

MINUTES OF MEETING OF BOARD OF DIRECTORS  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153  
June 17, 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, June 17, 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. Gary Hastings of Municipal Operations & Consulting, Inc. ("MOC"), operator 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. Eric Comeau of Bob Leared Interests, tax assessor-collector for the District; 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 May 20, 2009.** Minutes of the meeting of May 20, 2009, previously distributed to the Board, were presented for consideration and approval. Upon motion by Director Soliz, 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.** There was no Developer's Report.
4. **Discuss recycling survey and any necessary action.** The Board discussed options to perform a recycling survey. Director Clarey noted that the District web site does not

get sufficient activity to warrant posting the survey on the web site. The President noted that residents that have automatic payment do not open their water bills to see the survey.

Director Lavey joined the meeting.

Ms. Zapletal reported that some utility district web sites have email-blasts to their customers.

Director DeYoung joined the meeting.

It was the consensus of the Board to determine if an email-blast sign-up could be arranged at the District web site, and if possible, a message should be put on the water bill that encourages customers to sign up for the District email-blasts.

5. **Approve Republic Waste Services Contract Addendum.** The President recognized Ms. League, who presented to and reviewed with the Board the First Addendum to Contract By and Between Republic Waste Services of Texas, Ltd. and the District ("Addendum"), a copy of which is attached hereto as Exhibit "B." Ms. League reported that the Addendum specifies the change in solid waste collection to the automatic side-loading system at a rate of \$15.17 per month per home and \$9.81 per month per home for a second polycart, if requested. Ms. League reported that the Addendum extends the contract with the District through June 30, 2012 to recoup the polycart costs. The Board discussed the method of tracking which residents have more than one polycart and how to arrange for a second polycart. Ms. League reported that Republic Waste Services of Texas, Ltd. will identify the houses with more than one polycart. Ms. League stated that she would identify the best person to contact to arrange an additional polycart. Director Lavey suggested that additional polycarts be obtained through MOC to confirm that MOC knows which residents to charge for additional polycarts. Ms. League reported that the transition will occur in July and that there will be a mailing to the residents to explain the transition in service to the automatic side-loading system. 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 approve the Addendum.

6. **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 May, a copy of which is attached hereto as Exhibit "C." Mr. Comeau reported that 96% of the District's 2008 taxes have been collected as of May 31, 2009.

Mr. Comeau presented to and reviewed with the Board a request for an installment plan through July 31, 2009, a copy of which is attached hereto as Exhibit "D."

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 and to approve the requested installment plan.

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 "E." Ms. Zapletal reported on the Olympic Village Drainage Improvements. She reported that construction is complete and the certificate of completion has been provided. Ms. Zapletal recommended approval of Pay Estimate # 3 and Final by Paskey, Inc. in the amount of \$35,623.37 for the Olympic Village Drainage Improvements.

Ms. Zapletal reported that BGE is reviewing drainage in Olympic Village to identify possible options to enhance drainage.

Ms. Zapletal reported on the proposed Water Plant No. 1 Hydropneumatic Tank. She reported that the plans are complete and at the agencies for signature. Ms. Zapletal reported that BGE will advertise for bids to present in August.

Ms. Zapletal reported on the Olympic Village Lift Station Generator installation. Ms. Zapletal recommended approval of Pay Estimate # 1 and Final by C. F. McDonald for materials in the amount of \$43,396.00 from the capital project fund. She reported that all materials have been delivered and installed. Ms. Zapletal requested that the Board approve the payment and have the bookkeeper hold the check until BGE verifies the final signature by the contractor. Ms. Zapletal reported that the generator was installed on May 19, 2009. She reported that the foundation lab tests failed. Ms. Zapletal reported that a BGE structural engineer is reviewing the foundation to determine if the foundation should be replaced after hurricane season. She reported that BGE has requested an additional five year warranty by NTS for the generator slab. Ms. Zapletal reported that no repair is recommended until after hurricane season. Ms. Zapletal reported that the gas line and meter were installed.

Ms. Zapletal reported on the Champions Village Lift Station Generator installation. Ms. Zapletal recommended approval of Pay Estimate # 1 and Final by C. F. McDonald for materials in the amount of \$43,396.00 from the capital project fund. She reported that all materials have been delivered and installed. Ms. Zapletal requested that the Board approve the payment and have the bookkeeper hold the check until BGE verifies the final signature by the contractor. She reported that Gemini Contracting Services has completed the generator installation. Ms. Zapletal reported that the Texas Commission on Environmental Quality inspection will occur soon.

Ms. Zapletal reported on the StormCeptor at Waterhaven clean-out. She reported that the clean-out was completed on May 28, 2009 without any damage to the pneumatic plug. She reported that the clean-out is an annual requirement as part of the storm water quality feature permit. Ms. Zapletal requested Board approval of the storm water quality feature permit renewal application.

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 approve the Engineer's Report, to approve payment of Pay Estimate # 3 and Final by Paskey, Inc. in the amount of \$35,623.37 for the Olympic Village Drainage Improvements; to approve payment of Pay Estimate # 1 and Final by C. F. McDonald in the amount of \$43,396.00 for the materials for the Olympic Village Lift Station generator with the bookkeeper holding the check until BGE verifies the final signature by the contractor; to approve payment of Pay Estimate # 1 and Final

by C. F. McDonald in the amount of \$43,396.00 for the materials for the Champions Village Lift Station generator with the bookkeeper holding the check until BGE verifies the final signature by the contractor; and to approve the Waterhaven storm water quality feature permit renewal application.

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.** No action was taken on this item.

9. **Atascocita Joint Operations Board ("AJOB") Report.** Ms. Zapletal reported that the Supplemental Environmental Project for the excess chlorine incident was modified to a water quality project to match the violation. She reported that AJOB approved a contribution to the Gulf Coast Waste Disposal Authority's "River, Lakes, Bays 'N Bayous Trash Bash".

Director Clarey reported that AJOB approved the engagement of an environmental engineer to research options to reduce odor due to the complaints by the apartment occupants.

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 "F." Mr. Burton reported that the Federal Emergency Management Agency ("FEMA") reimbursed the District \$71,442.83 for Hurricane Ike expenses.

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

Mr. Burton requested authorization to separate the FEMA reimbursement as its own revenue item, and the City of Houston SPA Rebate and City of Houston GRP fees as well so that revenues are more accurately reflected in the budget.

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, to authorize payment of the checks listed therein and to approve the separation of items in the budget.

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 "G." Mr. Hastings reported that Customer Aged Receivables are improving and down to approximately \$28,000.

Mr. Hastings reported that there was a water main break at Cross Country Drive and Hikers Trail. He reported that the line was laterally cracked and fifteen feet of the water line had to be replaced. Mr. Hastings reported that the break was repaired by 2:30 p.m. He reported that the District went on interconnect with Harris County Municipal Utility District No. 152 ("MUD 152") and Harris County Municipal Utility District No. 132 ("MUD 132") for a short time during the repair. He stated that MOC will meet with the MUD 152 and MUD 132

operators next week to exchange contact information in preparation for the hurricane season.

Mr. Hastings reported that a booster pump repair insurance claim has been denied as the repair of \$2,959 is less than the District's deductible of \$5,000. He reported that the claim was filed by the previous operator and that the District has already paid for the repair.

Mr. Hastings presented to and reviewed with the Board the Termination List, included in the Operations Report.

Mr. Hastings presented to and reviewed with the Board a Bid for Installation of an Alarm Dialer for Lift Station #2, a copy of which is attached hereto as Exhibit "H." He reported that the alarm dialer is for the lift station shared with MUD 152. Mr. Hastings reported that the current alarm dialer has software that may only be utilized by the previous District operator. Ms. Zapletal reported that the District's share of the proposed cost of \$7,819.00, would be approximately 65%.

Director Lavey asked for information of the house fire on Sand Trap Court and low water pressure. Mr. Hastings reported that the Atascocita Volunteer Fire Department ("AVFD") Chief reported that his firemen cross-threaded the hose at the fire hydrant, which caused abundant water loss at the hydrant which impacted water pressure. Mr. Hastings reported that the District's fire hydrants were recently inspected and none were out of service. Director Soliz stated that the fire hydrant threads at the location of the fire need to be inspected for damage and repaired if needed. Director Lavey instructed Mr. Hastings to inspect the hydrant, take photographs of any fire hydrant damage and prepare a report on statements of his findings and statements by the AVFD Chief regarding the water pressure.

Director Clarey asked if the water pressure had recently decreased. Mr. Hastings confirmed that since the water main break on June 13, 2009, the water pressure had been decreased four pounds per square inch to match nearby utility districts.

Director Soliz asked if electronic payments made to Southwest Water Company at the time of the transition to MOC were forwarded to MOC. Mr. Hastings stated that the payments should have been forwarded to MOC and that he would confirm that it occurred.

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 approve the Operator's Report, to terminate the delinquent accounts in accordance with the District's rate order and to approve the for Installation of an Alarm Dialer for Lift Station #2.

**12. Approve Amended Rate Order.** The President recognized Mr. Hastings, who reported that the water tap fees and disconnect and reconnect fees could be modified to match industry prices. 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 "I." Mr. Hastings recommended increasing the ¾ inch residential tap fee to \$900 and one inch tap fee to

\$1,100. He recommended the disconnection and reconnection fees be increased to \$25.00 to match the amount charged to the District by MOC.

Director Lavey asked that Mr. Hastings provide notification of the increased tap fees to the home builder in Waterhaven and that the new rates not go into effect until July 15, 2009. Mr. Hastings stated that he would notify the Waterhaven home builder of the new tap fees.

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 Rate Order effective July 15, 2009.

13. **Renew District Insurance.** The Board reviewed the HARCO Insurance Services Proposal for July 1, 2009 through July 1, 2010 (the "Insurance Proposal"), a copy of which is attached hereto as Exhibit "J." Director Lavey reported that the renewal premium is decreased from last year. He stated that the District will achieve savings by accepting a three year term for the Travel Accident Benefits coverage. The lift station generators were discussed and Ms. Zapletal reported that she will arrange for the generators to be added to the District's policy.

Director Lavey reported that he has submitted the Affidavit of Substantial Interest with the District disclosing this conflict of interest and that he is an employee of HARCO Insurance Services in accordance with Texas law.

Upon motion by Director Clarey, seconded by Director DeYoung, after full discussion and the question being put to the Board, the Board voted four to zero with Director Lavey abstaining, to accept the HARCO insurance proposal with the Travel Accident Benefit coverage with a three year term.

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

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 July 15, 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 July 15, 2009.

Sam B Claff  
President, Board of Directors

ATTEST:

Ann Long  
Secretary, Board of Directors

(DISTRICT SEAL)

