognized Mr. Thomas, who presented to and reviewed with the Board the Engagement Letter for Arbitrage Rebate Report for the Series 2004A Bonds with Arbitrage Compliance Specialists, a copy of which is attached hereto as Exhibit "J." Upon motion by Director Lavey, seconded by Director DeYoung, after full discussion and the question being put to the Board, the Board voted unanimously to execute the Engagement Letter authorizing Arbitrage Compliance Specialists, Inc. to prepare the District's Arbitrage Rebate Report for the Series 2004A Bonds.

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

17. **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 "K."

Upon review of the Termination List, Mr. Marriott reported that he contacted Mr. Carlton regarding his outstanding balance and that a payment has not been made. Mr. Marriott requested Board authorization to terminate water service to Mr. Carlton. He stated that due to the large outstanding balance he would check whether Legacy Homes had filed bankruptcy.

Mr. Marriott reported that FEMA would be at Southwest Water this week to coordinate the requests for reimbursement. He reported that the District's Hurricane Ike costs amount to approximately \$55,000, which include \$42,120 for generator runtime and \$9,700 for pumping of the District's lift stations three times. Mr. Marriott reported that the District still needs to replace the light pole at the Water Plant.

Mr. Marriott reported that Southwest Water will be converting the billing systems to Southwest Water Information Management System ("SWIMS"). He stated that the conversion would result in more timely and improved information. Mr. Marriott reported that the conversion will be complete in approximately two to three months.

Mr. Marriott requested Board authorization to turn over outstanding accounts totaling approximately \$3,400 to collection.

Upon motion by Director Lavey, 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 terminate service to the delinquent accounts listed therein, including Mr. Carlton, and to authorize turning over the outstanding accounts totaling approximately \$3,400 to collection.

18. **Attorney's Report.** Mr. Thomas noted that the Texas legislature will be in session in 2009. He reported that Senator Dan Patrick has filed legislative bills requiring municipal utility districts to have generators.

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

20. **Next Meeting Date.** It was the consensus of the Board to hold the next monthly Board meeting on January 21, 2009 at 11:30 a.m. at the offices of Fulbright & Jaworski L.L.P., 1301 McKinney, Houston, Texas 77010.

21. **Discuss Consultant Contracts.** Mr. Thomas reported that the consultant contracts are reviewed annually to provide the Board an opportunity to assess the service provided by the consultants and costs. The Board discussed forming a committee to review consultant contracts, services and rates. Directors Claytor, Soliz and Lavey volunteered to be on the consultant contract review committee to review the contracts and report to the Board.

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 January 21, 2009.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors

(DISTRICT SEAL)

