

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
September 16, 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, September 16, 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 and Ms. Amy Zapletal of Brown & Gay Engineers, Inc. ("BGE"), engineers for the District; Mr. Mark Burton and Mr. Cory Burton of Municipal Accounts and Consulting, L.P. ("MA&C"), bookkeepers for the District; Mr. Eric Comeau of Bob Leared Interests, tax assessor-collector for the District; Ms. Linda Loup of Southwest Securities, financial advisor for the District; Ms. Teri League of Republic Services, Inc., 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 August 16, 2009.** Minutes of the meeting of August 16, 2009, previously distributed to the Board, were presented for consideration and approval. 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 such minutes, as presented.
2. **Public Comments.** There were no public comments.
3. **Developer's Report.** The President recognized Ms. Zapletal, who reported that W. Y. Atlantis and Merrylands Interests are coordinating to complete the land swap and

detention share calculations. She reported that Dr. Manon would pay his share of the Hydropneumatic Tank Addition at Water Plant No. 1 by the end of this week.

4. **Consider the Financial Advisor's recommendation for the 2009 Tax Rate and Authorize Publication.** The President recognized Ms. Loup, who presented to and reviewed with the Board the Comparison of Historical Assessed Valuations and Tax Rates, a copy of which is attached hereto as Exhibit "B." Ms. Loup reported that based on the assessed valuation of the District, the Board should consider a total tax rate of \$0.45, which is the same as last year. Ms. Loup reported that a debt tax rate of \$0.3998 should be sufficient to meet the District's debt service. Mr. Cory Burton reported that the District has a one year reserve in the Operating Fund. Mr. Zabaneh reported that the District may have to issue bonds in 2010 to pay for its share of Water Plant No. 2.

Mr. Thomas presented to the Board the Order Designating Officer to Calculate and Publish Tax Rates and Taking Other Actions in Connection with the Levy of a Tax for 2009, a copy of which is attached hereto as Exhibit "C." Mr. Thomas informed the Board that this Order authorizes Bob Leared to publish a newspaper notice of the proposed tax rate and information on the public hearing on the tax rate.

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 propose a tax rate of \$0.44, of which \$0.40 is for debt service and \$0.04 is for maintenance and operations, and to approve the Order Designating Officer to Calculate and Publish Tax Rates and Taking Other Actions in Connections with the Levy of a Tax for 2009, authorizing Bob Leared to publish the proposed tax rate.

5. **Discuss recycling survey, recycling proposal by Republic Services, Inc. and consider any necessary action.** The President recognized Mr. Hastings, who reported that the District has received 141 votes in favor and 115 votes against the addition of curbside recycling. The President reported that the custodial director of the Humble Independent School District is amenable to placement of two recycling containers at the Maplebrook Elementary School parking lot, one for plastics and the second container for aluminum and bi-metal products. Ms. League presented to and reviewed with the Board the Recycling Collection proposal, a copy of which is attached hereto as Exhibit "D." She stated that the proposal specifies that the containers would be serviced once per week. Ms. League suggested that the Walden Community Service Association inform the residents that if the containers are used for inappropriate material, then the District will remove the containers. The Board discussed informing the residents that the curbside recycling program is currently on hold. Ms. League reported that glass cannot be collected for recycling at this location due to many issues. She stated that glass needs to be recycled by color and breaks down to sand in the containers and trucks before reaching the processing center.

Director Soliz stated that the proposed recycling containers should only be an interim solution. He stated that recycling will be more widespread in the future and that recycling needs to be done. Director Lavey concurred that the curbside recycling program should be instituted and that the proposed recycling containers at Maplebrook Elementary should be on a temporary basis. Director Lavey stated that he anticipated that the eight yard containers

will need to be serviced more than once a week due to the size of the District. Ms. League stated that the District may terminate the recycling containers at Maplebrook Elementary if a curbside recycling program is initiated. The President stated that prior to initiation the District will need the Humble Independent School District's final approval of the recycling containers at Maplebrook Elementary.

Ms. League presented to and reviewed with the Board the Republic Services follow-up letter and Waste Acceptance Protocol, copies of which are attached hereto as Exhibits "E" and "F," respectively. Ms. League reported that Republic Services will only service Republic Services containers. Director Soliz reported that the polycarts are not sealing tightly which will create an odor issue. He reported that Republic Services is now servicing the District in the late afternoon, instead of the morning. Ms. League reported that Republic Services begins service the District in the morning; however, the District is large and takes all day to service. Director Lavey stated that the Waste Acceptance Protocol should be mailed once a year. It was Board consensus to have the Republic Services follow-up letter and Waste Acceptance Protocol on the District web site and Walden Community Services Association web site for resident notification.

No action was taken on this item.

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 August, a copy of which is attached hereto as Exhibit "G." Mr. Comeau reported that 98% of the District's 2008 taxes have been collected as of August 31, 2009.

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 the Tax Assessor-Collector's Report and to authorize the expenditures listed therein.

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 "H." Ms. Zapletal reported that notification of use of surplus funds for the Olympic Village Storm Sewer Rehabilitation, Phase II will be submitted to the Texas Commission on Environmental Quality ("TCEQ") upon Board signature today.

Ms. Zapletal reported on the Olympic Village Lift Station Generator Installation. She recommended Board approval and payment of Pay Estimate #1 from NTS in the amount of \$33,097.00 for the generator installation.

Ms. Zapletal reported on the Hydropneumatic Tank Addition at Water Plant No. 1. She reported that the construction contracts are ready for Board signature. She reported that the necessary entities have approved the plans. Ms. Zapletal reported that Professional Services Industries, Inc. has provided proposal #0201-8394 to provide construction material testing services in the amount of \$2,348.00 for the project. She reported that fees will be invoiced based on actual expenses incurred during construction.

Ms. Zapletal requested Board approval and signature of the Harris County Storm Water Quality Permit renewal application for the strip of land at the water plant.

Ms. Zapletal reported that new legislation requires utility districts to prepare an Emergency Preparedness Plan ("EPP") and submit the EPP to the TCEQ by March 1, 2010. She reported that the EPP must be implemented by July 1, 2010. Ms. Zapletal requested Board authorization to coordinate with MOC and F&J for interpretation and preparation of the EPP.

Ms. Zapletal reported that the Environmental Protection Agency ("EPA") has mandated additional requirements to provide increased protection against microbial pathogens in public water systems that use ground water sources. She reported that the new EPA rules require that the TCEQ be notified by December 1, 2009 of the chosen means of compliance and to have completed sanitary surveys by December 31, 2012. Ms. Zapletal requested Board authorization to coordinate with MOC to review compliance options and estimated associated costs of the compliance options.

Ms. Zapletal reported on Water Plant No. 2. Ms. Zapletal reported that BGE is renewing communication with the railroad for easement acquisition. She reported that the CenterPoint Energy service address for the facility has been obtained.

Ms. Zapletal reported on Lift Station No. Four. She reported that the CenterPoint Energy service address for the facility has been obtained.

Ms. Zapletal reported on Atascocita Joint Operations Board ("AJOB"). She reported that AJOB is awaiting TCEQ written approval and instructions on the \$10,000 Supplemental Environmental Project payment. Ms. Zapletal reported that the lift station influent cover delivery is delayed. She reported that Severn Trent Services will install the cover and mister system upon delivery.

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 the Engineer's Report, to approve and authorize signature of the notification of the use of surplus funds for the Olympic Village Storm Sewer Rehabilitation, Phase II; to approve payment of Pay Estimate #1 from NTS in the amount of \$33,097.00 for the Olympic Village lift station generator installation; to approve the Professional Services Industries, Inc. proposal #0201-8394 for construction material testing services in the amount of \$2,348.00 for the Hydropneumatic Tank Addition at Water Plant No. 1; to approve and authorize signature of the Harris County Storm Water Quality Permit renewal application for the strip of land at the water plant; to authorize BGE to coordinate with MOC and F&J for interpretation and preparation of the EPP; and to authorize BGE to coordinate with MOC to review compliance options and estimated associated costs of the options for the new EPA requirements.

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.** This item was covered under the Engineer's Report.

10. **Bookkeeper's Report, Investment Report, a payment of bills and take any necessary action.** The President recognized Mr. Cory Burton, who presented to and reviewed with the Board the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "I." Mr. Burton reported that check #3404 to Hudson Energy is unusually high because it is for three months of meter reading adjustments.

Upon review of the Fund Balance Report, Mr. Burton reported that 2 Certificates of Deposit ("CD") were purchased in the Capital Projects Fund at IBC Bank and Prosperity Bank, and 3 CDs were purchased in the Debt Service Fund at Bank of Houston, Enterprise Bank and Trustmark Bank. Mr. Burton reported that a \$240,000 CD in the Capital Projects Fund will mature prior to the next Board meeting. He requested Board authorization to renew the CD so that it will mature late summer 2010.

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 authorize the bookkeeper to renew the \$240,000 CD in the Capital Projects Fund to mature in the late summer of 2010.

11. **Approve Amended Budget for Fiscal Year Ending March 31, 2010.** The President recognized Mr. Cory Burton, who reviewed with the Board the proposed Amended Budget for fiscal year ending March 31, 2010 ("Amended Budget"), included in the Bookkeeper's Report. He reported that the proposed Amended Budget accounts for MOC's expense classification. Mr. Burton stated that due to the proposed 2009 tax rate discussed earlier today, that the Maintenance Tax Collections should be changed to \$184,000.

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 the Amended Budget with Maintenance Tax Collections of \$184,000.

12. **Review Investment Policy and Accept Related Party Disclosures from Investment Officer.** Mr. Thomas reviewed with the Board the Resolution Reviewing Investment Policy and Making Any Desirable Changes Thereto ("Resolution Reviewing Investment Policy"), a copy of which is attached hereto as Exhibit "J." Mr. Thomas reported that it is an annual requirement to review the District's investment policy. Mr. Thomas stated there are no recommended changes at this time.

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 the Resolution Reviewing Investment Policy with no changes thereto.

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, Constable's Report, Cut Off List and Write-Off List, a copy of which is attached hereto as Exhibit "K." Mr. Hastings reported that the water usage has decreased due to recent rain and

recommended removal of the Drought Contingency signs. He asked the Board if MOC should place door hangers of the termination of the watering restriction or to place the message on the water bill. It was Board consensus to place the message on the water bill. Mr. Thomas noted that MOC should notify the District residents of the termination of the watering restriction pursuant to the District's Drought Contingency Plan.

Upon review of the Cut Off List, Mr. Hastings reported that water service for #6 will not be terminated as a payment plan has been arranged.

Mr. Hastings reviewed the Write-Off List and requested Board authorization to write-off the accounts on the Write-Off List, except for LTG Enterprise which is for a fire hydrant meter. He stated that the accounts greater than \$50 will be reported to a credit rating agency.

Director Clarey asked if MOC tests for atrazine. Mr. Hastings reported that the District's water is tested for atrazine annually. He stated that atrazine is more common in surface water.

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 the Operator's Report, to terminate the delinquent accounts in accordance with the District's rate order, and to write-off the accounts on the Write-Off List as uncollectible.

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 October 21, 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 October 21, 2009.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

