

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
April 15, 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, April 15, 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. Lonnie Wright and Mr. Gary Hastings of Municipal Operations & Consulting, Inc. ("MOC"), operators for the District; Ms. Amy Zapletal of Brown & Gay Engineers, Inc. ("BGE"), engineer for the District; Mr. Cory Burton of Municipal Accounts and Consulting, L.P. ("MA&C"), bookkeeper for the District; Mr. Bob Leared and Mr. Eric Comeau of Bob Leared Interests, tax assessor-collectors for the District; Ms. Teri League of Republic Services, solid waste collection company for the District; 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 March 18, 2009.** Minutes of the meeting of March 18, 2009, previously distributed to the Board, were presented for consideration and approval. 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 such minutes, as presented.

2. **Developer's Report.** The President recognized Ms. Zapletal, who reported that W. Y. Atlantis, Academy Development and the owners of the 35 acre tract are willing to delay facility construction several months so that W. Y. Atlantis can arrange to participate and thus avoid the increase in their respective costs.

Ms. Zapletal reported that Dr. Manon has informed BGE that his share of the 35

acre tract is actually 30.523%, not one-third as stated in the deed. She reported that she requested documentation to that effect. Ms. Zapletal reported that Dr. Manon paid the District's invoice for engineering fees with a check. She reported that Dr. Quentel verbally committed to pay the invoice with a check but, has failed to do so.

Director Lavey joined the meeting.

3. **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 March, a copy of which is attached hereto as Exhibit "B." Mr. Leared reported that 95% of the District's 2008 taxes have been collected as of March 31, 2009.

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

Mr. Leared reported a resident request for a four month payment plan for her 2008 taxes. He stated that the resident has never been late paying her taxes and has provided the first payment.

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, to authorize the expenditures listed therein, to approve the Delinquent Tax Report, and to approve the four month payment plan.

4. **Public Comments.** The President recognized Ms. League, who asked that the Board consider switching to the automatic side-loading ("ASL") system for the District's solid waste collection system. She reported that ASL is the most efficient and cleanest system for trash collection. Ms. League reported that the ASL system utilizes two-wheeled 96-gallon poly carts which are easily maneuvered. Ms. League reported that Republic Waste Services could provide the ASL system to the District for \$13.68 per month plus a fuel surcharge, which is lower than the projected rate of \$15.17 for current service. Ms. League reported that Republic Waste Services provides and services the poly carts. She stated that yard waste should be placed in the poly cart. Ms. League stated that items too large for the poly cart may be picked up on the monthly heavy trash day. Ms. League reported that Republic Waste Services would notify the District trash customers of the change. She stated that she would bring a formal proposal to the next Board meeting for the Board's consideration.

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 "D." Ms. Zapletal reported that BGE has added handwritten comments to the final set of plans provided for the Westlake Medical project and approved the plans. She stated that the approved plans and approval letter were provided to Southwest Water Company. Mr. Hastings reported that the inspections have been performed and the tap has been set.

Ms. Zapletal reported that the surplus funds application for the generators at the Olympic Village lift station and Champions Village lift station was submitted to the Texas

Commission on Environmental Quality ("TCEQ") for \$198,074 and that the TCEQ has declared the application administratively complete.

Ms. Zapletal reported on the Olympic Village Lift Station Generator installation. She reported that the Notice to Proceed will be issued April 16 for the installation. Ms. Zapletal reported that the bushes on the east side of the lift station may not survive replanting. She reported that the contractor asked that the Board consider Change Order No. 1 in the amount of \$2,300.00 for the planting of Japanese blueberry bushes along the new eastern fence line.

Ms. Zapletal reported on the Olympic Village Drainage Improvements. She recommended approval of Pay Estimate No. 1 for \$91,782.91 to Paskey, Inc. Ms. Zapletal reported that the contract has been adjusted for the adjustment of the storm manhole rim and the rebuild of the inlet top in the drainage easement.

Ms. Zapletal reported that BGE is coordinating with MOC on the function of three valves at Water Plant No. 1 to determine a feasible location of the proposed hydropneumatic tank.

Ms. Zapletal reported on the Champions Village Lift Station Generator installation. She reported that the Notice to Proceed will be issued April 16 and that the contractor is ready to begin work.

Ms. Zapletal reported that Harris County had requested a survey of the District's facilities in order to have the District's meters on Reliant Energy's high priority list for disaster situations.

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 Engineer's Report, to approve Pay Estimate No. 1 in the amount of \$91,782.91 to Paskey, Inc. for the Olympic Village Drainage Improvements; and to approve Change Order No. 1 for \$2,300.00 for the planting of Japanese blueberry bushes along the new eastern fence line for the Olympic Village Lift Station Generator.

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. Atascocita Joint Operations Board ("AJOB") Report. Director Clarey reported that an attorney for the apartment complex next to the wastewater treatment plant has contacted AJOB regarding odors from the plant. Mr. Hastings reported that the odor issue may be caused by the lift station and bar screen.

Director Clarey reported that the TCEQ has proposed a \$10,000 fine for the excess chlorine incident. Mr. Hastings stated that ST's proposed revision to prevent further excess chlorine may offset a portion of the fine.

8. **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 "E." Mr. Burton reported that the Direct Energy invoice was determined to be accurate after review.

Mr. Burton reported that three Certificates of Deposit ("CD") were purchased in the District's Operating Fund with two CDs at IBC Bank and one CD at Comerica Bank, and two CDs were purchased in the District's Debt Fund at Wells Fargo Bank and Comerica Bank.

Director DeYoung left the meeting.

Director Soliz asked how often the District must have the arbitrage rebate report prepared for the District's bond issuances. Mr. Thomas reported that the District has covenanted in the Bond Order to have the arbitrage study prepared every five years for bond issuances greater than \$5,000,000. He stated that even though investment interest rates have been low, some utility districts have actually owed the Internal Revenue Service recently.

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.

9. **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 Constable's Report, a copy of which is attached hereto as Exhibit "F." Mr. Hastings reported that a car hit a fire hydrant which caused some water loss. He stated that the valve box was damaged which complicated the repair. Director Lavey asked if there was technology for a sensor and alarm to notify the operator when such a fire hydrant incident occurs. Mr. Wright reported that the fire hydrants are designed to break off at ground level without any water loss and that the loss would be difficult to detect.

The President asked that Mr. Hastings follow up on a customer bill adjustment which Southwest Water Company had worked on for a customer who was billed for 40,000 gallons per month when the resident was in the house only one week per month. Mr. Hastings stated that he would manage the bill adjustment for the customer.

Mr. Hastings reported that MOC had received calls about poor water quality in the Pines at Atascocita, Section 4, as soon as the door hangers were placed notifying residents that MOC would be the new operator. He stated that there is obviously a dead spot in the system at this location as the complaints are confined to this one area. He stated that MOC is working on the problem.

Mr. Hastings reported that the District's Rate Order is undercharging for the Groundwater Reduction Fee from the City of Houston. He stated that the Rate Order is charging \$0.40 per 1,000 gallons, while the City of Houston just increased the rate to \$0.565. It was the consensus of the Board to review the Rate Order at the next Board meeting.

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

Operator's Report and to authorize the water bill adjustment.

10. **Approve Order Adopting Identity Theft Program.** The President recognized Mr. Thomas, who presented to and reviewed with the Board the Order Adopting Identity Theft Prevention Program and Providing for Implementation and Enforcement Thereof ("Order"), a copy of which is attached hereto as Exhibit "G." Mr. Thomas reported that MOC has reviewed and approved the proposed Order. He reported that the federal requirement is for utility districts to have identity theft prevention programs in place by May 1, 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 Order and to authorize MOC to implement the Identity Theft Prevention Program.

11. **Approve Amended Rate Order for Republic Waste Services fee increase.** This item was deferred.

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

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

14. **Next Meeting Date.** It was the consensus of the Board to hold the next monthly Board meeting on May 20, 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 May 20, 2009.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)