

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
August 20, 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, August 20, 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 DeYoung. Also attending all or portions of the meeting were Mr. Gary Hastings and Mr. Rick Marriott of Southwest Water Company, operators for the District; Mr. Sam Zabaneh and Ms. Amy Zapletal 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. Bob Leared of Bob Leared Interests, tax assessor-collector for the District; Ms. Jennie Trapolino of Merrylands Interests, developer of land proposed to be annexed to the District; Mr. Allen Jones and Mr. Wyatt Henderson of W.Y. Atlantis, developer of Harris County Municipal Utility District No. 494; 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 July 16, 2008.** Minutes of the meeting of July 16, 2008, previously distributed to the Board, were presented for consideration and approval. 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 such minutes, as presented.
2. **Public Comments.** There were no public comments.
3. **Developer's Report.** Ms. Zapletal reported that R.G. Miller will submit the Merrylands plat for the first section for approval.

Ms. Zapletal reported that eight homes are under construction and two homes have sold in Waterhaven.

Ms. Zapletal reported Dr. Manon and Dr. Quentel are coordinating an agreement with Merrylands Interests for drainage and detention capacity for their 35 acre tract.

4. **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 "B." Mr. Leared reported that 97% of the District's 2007 taxes have been collected as of July 31, 2008.

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

5. **Approve addendum to Tax Assessor and Collector contract.** The President recognized Mr. Leared, who presented to and reviewed with the Board the Addendum to Contract, a copy of which is attached hereto as Exhibit "C." Mr. Leared reported that the Addendum to Contract is for reimbursement for mileage and parking expenses for meeting attendance. 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 Addendum to Contract with Bob Leared Interests.

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 receipt of the contractor's final signature of Pay Estimate No. Six and Final from Pace Services, L.P. in the amount of \$44,415.00 for Waterhaven, Phase One.

Ms. Zapletal reported on the offsite water and sewer facilities to serve the proposed annexation tracts. She reported that BGE is addressing City of Houston and Harris County comments on the plans. Ms. Zapletal reported that BGE is awaiting land swap deeds between Academy Development and WYA The Bridges at Lake Houston to finalize the easements necessary for access to Water Plant No. 2.

Ms. Zapletal reported on the Olympic Village Drainage Improvements. She stated that Harris County has approved the plans and BGE has begun advertising for bids. Ms. Zapletal reported that BGE will recommend award of the project at the September Board meeting. She reported that BGE is preparing letters to send to the landowners that will be affected by the drainage improvement construction.

Ms. Zapletal reported on the proposed annexations. She stated that BGE is awaiting the finalization of the land swap between WYA The Bridges at Lake Houston and Academy Development to finalize the annexation documents and waterline and access easement documents.

Ms. Zapletal reported on proposed Water Plant No. 2. Ms. Zapletal reported that

the Water Plant No. 2 and lift station plans are in production. She stated that the plat will be recorded once the plans are approved. Ms. Trapolino reported that due to the slow down in the housing market, Merrylands Interests and WYA The Bridges at Lake Houston wish to delay the Water Plant No. 2 construction by constructing a hydropneumatic tank at Water Plant No. 1, extension of the water and sanitary sewer lines along West Lake Houston Parkway and increase of the size of the lift station would proceed as planned, with necessary revisions to connect to Water Plant No. 1. She stated that the construction costs would be split between Merrylands Interests and WYA The Bridges at Lake Houston with ultimate reimbursement to Merrylands Interests by the District. Ms. Trapolino reported that the District should be a party to the agreement for such construction, and that the hydropneumatic tank would only cause a temporary delay of Water Plant No. 2 construction. Mr. Henderson stated that the addition of the hydropneumatic tank at Water Plant No. 1 will create 300 equivalent single family connections, which will allow Merrylands Interests to proceed with home construction and WYA The Bridges at Lake Houston to proceed with commercial construction but that availability would be on a first-come, first-served basis. Ms. Zapletal reported that proceeding with this plan would reduce the bond amount to \$1,100,000. The Board discussed paying for the construction costs without a bond issuance. The President requested a cash flow model for the project construction as he does not want an increase in the District's tax rate. Director Lavey requested a summary of the District's costs and risks for the proposed change. Mr. Zabaneh reported that the small tracts would be provided all of their water allocation with this proposed plan and that the 35 acre tract would receive a pro rata share of the available water capacity.

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 Engineer's Report.

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

8. **Update on Expansion of Water Plant No. 2 for proposed annexation tracts and Harris County MUD 494, sale of wastewater treatment plant capacity to Harris County MUD 494 and Take Any Necessary Action.** This item was covered under the Engineer's Report.

9. **Atascocita Joint Operations Board ("AJOB") Report.** Ms. Zapletal reported that the Environmental Protection Agency ("EPA") has completed review of the wastewater treatment plant discharge permit application. She stated that the Texas Commission on Environmental Quality has notified BGE that bacteria monitoring will be added to the permit.

10. **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 "E." Ms. Adkins reported that funds were successfully drawn on the developers' letters of credit at Amegy Bank.

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

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

11. **Approve new depository pledge agreement with Compass Bank and assumption letter by Federal Home Loan Bank of Atlanta.** The President recognized Mr. Thomas, who reported that Texas State Bank merged with Compass Bank. He stated that the District has a depository pledge agreement with Texas State Bank that requires deposits greater than \$100,000 to be collateralized. Ms. Adkins reported that the safekeeping bank for the District's Depository Pledge Agreement with Texas State Bank will transfer from the Federal Home Loan Bank of Dallas to the Federal Home Loan Bank of Atlanta. Mr. Thomas presented to and reviewed with the Board the Depository Pledge Agreement with Compass Bank, a copy of which is attached hereto as Exhibit "G." 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 Depository Pledge Agreement with Compass Bank.

12. **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 "H." Mr. Hastings introduced Mr. Marriott, who would be the new operator for the District.

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

13. **Report on Association of Water Board Directors Conference.** Director Soliz reported that the conference seminars were very informative. He stated that he spoke with the businesses that provide recycling while at the conference. Director Soliz reported that there are new programs for recycling fluorescent bulbs and batteries. He stated that the District may want to survey the residents to determine if they are interested in such service. Director Soliz reported that Humble Independent School District is adding recycle bins at the schools for plastics and other metals, in addition to the bins for newspapers.

14. **Attorney's Report.** Mr. Thomas reported that he met with Mr. Zabaneh and Ms. Zapletal to gather information on the proposed annexation tracts and development.

15. **Bond matters and take any necessary action.** No action was taken on this item.

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

17. **Next Meeting Date.** It was the consensus of the Board to hold the next monthly Board meeting on September 18, 2008 at 9:00 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.

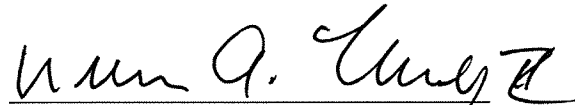
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The foregoing minutes were passed and approved by the Board of Directors on September 18, 2008.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

