

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
August 19, 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, August 19, 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 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. Jennifer Weinberg of TechRadium; 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 July 23, 2009.** Minutes of the meeting of July 23, 2009, previously distributed to the Board, were presented for consideration and approval. 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 such minutes, as presented.

2. **Public Comments.** There were no public comments.

3. **Developer's Report.** The President recognized Mr. Zabaneh, who reported that W. Y. Atlantis is updating the development projections for The Bridges at Lake Houston. He reported that W. Y. Atlantis anticipates the need for capacity by December 2010. Mr. Zabaneh reported that to provide utility service by December 2010, construction of facilities should begin

by March 2010. He noted that Water Plant No. 2 will need to be constructed if W. Y. Atlantis requires more than Phase One capacity.

4. **Discuss recycling survey, recycling proposal by Republic Services, Inc. and consider any necessary action.** The President reported that the District has received approximately 140 votes on adding a recycling program, with about 63% in favor of a recycling program. He reported that the recycle bins at the H.E.B. Grocery store parking lot have been removed due to abuse of the system by residents or others. The President reported that he has contacted the Humble Independent School District superintendent to discuss possible placement of a compartmentalized recycle bin in the Maplebrook Elementary School parking lot. He reported that Republic Services will provide a cost proposal for a large recycle bin that would have three compartments for paper, plastic and aluminum cans. The President stated that he did not favor adding a recycling program with such a small percentage of survey participation. Director Soliz stated that recycling at the school would still require a resident to pack up the recyclables in the car and drop off at the school. Director Soliz noted that the recycle bins at H.E.B. Grocery had often overflowed. The President reported that the recycling question has been added to the Walden on Lake Houston Community Services Association web site to encourage additional responses. Director Soliz discussed providing recycling education and information to the District residents. Mr. Hastings reported that he would add a message to the water bill to encourage more responses on recycling.

The President reported that an additional letter will be sent by Republic Services on use of the polycart. He reported that at the Walden on Lake Houston Community Services Association meeting, residents reported that they were unable to fit the polycarts in their garages, which conflicts with deed restrictions of having garbage cans out of sight. Director Clarey noted that the monthly extra charge for a second polycart is excessive and needs to be addressed.

No action was taken on this item.

5. **Review TechRadium/IRIS Mass Notification System and consider any necessary action.** The President recognized Ms. Weinberg, who reviewed the process of creating a message that can be disseminated to District residents. She reported that the Immediate Response Information System ("IRIS") can perform 5,000 calls per minute. Ms. Weinberg reported that text messages will work when there is no electricity. She reported that the IRIS costs \$0.29 per connection per month with unlimited usage. Mr. Hastings reported that MOC was working on an emergency notification system for customers. Ms. Weinberg reported that a one-year contract is the shortest period available and that most utility districts are entering into five year contracts to lock in the rate. She reported that IRIS may target single streets as well. Ms. Weinberg determined that TechRadium is working with MOC to provide IRIS.

6. **Discuss Republic Services, Inc. environmental and fuel surcharges and consider any necessary action.** The President reported that Ms. League from Republic Services has stated that the environmental and fuel surcharges are based on a national index each month. No action was taken on this item.

7. **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 July, a copy of which is attached hereto as Exhibit "B." Mr. Comeau reported that 97% of the District's 2008 taxes have been collected as of July 31, 2009. He reported that Harris County Appraisal District has not provided the certified values.

Mr. Comeau provided the Top Delinquent Taxpayers list, a copy of which is attached hereto as Exhibit "C."

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 and to authorize the expenditures listed therein.

8. Engineer's Report, including review of Engineer's projects and capital repairs. The President recognized Mr. Zabaneh, who presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "D." Mr. Zabaneh requested Board authorization to advertise for bids for the Olympic Village Drainage Improvements upon plan approval by the necessary agencies.

Mr. Zabaneh reported that the Fourth Amendment to the Interim and Emergency Water Supply Contract with Harris County Municipal Utility District No. 152 ("MUD 152") expires November 2009, which provides for MUD 152 to serve Atascocita Middle School that is located within the District. He reported that it is not cost effective to construct a waterline to serve the school. Mr. Zabaneh recommended that the contract with MUD 152 be extended for approximately five years, during which time the service line to the school may be constructed as part of the offsite facility construction anticipated for The Bridges at Lake Houston and Academy Development. Mr. Thomas noted that the contract terms will depend on MUD 152. It was Board consensus to request an extension of the contract with MUD 152 for a five year term.

Mr. Zabaneh reported that Preventive Services, L.P. has inspected the two ground storage tanks and two hydropneumatic tanks. He reported that the ground storage tanks are in good condition. Mr. Zabaneh reported that exterior ultrasonic readings of metal thickness of the hydropneumatic tanks indicated major loss of base metal. He requested Board authorization to coordinate with Preventive Services, L.P. to drain the hydropneumatic tanks one at a time to investigate the interiors to confirm the findings.

Mr. Zabaneh reported that five bids were received for the Water Plant No. 1 Hydropneumatic Tank Addition. He reported that Schier Construction was the lowest bid in the amount of \$93,400. Mr. Zabaneh recommended award of the contract to Schier Construction contingent upon verification of the payment and performance bonds and insurance coverage.

Mr. Zabaneh reported that BGE will submit the Water Plant No. 2 plans as soon as possible because W. Y. Atlantis anticipates proceeding with development. He requested Board authorization to renew communication with the involved parties for acquisition of the railroad easements. Mr. Thomas stated that it would be appropriate to contact only W. Y. Atlantis and Academy Development regarding easements.

Mr. Zabaneh reported that BGE will submit the plans for the offsite water and sewer facilities to serve the annexation tracts as soon as possible because W. Y. Atlantis

anticipates proceeding with development. He requested Board authorization to renew communication with the involved parties for acquisition of the necessary easements. Mr. Thomas stated that BGE will need to clearly state to the property owners that the District will abandon the easement if it is not used within a certain time period.

Director Clarey reported that the Atascocita Joint Operations Board ("AJOB") retained an odor abatement engineer to investigate the apartment complex odor complaints from the wastewater treatment plant. He reported that the engineer confirmed there was an odor issue and provided a few options to reduce the odor. Director Clarey reported that the options included carbon absorbers, bio-scrubbers and a wood chip system. He stated that the options cost up to \$300,000. Director Clarey reported that AJOB will discuss the options and also consider the work environment for the wastewater treatment plant employees.

Mr. Zabaneh presented to and reviewed with the Board the Preventive Services, L.P. proposal for coating of Water Plant No. 1 hydropneumatic tank in the amount of \$2,209.50 for on-site and \$2,709.90 for in-shop, a copy of which is attached hereto as Exhibit "E." He recommended the coating in the shop due to better conditions and reduced humidity.

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 authorize BGE to advertise for bids for the Olympic Village Drainage Improvements upon plan approval by the necessary agencies, to authorize BGE to request a five year extension of the water supply contract with MUD 152, to authorize BGE to coordinate with Preventive Services, L.P. to drain the hydropneumatic tanks one at a time to investigate the interiors, to award the contract for the Water Plant No. 1 Hydropneumatic Tank Addition to Schier Construction in the amount of \$93,400, to authorize BGE to renew work on the easements for the Water Plant No. 2 and offsite water and sewer facilities to serve the annexation tracts, and to approve the Preventive Services, L.P. proposal for coating of the Water Plant No. 1 hydropneumatic tank in the amount of \$2,709.90.

9. **Award Water Plant No. 1 Hydropneumatic Tank Project.** This item was covered under the Engineer's Report.

10. **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.

11. **Atascocita Joint Operations Board ("AJOB") Report.** This item was covered under the Engineer's Report.

12. **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 check #3367 is for unclaimed refunds older than three years escheated to the State Comptroller's Office.

Mr. Burton reported that 3 Certificates of Deposit ("CD") were purchased in the

Operating Fund at Allegiance Bank, Compass Bank and Trustmark Bank.

Mr. Burton requested Board authorization to amend the budget to improve usefulness because the new operator is categorizing items differently.

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

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 Bookkeeper's Report, to authorize payment of the checks listed therein, to authorize the bookkeeper to work on the budget and to approve the Quarterly Investment Report.

13. **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 "H." Mr. Hastings reported that the water usage has decreased but recommended that the water restriction be continued through August. Director Clarey asked why the other AJOB utility districts did not have to restrict water usage. Mr. Zabaneh reported that the District had to reduce water usage because it has one water plant. He stated that the construction of Water Plant No. 2 will provide a backup water source and increase the District's water capacity. Mr. Zabaneh reported that water well production at the water plant dropped recently probably due to draw down. Mr. Hastings reported that the District's Drought Contingency Plan is triggered by 18 hours of pumping at the water plant. He reported that currently the District is pumping approximately 14 hours.

Mr. Hastings reviewed the Write-Offs List, included in the Operations Report. He requested authorization to write-off four accounts as uncollectible. Mr. Hastings reported that the accounts are reported to the credit agency except for accounts with balances less than \$50.

Director Soliz reported that lift station #2 on West Lake Houston Parkway has graffiti on the canal side. Mr. Hastings reported that he would inspect and remove or cover the graffiti as appropriate.

Mr. Hastings presented to and reviewed with the Board the G-M Services water well #1 Performance Test results, a copy of which is attached hereto as Exhibit "I." He noted that pump submergence has decreased to 88 feet and stated that 100 feet of submergence is the desired level. Mr. Hastings reported that the vibration analysis is only performed once a year. He reported that the static water level is decreased. Mr. Hastings reported that the performance test will be performed again in October and that MOC will continue to monitor.

Mr. Hastings reported that Neil Technical Services has paid \$978.50 for the Decathlon lift station overflow clean up.

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, to terminate the delinquent accounts in accordance with the District's rate

order, and to write-off the four accounts as uncollectible.

14. **Attorney's Report.** Mr. Thomas reported that Southwest Water Company has emailed asking about the District's outstanding balance. He stated that F&J will request backup information as the bookkeeper is unaware of an outstanding balance.

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 September 16, 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 September 16, 2009.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

