

MINUTES OF MEETING OF BOARD OF DIRECTORS  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153  
December 16, 2009

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, December 16, 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, except Director DeYoung. Also attending all or portions of the meeting were Mr. Gary Hastings of Municipal Operations & Consulting, Inc. ("MOC"), 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. Eric Comeau of Bob Leared Interests, tax assessor-collector for the District; Mr. Allen Jones of W.Y. Atlantis, developer of Harris County Municipal Utility District No. 494 ("MUD 494"); Ms. Julianne Kugle of Coats Rose Yale Ryman & Lee, PC, attorney for MUD 494; Ms. Teri League, Mr. Jeff Cecil and Mr. Kevin Tousant of Republic Services, Inc. ("Republic"); and Mr. Neil Thomas, Ms. Heather De La Garza 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 4, 2009.** Minutes of the meeting of November 4, 2009, 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 Mr. Jones, who reported that W. Y. Atlantis will break ground on phase one in March or April 2010. He stated that phase one will include the off-site transmission lines and road.

Ms. Kugle stated that the Amended and Restated Water Supply Agreement is near completion. She discussed the remaining issue of the ultimate capacity of Water Plant No. 2 with the Board. Ms. Kugle stated that MUD 494 will want the other developers to extend their letters of credit to share in the off-site facilities costs before construction to avoid MUD 494 paying more than its share.

4. **Tax Assessor and Collector's Report, status of delinquent tax accounts, and payment of bills.** The President recognized Mr. Comeau, 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. Comeau reported that 3% of the District's 2009 taxes have been collected as of November 30, 2009.

Mr. Comeau asked the Board if it wanted to authorize an aerial photograph of the District in January 2010 to document the value in the District for the tax roll.

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 Tax Assessor-Collector's Report, to authorize the expenditures listed therein and not to authorize an aerial photograph of the District.

5. **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 reported that BGE is finalizing the renewal amounts for the letter of credits from Dr. Manon and Dr. Quentel. Ms. Zapletal reported that Ms. Trapolino has confirmed the capacity requested for Merrylands Interests.

Ms. Zapletal reported on the Olympic Village Storm Sewer Rehabilitation, Phase II. She reported that BGE will provide the resident letters to F&J for review prior to distribution.

Ms. Zapletal reported that the contractor has requested Board confirmation of the color for the Hydropneumatic Tank Addition at Water Plant No. 1. She reported that the proposed color is Color 37BL-Teardrop.

Ms. Zapletal reported that BGE will prepare the Emergency Preparedness Plan, and provide it to the operator and attorney for comment before the January Board meeting. She reported that the Emergency Preparedness Plan will be confidential.

Ms. Zapletal reported that the District is not required to submit a Triggered Source Monitoring Plan to the Texas Commission on Environmental Quality unless a positive sample is obtained to comply with new Environmental Protection Agency requirements of public water systems that use ground water sources.

Ms. Zapletal reported that BGE has relocated the water well for water plant #2 to

eliminate the need for the railroad easement acquisition. Ms. Zapletal reported that the easement descriptions have been revised and provided to the developers for approval.

Ms. Zapletal reported that the lift station #4 plans have been signed by the City of Houston and are at Harris County for signature.

Ms. Zapletal reported that Harris County Municipal Utility District No. 152 ("MUD 152") has requested an increase to 1,341 equivalent single family connections ("ESFC") of its allocation of the shared lift station with the District. She reported that an amendment to the existing agreement will be necessary to confirm the capacity modifications. Ms. Zapletal reported that there is sufficient capacity for the request with Board approval.

Ms. Zapletal reported that the sanitary sewer easements by the owners of the 35 acre tract have been recorded. She reported that Mr. Wheless is coordinating signature of the sanitary sewer easement for his tract. Ms. Zapletal reported that F&J has not received a response from Ms. Spurlock on the easement request.

Ms. Zapletal reported that MUD 494 revised its request for wastewater treatment capacity with an annual escalation of 3.5% on cost per gallon. Mr. Zabaneh reported that Ms. Kugle is working on the AJOB agreements with Ms. Jana Cogburn of F&J.

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 confirm Color 37BL-Teardrop for the Hydropneumatic Tank Addition at Water Plant No. 1, and to approve an increase of MUD 152's share to 1,341 ESFC of the shared lift station with the District.

**6. Discuss Republic Waste Services of Texas trash service and any necessary action.** The President reported that he received several resident complaints regarding the failure by Republic to collect heavy trash on the fourth Friday. Ms. League reported that the heavy trash collection will occur on Friday, December 18 due to the fourth Friday being Christmas Day. She stated that signs have been posted at the entrance to Walden to notify the residents of the heavy trash collection day in December. Director Soliz stated that he has not seen the signs. Ms. League reported that Republic will place signs in January to remind the residents of heavy trash collection on the fourth Friday. She stated that there were five Fridays in October, which may have confused the matter and in November the fourth Friday followed Thanksgiving. The President reported that the information regarding the heavy trash collection on December 18, 2009, was posted on the CSA web site as well.

Ms. De La Garza left the meeting.

Director Clarey reported that he observed the Republic truck driver get out of his truck to retrieve trash in the street. Director Soliz reported that the recycling containers at Maplebrook Elementary School fill up quickly. Ms. League reported that the District may add an additional pickup day for the recycling containers or add another recycling container as the plastic, paper and metal do not have to be separated. Ms. League reminded the Board that if a curbside residential recycling program is added, that the residents will be able to participate in the Recycle Bank which is a reward program of vendor coupons for residents that recycle. The

Board requested that Mr. Hastings add the recycling message again on the water bill to inform the residents of the recycling at Maplebrook Elementary School.

Mr. Thomas joined the meeting.

**7. Approve Amended Water Supply Contract, Amended Waste Disposal Contract and Agreement for Construction and Maintenance of Wastewater Pump Station, Force Main and Site.** The President recognized Mr. Thomas, who reported that the Amended and Restated Water Supply Agreement is substantially complete, a copy of which is attached hereto as Exhibit "D." He stated that the developers have provided the funds for the engineering for the project but not the construction. Ms. Kugle stated that MUD 494 will want confirmation that the Reimbursement Agreements with the developers require them to fund their share of the construction. Mr. Thomas reported that a provision was added to the Amended and Restated Water Supply Agreement so that the District is not at risk for the developers' portion of the construction costs. Mr. Zabaneh reported that the project will be bid in February and complete in August or September 2010. He reported that the project will not be advertised until all the funds are paid. Mr. Zabaneh reported that he has discussed the project funding with Merrylands Interests. Ms. Kugle reported that Merrylands Interests confirmed it wanted to retain its capacity of the first phase.

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 Amended and Restated Water Supply Agreement with WYA the Bridges at Lake Houston, Ltd.

**8. Update on construction of Water Plant No. 2 or Expansion of Water Plant No. 1, 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.** This item was covered under the Developer's Report and Engineer's Report.

**9. Atascocita Joint Operations Board ("AJOB") Report.** Director Clarey reported that AJOB meets next Tuesday. Director Clarey reported that Severn Trent Environmental Services is proposing a fee increase. Director Clarey reported that there was mention of the security of TexPool. Director Clarey reported that he discussed the safety of TexPool with Mr. Mark Burton of MA&C, who stated that there are no current issues with the safety of TexPool. Mr. Cory Burton confirmed that there are no current issues with the safety of TexPool.

**10. Accept Jess Fields 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 Jess Fields 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. Upon motion by Director Lavey, seconded by Director Soliz, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Jess Fields 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.

11. **Dr. Manon and Dr. Quentel letter of credit renewal.** Ms. Zapletal reported that she will review the renewal amounts with Mr. Burton before discussing with Dr. Manon and Dr. Quentel.

12. **Bookkeeper's Report, Investment Report, a payment of bills and take any necessary action.** The President recognized Mr. Cory 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 check #3555 to Southwest Water Company will be held until the Board authorizes payment to Southwest Water Company.

Upon review of the Fund Balance Report, Mr. Burton reported that two Certificates of Deposit ("CD") were purchased in the Operating Fund at Green Bank and Trustmark Bank.

Upon motion by Director Lavey, 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.

13. **Discuss Southwest Water Company invoice and any necessary action.** The President recognized Mr. Thomas, who reviewed with the Board the Southwest Water Company invoice for \$1,333.67 for operations fees in April, a copy of which is attached hereto as Exhibit "H." He reported that Mr. Hastings stated that MOC mailed the water bills in April and the invoice from Southwest Water Company does not demonstrate when the expenses were incurred. The Board requested that Mr. Hastings request backup documentation for the expenses incurred in April for the District since MOC assumed operation of the District on April 1, 2009.

14. **Operator's Report and hearing on delinquent accounts.** The President recognized Mr. Hastings, who presented to and reviewed with the Board the Operations Report, and water termination list, a copy of which is attached hereto as Exhibit "I." Mr. Hastings reported that the City of Houston has allocated 347,760,000 gallons of water for the District for 2010. He stated that he would confirm this allocation is for the 2010 calendar year.

Upon review of the Termination List, Mr. Hastings reported that Account #1-00-02320-02 has only made a partial payment.

Mr. Hastings requested authorization to write-off the accounts on the Write-Off List. He reported that the accounts are for customers who have moved out of the District.

Mr. Hastings reported on a customer letter requesting waiver of the late fee because she is paid only once a month after the water bill due date. It was Board consensus not to approve waiver of the late fee.

Mr. Hastings reported that the City of Houston Groundwater Reduction Plan ("GRP") fee will increase from \$0.62 to \$0.72 per 1,000 gallons of water effective January 1, 2010. The Board requested a message be added to the bill to notify the customers of the GRP fee increase and that it is a pass-through fee from the City of Houston.

Director Soliz asked about the leak on Aerobic Avenue. Mr. Hastings reported

that it was a Walden Community Service Association irrigation leak.

Director Soliz asked where MOC was posting the agenda notice in the District as the bulletin board at the club has been removed. Mr. Hastings stated that he would research the matter but that he thinks it would be posted at the water plant if the operator cannot post it at the club.

Director Soliz reported that the Sierra Club will hold the Sierra Club Water for People and the Environment Conference on January 16, 2010 in Houston. He noted that additional information on the conference is at the Sierra Club web site.

Upon motion by Director Lavey, 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, to terminate the delinquent accounts in accordance with the District's rate order, to write-off the accounts on the Write-Off List as uncollectible and not to approve the waiver of the late fee for the customer.

15. **Attorney's Report.** 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 January 20, 2010 at 11:30 a.m. at the offices of Fulbright & Jaworski L.L.P., 1301 McKinney, Houston, Texas 77010.

18. **Review bids and award Olympic Village Storm Sewer Rehabilitation, Phase II.** The President recognized Mr. Zabaneh, who reported that four bids were received for the Olympic Village Storm Sewer Rehabilitation, Phase II project. He reported that C. E. Barker, Ltd. was the low bid at \$145,203.82. Mr. Zabaneh reported that C. E. Barker, Ltd. has recently not been completing projects. Mr. Zabaneh reported that he contacted C. E. Barker, Ltd. to discuss completion performance but the contractor failed to return his call. He reviewed the Board's options on awarding the contract. Ms. Zapletal reported that the project will impact 29 residents.

At 12:55 p.m., the Board convened in executive session pursuant to Section 551.071, Texas Government Code, as amended, to discuss possible litigation. The Board reconvened in open session at 1:05 p.m.

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 award the Olympic Village Storm Sewer Rehabilitation, Phase II, to C. E. Barker, Ltd. in the amount of \$145,203.82

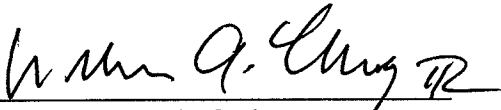
THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

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The foregoing minutes were passed and approved by the Board of Directors on January 20, 2010.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors

(DISTRICT SEAL)

