

MINUTES OF MEETING OF BOARD OF DIRECTORS  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153

January 21, 2009

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, January 21, 2009, 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 and Ms. Amy Zapletal of Brown & Gay Engineers, Inc. ("BGE"), engineers for the District; Mr. Cory Burton 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 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 December 17, 2008.** Minutes of the meeting of December 17, 2008, previously distributed to the Board, were presented for consideration and 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 approve such minutes, as presented.

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

3. **Developer's Report.** The President recognized Ms. Trapolino, who reported that Merrylands Interests continues to work on clearing title for the seven lots. Ms. Trapolino reported that Merrylands Interests was planning to jointly construct the hydropneumatic tank at

Water Plant No. 1 with W. Y. Atlantis and eventually participate in the Water Plant No. 2 construction with W. Y. Atlantis and the District. She reported that W. Y. Atlantis is not ready to proceed with the construction of the hydropneumatic tank at Water Plant No. 1. Ms. Trapolino stated that Merrylands Interests is ready to proceed with developing a portion of its tract if it is financially feasible. Mr. Zabaneh reported that if W. Y. Atlantis does not participate in the construction of the facilities, Merrylands Interests costs are substantially increased. Ms. Trapolino reported that Merrylands Interests will need to analyze whether proceeding with the facility construction and development is advisable. She asked the Board if the District would be willing to defray a portion of the construction cost. Mr. Jones reported that while W. Y. Atlantis currently is not in a position to begin construction of the facilities and that recapitalization of the project is underway. He stated that in four to six months W. Y. Atlantis may be in a position to proceed with development and facility construction. Mr. Thomas suggested that Ms. Trapolino will need to determine whether proceeding at this time is advisable and that BGE will need to notify the other landowners of the new cost estimate. Mr. Thomas stated that the five other landowners will also need to decide whether to proceed with participation in the construction of the facilities.

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 December, a copy of which is attached hereto as Exhibit "B." Mr. Leared reported that 64% of the District's 2008 taxes have been collected as of December 31, 2008.

Mr. Leared reviewed with the Board the Delinquent Tax Report by Perdue, Brandon, Fielder, Collins & Mott, L.L.P., a copy of which is attached hereto as Exhibit "C."

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

5. **Authorization of additional penalty on taxes, penalty and interest remaining delinquent.** The President recognized Mr. Thomas, who presented to and reviewed with the Board the Resolution Authorizing Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11 and 33.08, Tax Code (the "Resolution"), a copy of which is attached hereto as Exhibit "D." Mr. Leared reported that collection of delinquent personal property taxes can begin on April 1.

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 Resolution.

6. **Consider property tax exemptions.** The President recognized Mr. Leared, who reported that last year the Board granted \$5,000 homestead property tax exemptions for owners who are 65 years of age or older or who are disabled. Mr. Thomas presented to and reviewed with the Board the Order Adopting Exemption from Taxation for Individuals Who Are Disabled or are 65 Years of Age or Older, a copy of which is attached hereto as Exhibit "E." 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 grant \$5,000 homestead property tax exemptions for those who are 65 years of age or older or who are disabled.

7. **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 reported that BGE has not yet received revised plans for the proposed construction at 19020 West Lake Houston Parkway. She stated that taps were requested and that the owner was informed that the revised plans must be provided for BGE review and approval before taps are made.

Ms. Zapletal reported that upon receipt of plan approval, the surplus funds application for the generators at the Olympic Village lift station and Champions Village lift station will be submitted to the Texas Commission on Environmental Quality. Ms. Zapletal requested that the Board authorize separate bidding materials and installation. In response to a question from Mr. Thomas, she responded that bidding the materials and installation separately should be more efficient for the District and allow installation before the next hurricane season. She requested Board authorization to proceed with bid solicitation for the materials portion and advertisement for bids for the installation portion.

Ms. Zapletal reported that BGE completed the Notice of Interest for the Federal Emergency Management Agency Hazard Mitigation Grant for the generators at the Olympic Village and Champions Village lift stations. She stated that F&J submitted the Notice of Interest.

Ms. Zapletal reported that BGE assisted 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.

Ms. Zapletal presented Change Order No. One for the Olympic Village Drainage Improvement Project, included in the Engineer's Report. She reported that the contractor agreed to the revision from the proposed concrete swale to an earthen swale with ERWS, Inc. retaining walls with no increase in the cost of the project. Ms. Zapletal reported that BGE has submitted the revised plans to Harris County for approval. Ms. Zapletal reported that BGE sent a letter to Harris County Precinct 4 requesting maintenance of the channel. She stated that Commissioner Eversole's response letter stated that the request had been forwarded to the Harris County Infrastructure Department. Ms. Zapletal reported that the correspondence regarding the channel maintenance has been provided to the Walden Homeowners Association and Community Asset Management. Ms. Zapletal reported that a resident has filed a complaint with the Texas Commission on Environmental Quality regarding the trash in the channel.

Ms. Zapletal reported that the proposed annexation tracts are located in the Intercontinental Airport height hazard zone and that the landowners have been notified of this.

Ms. Zapletal reported that BGE has addressed Harris County and City of Houston comments for the Water Plant No. 2 plans. She stated that BGE will not submit the plans for

final approval until the participants are ready to proceed. Ms. Zapletal reported that W.Y. Atlantis has signed the sanitary sewer control easement for the project. She reported that Ms. Spurlock has not yet signed the sanitary sewer easement. She stated that BGE will wait for the land swap to occur between W.Y. Atlantis and Merrylands Interests before it completes the sanitary sewer control easements.

Upon motion by Director Clarey, seconded by Director DeYoung, after full discussion and the question being put to the Board, the Board unanimously approved the Engineer's Report, authorized soliciting bids for the materials and advertising for bids for the installation of the generators at the Olympic Village lift station and Champions Village lift station; and approved Change Order No. One for the Olympic Village Drainage Improvements.

**8. Change Order for Olympic Village Storm Sewer Rehabilitation.** This item was covered under the Engineer's Report.

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

**10. Atascocita Joint Operations Board ("AJOB") Report.** Ms. Zapletal reported that the new sanitary sewer treatment plant equipment one-year warranty expires March 1, 2009. She reported that BGE is working with Severn Trent and the equipment representatives to make necessary adjustments and repairs prior to March 1, 2009.

**11. Accept Jess Fields Petition for Addition of Land and Approve Petition for Consent to Addition of Land.** The President recognized Mr. Thomas, who reported that the Board may accept the Jess Fields Petition for Addition of Land and wait to submit to the City of Houston or defer until all participants in the Water Plant No. 2 project have been informed of the cost increase and have determined whether the project will proceed. This item was deferred.

**12. Bookkeeper's Report, Investment Report, and payment of bills.** The President recognized Mr. Burton, who presented to and reviewed with the Board the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "G." Mr. Burton reported that two Certificates of Deposit ("CD") were purchased for the Operating Fund at Trustmark Bank and Post Oak Bank. Director Lavey noted that the District has a large portion of its funds in Texpool and recommended investing in more secure investments. Ms. Zapletal reviewed upcoming project costs for which will need to be paid soon. Mr. Burton stated that he would provide a plan of purchasing additional CDs for review and approval by Director Lavey and Ms. Zapletal. Mr. Burton stated that if one-year term CDs are purchased, they will only be \$95,000 as the Federal Deposit Insurance Corporation limit of \$250,000 reverts to \$100,000 on December 31, 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 Bookkeeper's Report, and to authorize payment of the checks listed therein.

**13. 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 "H." Mr. Marriott reported that Mr. Carlton has arranged to pay his current water bill plus \$200 a month to pay off the waterline repair charges.

Director Soliz asked if the Constable Report was provided to Southwest Water and if so, to include it in the Operator's Report.

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.

14. **Attorney's Report.** Mr. Thomas noted that there are two types of legislation of note related to municipal utility districts filed in the Texas legislature. One set of bills restricts eminent domain authority and the other would require utility districts to have generators for facilities.

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

16. **Next Meeting Date.** It was the consensus of the Board to hold the next monthly Board meeting on February 18, 2009 at 11:30 a.m. at the offices of Fulbright & Jaworski L.L.P., 1301 McKinney, Houston, Texas 77010.

All consultants left the meeting except Ms. Deitrick.

17. **Discuss Consultant Contracts.** The Board discussed obtaining bids for trash service when the current contract expires and possibly adding recycling to the District contract.

The Board discussed requesting operator proposals from Southwest Water, Municipal Operations & Consulting, Inc. and Severn Trent Environmental Services. Upon motion by Director Clarey, seconded by Director Claytor, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the District's Attorney to request proposals from the above-mentioned companies.

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 February 18, 2009.

Samuel B. Clay  
President, Board of Directors

ATTEST:

Allen A. Meyer  
Secretary, Board of Directors

(DISTRICT SEAL)

