

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
May 20, 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, May 20, 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 Directors Clarey and DeYoung. Also attending all or portions of the meeting were Mr. Gary Hastings of Municipal Operations & Consulting, Inc. ("MOC"), operator for the District; Ms. Amy Zapletal and Mr. Sam Zabaneh 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 and Mr. Wyatt Henderson of W.Y. Atlantis ("WYA"), developers of Harris County Municipal Utility District No. 494; Ms. Teri League of Republic Services, solid waste collection company for the District; and 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 April 15, 2009.** Minutes of the meeting of April 15, 2009, previously distributed to the Board, were presented for consideration and 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 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 WYA has re-examined the market and modified the development plan for the 333 acres south of the District. He reported that the development will be an upscale, gated community with larger

lots. Mr. Jones reported that WYA will sell the lots directly to individuals. He reported that the larger lot size will decrease the number of equivalent single family connections ("ESFC") required by the development. Mr. Jones reported that it will take approximately nine months to prepare the new land plan and have the agencies approve the changes.

4. **Republic Waste Services Proposal for Contract Change for Automatic Side-Loading System and any necessary action.** The President recognized Ms. League, who presented to and reviewed with the Board the proposal for the automatic side-loading system, a copy of which is attached hereto as Exhibit "B." Ms. League reported that the proposed price will include twice weekly service for the 96 gallon polycart, and heavy trash collection once a month. She reported that residents may arrange for additional polycarts for an extra charge and a resident may arrange for interim bulk pick up during the month for a \$15 charge. Ms. League reported that very few residents require more than one polycart. She reported that recycling for the District would cost approximately \$3.00 per month. 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 automatic side-loading system for the District's solid waste collection.

Director Lavey stated that he favored initiating a curbside recycling program for the District residents. The Board discussed various methods to survey the residents on instituting a recycling program.

5. **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 April, a copy of which is attached hereto as Exhibit "C." Mr. Leared reported that 95% of the District's 2008 taxes have been collected as of April 30, 2009.

Mr. Comeau presented to and reviewed with the Board a request for an installment plan of \$162 per month for a resident on Walden Forest Drive, a copy of which is attached hereto as Exhibit "D." He reported that with the proposed installment plan, the 2008 taxes would be paid off by October.

Mr. Comeau presented to and reviewed with the Board a request for an installment plan of \$327 per month for a resident on Red Sails Pass, a copy of which is attached hereto as Exhibit "E." He reported that with the proposed installment plan, the 2008 taxes would be paid off by August.

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 Tax Assessor-Collector's Report, to authorize the expenditures listed therein, and to approve the two requested installment plans detailed above.

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 "F." Ms. Zapletal reported that the proposed Water Plant No. 2 construction costs slightly decrease with a decrease in the

ESFC allocated to WYA. Ms. Zapletal reported that Dr. Quentel failed to pay his share of engineering fees directly and that MA&C will draw on the letter of credit for unpaid invoices.

Ms. Zapletal reported that the Texas Commission on Environmental Quality approved the use of surplus funds for the Olympic Village and Champions Village lift station generators.

Ms. Zapletal reported on the Olympic Village Drainage Improvements. She reported that the contractor has completed the retaining wall and reinstallation of the fencing. Ms. Zapletal reported that the improvements should be complete by next week. She recommended approval of Pay Estimate # 2 by Paskey, Inc. in the amount of \$25,932.33 for the Olympic Village Drainage Improvements.

Ms. Zapletal reported on the proposed Water Plant No. 1 Hydropneumatic Tank. She reported that the plans are complete and at the agencies for review. Ms. Zapletal requested Board authorization to advertise for construction bids of the hydropneumatic tank upon plan approval by the necessary regulatory agencies.

Ms. Zapletal reported on the Olympic Village Lift Station Generator installation. She reported that the generator has been delivered to the site. Ms. Zapletal reported that Neil Technical Services has installed the new fence, generator pad and related items. She reported that CenterPoint Energy will begin installation of the natural gas line soon.

Ms. Zapletal reported on the Champions Village Lift Station Generator installation. She reported that the generator has been delivered to the site. Ms. Zapletal reported that Gemini Contracting Services has installed the generator pad and related items. She reported that CenterPoint Energy will begin installation of the natural gas line soon.

Ms. Zapletal reported that the StormCeptor at Waterhaven has silt backup from Lake Houston. She presented to and reviewed with the Board a Storm Water Solutions proposal for clean out of the Waterhaven StormCeptor in the amount of \$6,401.47, included in the Engineer's Report. Ms. Zapletal reported that rental of a pneumatic plug is required for the clean-out and may be damaged in the process. She reported that a pneumatic plug will cost \$3,700.00 and asked that the Board approve the plug replacement cost, if needed.

Ms. Zapletal reported on Water Plant No. 2. She reported that a CenterPoint Energy service address has been requested from Academy Development. Ms. Zapletal reported that BGE will request an extension of the final plat approval.

Ms. Zapletal reported on Lift Station No. 4. She reported that a CenterPoint Energy service address has been requested from Academy Development. Ms. Zapletal reported that BGE will request an extension of the final plat approval.

Ms. Zapletal reported that a Harris County Municipal Utility District No. 152 ("MUD 152") developer may be requesting additional capacity from the lift station shared between the District and MUD 152.

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 Engineer's Report, to approve Pay Estimate No. 2 in the amount of \$25,932.33 to Paskey, Inc. for the Olympic Village Drainage Improvements; to approve BGE to advertise for construction bids for the proposed Water Plant No. 1 hydropneumatic tank and to approve the Storm Water Solutions proposal for clean of the Waterhaven StormCeptor in the amount of \$6,401.47 and an additional \$3,700.00, if needed, for a pneumatic plug.

7. 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.

8. Atascocita Joint Operations Board ("AJOB") Report. Ms. Zapletal reported that AJOB approved retrofitting and replacing Humble Independent School District school buses with lower emission technology which was approved by the TCEQ as a Supplemental Environmental Project instead of paying a fine for the excess chlorine incident.

Ms. Zapletal reported that the warranty inspection was held on April 24, 2009. She reported that the bar screen manufacturer has provided an additional one year warranty contingent upon Severn Trent completing a maintenance log sheet regularly at the plant.

9. 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 the Harris County Municipal Utility District No. 132 lift station expense is significantly larger than normal because a pump had to be pulled at the lift station shared with the District.

Mr. Burton reported that a Certificate of Deposit ("CD") was purchased in the Operating Fund at Enterprise Bank.

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

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

10. Approve Municipal Risk Management Group Report. The President recognized Mr. Burton, who presented to and reviewed with the Board the annual Municipal Risk Management Group Arbitrage Rebate and Yield Restriction Analysis Report, a copy of which is attached hereto as Exhibit "I." Mr. Burton reported that the required arbitrage reports have been coordinated with Arbitrage Compliance Specialists and no further action is required. Upon motion by Director Soliz, seconded by Director Lavey, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Municipal Risk Management Group Arbitrage Rebate and Yield Restriction Analysis Report.

11. **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 "J." Mr. Hastings reported that Southwest Water Company was not billing the Groundwater Reduction Plan fee to all of the District customers. He reported that Southwest Water Company was not charging a sewer charge to all District customers. Mr. Hastings reported that MOC received several customer calls upon assuming the District's water billing. He stated that a minimal audit could be performed to determine how much was collected for and paid to the City of Houston for the Groundwater Reduction Plan fee. The Board questioned the value of such information. Mr. Hastings reported that it will take three months to clean up the aged receivables after the transition in operating companies.

Mr. Hastings presented to and reviewed with the Board the Flushing Valve Report, a copy of which is attached hereto as Exhibit "K." Mr. Hastings reported that there are 252 flushing valves in the District and that they were painted two years ago.

Mr. Hastings reported that the Atascocita Volunteer Fire Department ("AVFD") Chief erroneously informed people that the water is not safe to drink due to an excessive amount of barium. Mr. Hastings stated that he clarified the safe limit for barium to the AVFD Chief and that the Chief's water tests results demonstrate that the barium in the water is below the limit. Mr. Hastings reported that he instructed the Chief to notify the people that he was wrong and that the water is safe to drink to prevent undue concern in the District.

Upon motion by Director Soliz, 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 approve the flushing valve repairs by MOC in the amount of \$10,950.

12. **Approve Consumer Confidence Report.** The President recognized Mr. Hastings, who presented to and reviewed with the Board the draft 2008 Drinking Water Quality Report, a copy of which is attached hereto as Exhibit "L." Mr. Hastings reported that MOC has not received the District data from the TCEQ. He reported that he will contact the Board prior to mailing of the 2008 Drinking Water Quality Report if any of the contaminant values are troublesome. He stated that the District is required to distribute this report to the customers by July 1. 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 2008 Drinking Water Quality Report.

13. **Approve Amended Rate Order for Groundwater Reduction Fees and Solid Waste Collection.** The President recognized Mr. Hastings, who reported that the Groundwater Reduction Fee needs to be updated in the District Rate Order. Ms. De La Garza presented to and reviewed with the Board the Order Amending and Restating Order Setting Water and Sewer Service Rates, Establishing Tap Fees, Adopting Rules and Regulations Concerning District's Waterworks and Sanitary Sewer System, and Establishing Policy with Respect to Fire Hydrants, Manholes, Meter Boxes, and Clean-Out Valves ("Amended Rate Order"), a copy of which is attached hereto as Exhibit "M." Mr. Hastings reported that the Amended Rate Order has MOC increase the charge to the residents as the City of Houston increases the groundwater reduction fee plus 10% for accountability. Ms. De La Garza reported that the sewer rate is changed to

\$29.52 for the increase of \$0.49 in solid waste collection. 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 Amended Rate Order.

14. **Consider need for insurance proposals.** The President recognized Ms. De La Garza, who reported that the District's insurance expires July 1, 2009 and asked if the Board would like to see proposals from other insurance companies. The Board noted that it reviewed insurance proposals last year. The Board indicated that it would like to review the HARCO Insurance proposal at the next Board meeting.

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

16. **Other matters.** The President reported that a resident on Mile Run had severe flooding from the late April rain event and asked if the District could perform further Olympic Village drainage improvements. The Board asked BGE to review the resident's tract to determine if the flooding is due to homeowner and fencing issue or a District issue.

17. **Next Meeting Date.** It was the consensus of the Board to hold the next monthly Board meeting on June 17, 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.

* * *

The foregoing minutes were passed and approved by the Board of Directors on June 17, 2009.

Samuel B. Clay Jr.
President, Board of Directors

ATTEST:

Walter A. Clay Jr.
Secretary, Board of Directors

(DISTRICT SEAL)

