

MINUTES OF MEETING OF BOARD OF DIRECTORS  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153  
February 18, 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, February 18, 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, Mr. Scott Spidle and Mr. Todd Burrer of Southwest Water Company ("Southwest Water"), operators 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; Mr. Mark Wimberly of The Betz Companies; Mr. Jim Gillam, Mr. Dennis Gorden and Mr. Leroy Mensik of Severn Trent Services; Mr. Lonnie Wright, Mr. John Montgomery and Mr. Gary Hastings of Municipal Operations & Consulting, 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 January 21, 2009.** Minutes of the meeting of January 21, 2009, previously distributed to the Board, were presented for consideration and approval. Upon motion by Director Clarey, 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. **Developer's Report.** The President recognized Ms. Zapletal, who reported that eleven homes are in various stages of construction and six homes have sold in Waterhaven.

The President recognized Mr. Wimberly, who stated that The Betz Companies was considering purchasing 30 acres south of the District, and is seeking information on possible utility service to the tract. Mr. Zabaneh reported that the design of Water Plant No. 2 is complete; however, developer funding of the construction is currently on hold and it is uncertain when the project will commence.

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 January, a copy of which is attached hereto as Exhibit "B." Mr. Leared reported that 90% of the District's 2008 taxes have been collected as of January 31, 2009. Mr. Leared reported that the delinquent tax statements were sent last week.

Upon motion by Director Clarey, 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. **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 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 reported on the Olympic Village Drainage Improvements. She reported that Harris County approved the revised construction plans. Ms. Zapletal reported that a pre-construction meeting was held on January 29<sup>th</sup> and a Notice to Proceed has been issued for March 2, 2009. She reported that Harris County Flood Control District ("HCFCD") has responded to the letter written on behalf of the District regarding maintenance of the canal. Ms. Zapletal reported that HCFCD's response is that the canal has not been accepted for maintenance by HCFCD and that HCFCD will not maintain the canal.

Ms. Zapletal reported that BGE has not heard from the Federal Emergency Management Agency regarding the Notice of Interest submittal for the Hazard Mitigation Grant for the Olympic Village and Champions Village lift station generators. She stated that BGE will proceed with the generator installation process.

Ms. Zapletal reported that BGE provided the annexation documents to F&J for the Jess Fields tract. Mr. Thomas stated that the Board may want to notify the small annexation tract owners that the larger landowners are uncertain about funding and that the costs will substantially increase. The President noted that the District cannot afford to run lines to the small annexation tracts without participation by the larger annexation tract owners. It was the consensus of the Board to wait until a final decision is made by W.Y. Atlantis and Academy

Development prior to notification to the small annexation tract participants. It was the consensus of the Board to halt work on all easements and annexations until W.Y. Atlantis and Academy Development have informed BGE of their plans.

Ms. Zapletal reported that BGE has addressed the comments from the City of Houston and Harris County on the Water Plant No. 2 plans. She stated that BGE will resubmit the plans for signatures.

Ms. Zapletal reported receipt of a letter by Ms. Spurlock regarding the request for an easement for the offsite water and sewer facilities along West Lake Houston Parkway. Ms. Zapletal reported that Ms. Spurlock requested that the District propose compensation at fair market value for granting the easement. Ms. Zapletal reported that Ms. Spurlock's letter fails to mention that BGE revised the plans to have zero-cut construction on the Spurlock property. It was the consensus of the Board to inform Ms. Spurlock that the project that required the easement is currently on hold and that the District will contact her when the project is resumed.

Ms. Zapletal reported that C.F. McDonald was the low bidder for the Olympic Village lift station generator materials in the amount of \$43,369.00. She recommended award of the Olympic Village lift station generator materials to C.F. McDonald. Ms. Zapletal requested Board authorization of a check payable to CenterPoint Energy for fees associated with the installation of gas service to the Olympic Village lift station generator location.

Ms. Zapletal reported that C.F. McDonald was the low bidder for the Champions Village lift station generator materials in the amount of \$43,369.00. She recommended award of the Champions Village lift station generator materials to C.F. McDonald. Ms. Zapletal requested Board authorization of a check payable to CenterPoint Energy for fees associated with the installation of gas service to the Champions Village lift station generator location.

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 authorize award of the Olympic Village lift station generator materials to C.F. McDonald in the amount of \$43,369.00, to authorize a check payable to CenterPoint Energy for fees associated with the installation of gas service to the Olympic Village lift station generator location, to authorize award of the Champion Village lift station generator materials to C.F. McDonald in the amount of \$43,369.00, and to authorize a check payable to CenterPoint Energy for fees associated with the installation of gas service to the Champion Village lift station generator location.

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

**7. Award materials for the Olympic Village Lift Station Generator and Champions Village Lift Station Generator.** This item was covered under the Engineer's Report.

8. **Atascocita Joint Operations Board ("AJOB") Report.** Director Clarey reported that the wastewater treatment plant expansion warranty is expiring and that an extension is being negotiated. Mr. Zabaneh reported that a final walk through of the facility will be in March.

9. **Accept Jess Fields Petition for Addition of Land and Approve Petition for Consent to Addition of Land.** No action was taken on this item.

10. **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 "D." Mr. Burton reported that he will withhold payment to Republic Waste until the number of connections is clarified as the connection count on the invoice increased significantly in one month.

Mr. Burton reported that eight Certificates of Deposit ("CD") were purchased for the District's Debt Service Fund. He stated that work on diversification of the Capital Projects Fund investments continues.

Mr. Burton presented to and reviewed with the Board the Quarterly Investment Report, a copy of which is attached hereto as Exhibit "E."

Upon motion by Director DeYoung, 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, to authorize payment of the checks listed therein, and to approve the Quarterly Investment Report.

11. **Adopt Budget for Fiscal Year Ending March 31, 2010.** This item was deferred.

12. **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 "F." Mr. Marriott reported that Southwest Water is working on the subsidence permit with the City of Houston.

Mr. Marriott reported that Southwest Water will sell its laboratory unit to Accutest in March.

Mr. Marriott reported that the light pole at the water plant that was damaged from Hurricane Ike has been replaced.

Upon motion by Director Clarey, 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, and to terminate service to the delinquent accounts listed therein.

13. **Report on Association of Water Board Directors Conference.** Director Soliz reported that the seminars at the conference were informative. Director Clarey reported that the legislative update seminar was informative and well presented. The Board discussed the proposed legislation requiring all utility districts to have backup generators for the facilities. Mr.

Thomas reported on a proposed bill that if a boil water notice is to be issued that the operator call each resident by telephone and mail a letter.

14. **Attorney's Report.** No action was taken on this item.

All consultants left the meeting except Mr. Thomas and Ms. Deitrick.

15. **Operator Proposals and take any necessary action.** Mr. Spidle, Mr. Burrer and Mr. Marriott addressed the Board concerning water and wastewater operations services. After Mr. Spidle, Mr. Burrer and Mr. Marriott left the meeting, Mr. Gillam, Mr. Gorden and Mr. Mensik addressed the Board concerning water and wastewater operations services. After Mr. Gillam, Mr. Gorden and Mr. Mensik left the meeting, Mr. Wright, Mr. Montgomery and Mr. Hastings addressed the Board concerning water and wastewater operations services. Mr. Wright, Mr. Montgomery and Mr. Hastings left the meeting.

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 terminate Southwest Water Company as operator and to retain Municipal Operations and Consulting, Inc. on April 1, 2009 as operator for the District.

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 March 18, 2009 at 11:30 a.m. at the offices of Fulbright & Jaworski L.L.P., 1301 McKinney, Houston, Texas 77010.

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 March 18, 2009.

*Samuel B. Cliff*

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President, Board of Directors

ATTEST:

*William A. Young Jr.*

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Secretary, Board of Directors

(DISTRICT SEAL)

