

MINUTES OF MEETING OF BOARD OF DIRECTORS  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153  
May 21, 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, May 21, 2008, 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 Davis. Also attending all or portions of the meeting were Mr. Gary Hastings of Southwest Water Company, operator for the District; Ms. Amy Zapletal and Ms. Karena Hauter of Brown & Gay Engineers, Inc. ("BGE"), engineers for the District; Ms. Lisa Adkins of Municipal Accounts and Consulting, L.P. ("MA&C"), bookkeeper for the District; Mr. Chris Kohnke of Bob Leared Interests, tax assessor-collector for the District; Mr. Jerry Lavey, board candidate; 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. **Accept oath of office of elected directors and election of officers.** Mr. Clarey, Mr. Claytor and Mr. Lavey executed their Oath of Office and Affidavit of Director. Upon motion by Director Soliz, seconded by Director DeYoung, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution of the Certificates of Election for Directors Clarey, Claytor and Lavey.

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 elect Director Claytor to fill the vacancy in the position of President and to elect Director Lavey to fill the vacancy in the position of Assistant Secretary.

2. **Minutes of the meeting of April 16, 2008.** Minutes of the meeting of April 16, 2008, previously distributed to the Board, were presented for consideration and approval. 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 such minutes, as presented.

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

4. **Developer's Report.** Ms. Zapletal reported that eight homes are under construction by David Weekley Homes and one home is sold in Waterhaven.

5. **Tax Assessor and Collector's Report, status of delinquent tax accounts, and payment of bills.** The President recognized Mr. Kohnke, 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 "B." Mr. Leared reported that 95% of the District's 2007 taxes have been collected as of April 30, 2008.

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

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 "C." Ms. Zapletal presented for approval Pay Estimate No. 13 from Reynolds Inliner, L.L.C. in the amount of \$149,122.65 for the Sanitary Sewer Rehabilitation, Phase III. She requested that the bookkeeper hold the check for the pay estimate until BGE receives verification of the final signature from the contractor and receipt of the consent of surety. Ms. Adkins noted that the project went over budget and that she will use surplus funds for the remainder of the pay estimate.

Ms. Zapletal presented for approval of the developer paying Pay Estimate No. 5 from Pace Services, L.P. in the amount of \$12,758.51 for second stage inlets at Waterhaven. She reported that the new fence installation is complete at Waterhaven and that the developer chose to replace the chain link fence around the water plant at his own expense.

Ms. Zapletal reported that BGE has requested a proposal from Professional Service Industries, Inc. ("PSI") for a geotechnical report for the proposed offsite facilities to serve the proposed annexation. She stated that BGE has not received the proposal from PSI. Ms. Zapletal requested Board authorization to proceed with preparation of the geotechnical report for the offsite facilities if the proposal amount does not exceed \$8,500.

Ms. Zapletal reported that BGE is proceeding with the drainage calculations to relieve the localized flooding in Olympic Village.

Ms. Zapletal reported that BGE received a capacity commitment request for 840 gallons per day of water capacity and 640 gallons per day of sewer capacity from Dr. Thong Do, owner of a 1.2912 acre tract at 19200 West Lake Houston Parkway for a proposed medical office building. She stated that the District has the requested capacity available and that BGE recommends approving the capacity commitment.

Ms. Zapletal reported that two landowners near the District have contacted BGE

regarding utility service. She stated BGE has provided the annexation requirements and associated costs to the landowners. Ms. Zapletal reported that the owner of a 4.5 acre tract on West Lake Houston Parkway has provided a boundary survey and legal description of the land and a \$15,000 annexation deposit. She stated that the proposed improvements will require 420 gallons per day of water capacity and 320 gallons per day of sewer capacity. She stated that the owner stated there would be no embalming or body preparation on the proposed funeral home site. Ms. Zapletal stated that BGE recommends the District proceed with annexation of the 4.5 acre tract and commit the requested capacity. Ms. Zapletal stated that BGE recommends the District wait for action by the owner of the 2.9 acre tract before making a capacity commitment to the tract.

Ms. Zapletal reported that Academy Development reports that the correction deed is at Stewart Title for the proposed annexation.

Ms. Zapletal reported on the construction of Water Plant No. 2. She reported that BGE is proceeding with preparation of the construction plans for submittal to the City of Houston, Harris County and the Texas Commission on Environmental Quality for review. Ms. Zapletal reported that PSI proposed a clearing fee of \$1,300 per day for the water plant site. She stated that PSI expects one day of clearing and that BGE had Mr. Davis sign the proposal. Ms. Zapletal reported that the PSI proposal for the geotechnical report for the lift station site for the annexation was for \$3,200 and one day of clearing at \$1,300 per day. She stated that Mr. Davis has signed this PSI proposal.

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 Engineer's Report; to approve payment of Pay Estimate No. 13 from Reynolds Inliner, L.L.C. in the amount of \$149,122.65 for the Sanitary Sewer Rehabilitation, Phase III; to approve payment by the developer of Pay Estimate No. 5 from Pace Services, L.P. in the amount of \$12,758.51 for second stage inlets at Waterhaven; to approve PSI for the geotechnical report for the offsite facilities if the proposal amount does not exceed \$8,500; to approve a capacity commitment of 840 gallons per day of water capacity and 640 gallons per day of sewer capacity to Dr. Thong Do, owner of a 1.2912 acre tract at 19200 West Lake Houston Parkway for a proposed medical office building; and to approve proceeding with annexation and a capacity commitment of 420 gallons per day of water capacity and 320 gallons per day of sewer capacity to the 4.5 acre tract on West Lake Houston Parkway.

7. **Approve capacity commitment to 19200 West Lake Houston Parkway.** This item was covered under the Engineer's Report.

8. **Consider annexation of 4.5 acre and 2.9 acre tracts.** This item was covered under the Engineer's Report.

9. **Update on annexation issues and any necessary action.** This item was covered under the Engineer's Report.

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. **Accept the following conveyances: (a) Accept Water Plant No. 2 deed from Merrylands Interests, Ltd.; (b) Accept Lift Station No. 4 deed from Merrylands Interests, Ltd.; (c) Accept ten foot waterline easement from Merrylands Interests, Ltd.; (d) Accept ten foot waterline easement from WYA The Bridges on Lake Houston, Ltd.; (e) Accept temporary access and waterline Easement from WYA The Bridges on Lake Houston, Ltd.; and (f) Accept temporary access and waterline easement from Merrylands Interests, Ltd.** Mr. Pennington reported that we have not received the signed conveyances from Merrylands Interests, Ltd. and WYA The Bridges on Lake Houston, Ltd. 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 accept the General Warranty Deed for the 1.02 acre Water Plant No. 2 site from Merrylands Interests, Ltd.; the General Warranty Deed for the 0.22 acre Lift Station No. 4 site from Merrylands Interests, Ltd.; the Ten Foot Waterline Easement from Merrylands Interests; the Ten Foot Waterline Easement from WYA The Bridges on Lake Houston, Ltd; the 0.14 acre Temporary Access and Waterline Easement from WYA The Bridges on Lake Houston, Ltd.; and the 3.71 acre Temporary Access and Waterline Easement from Merrylands Interests, Ltd. upon receipt by the respective developers, copies of which are attached hereto as Exhibits "D," "E," "F," "G," "H," and "I," respectively.

13. **Approve AJOB purchase price for wastewater treatment capacity to Harris County MUD No. 494.** Ms. Zapletal reported that AJOB agreed to sell wastewater treatment capacity to Harris County Municipal Utility District No. 494 ("MUD 494") at a purchase price of \$6.00 per gallon of wastewater treatment capacity and \$1.00 per gallon for the trunk sewer main costs beginning in 2009 with an annual 3.5% escalator in price as outlined in the Engineer's Report. Upon motion by Director Clarey, seconded by Director Lavey, after full discussion and the question being put to the Board, the Board voted unanimously to approve the sale of wastewater treatment to MUD 494 as described above and in the Engineer's Report.

14. **Approve Waste Disposal Contract and Agreement for Construction and Maintenance of Wastewater Pump Station, Force Main and Site with WYA The Bridges on Lake Houston, Ltd.** The President recognized Mr. Pennington, who presented to and reviewed with the Board the Waste Disposal Contract and Agreement for Construction and Maintenance of Wastewater Pump Station, Force Main and Site with WYA The Bridges on Lake Houston, Ltd., copies of which are attached hereto as Exhibits "J" and "K," respectively. Mr. Pennington stated that the Waste Disposal Contract outlines the purchase price terms of the wastewater treatment to MUD 494. Mr. Pennington stated that the Agreement for Construction and Maintenance of Wastewater Pump Station, Force Main and Site is for the bond application report whereby WYA The Bridges on Lake Houston agrees to pay its share of the costs of the construction and maintenance of wastewater pump station and force main. Upon motion by Director Clarey, seconded by Director Lavey, after full discussion and the question being put to

the Board, the Board voted unanimously to approve the Waste Disposal Contract and Agreement for Construction and Maintenance of Wastewater Pump Station, Force Main and Site with WYA The Bridges on Lake Houston, Ltd.

15. **Atascocita Joint Operations Board (“AJOB”) report and approval of Atascocita Joint Operations Board Construction Contract.** Director Clarey reported that the sell of wastewater treatment to MUD 494 was the only matter discussed. He stated that the Wastewater Treatment Plant Expansion project is complete and that the District will receive a refund from the project.

16. **Accept Conveyance of Facilities of Stormceptor from Waterhaven, Ltd. to Serve Waterhaven.** The President recognized Ms. Zapletal, who presented to the Board the Conveyance of Facilities for the Stormceptor in Waterhaven, a copy of which is attached hereto as Exhibit “L.” She stated that the developer has signed the Conveyance of Facilities and that the permit for the Stormceptor will be put in the District’s name. 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 Conveyance of Facilities of the Stormceptor to serve Waterhaven.

17. **Maintenance proposal for stormceptor in Waterhaven, Phase One by Storm Water Solutions.** The President recognized Ms. Zapletal, who presented to and reviewed with the board the maintenance proposal from Storm Water Solutions for the Stormceptor Storm Water Quality Permanent Feature in Waterhaven in the amount of \$2,980 per year, included in the Engineer’s Report. She reported that the cost will vary depending on the amount of debris that has to be removed by a vactor truck which may cost from \$2,000 to \$5,000. Ms. Zapletal reported that Storm Water Solutions will coordinate with the District’s operator if the operator has a vactor truck and wants to remove the debris. Mr. Hastings recommended having Storm Water Solutions use its contractor for the vactoring of the Stormceptor. 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 maintenance proposal by Storm Water Solutions for the Stormceptor in Waterhaven.

18. **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 “M.” Ms. Adkins reported that she is still coordinating drawing on the Letters of Credit with the bank for the annexation costs.

Ms. Adkins reported that a Certificate of Deposit (“CD”) will mature in the Operating Fund before the next Board meeting. She reported that a CD was renewed at Enterprise Bank for 3% in the Operating Fund. Ms. Adkins reported that Texas State Bank is offering a five month term CD at an interest rate of 3.27% and asked the Board if it wanted a CD purchased.

Ms. Adkins presented to and reviewed with the Board the Quarterly Investment Report, a copy of which is attached hereto as Exhibit “N.”

