

MINUTES OF MEETING OF BOARD OF DIRECTORS  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153  
July 21, 2010

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, July 21, 2010, whereupon the roll was called of the members of the Board, to-wit:

Sam Claytor, Jr., President  
Rick Soliz, Vice President  
William Clarey, Secretary  
Alan Waters, Treasurer  
David Bloedorn, Assistant Secretary

All members of the Board were present, except Directors Clarey and Waters. 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. 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. Linda Loup of Southwest Securities, financial advisor for the District; Ms. Julia McCain of McCall, Gibson, Swedlund, Barfoot, PLLC, auditor for the District; Mr. Greg Voinis of Sam Yager, Inc., developer of Harris County Municipal Utility District No. 494 ("MUD 494"); 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 June 16, 2010.** Minutes of the meeting of June 16, 2010, previously distributed to the Board, were presented for consideration and approval. Upon motion by Director Bloedorn, 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. **Consider trash service changes, including Third Addendum to Contract by and between Republic Waste Services of Texas, Ltd. and the District, recycling issues and any necessary action.** The Board reviewed the Third Addendum to Contract by and between

Republic Waste Services of Texas, Ltd. and the District ("Third Addendum"), a copy of which is attached hereto as Exhibit "B." Mr. Thomas reported that the Third Addendum is for the addition of the second heavy trash collection day on the second Friday of the month for the additional cost of \$0.97 per home per month. Upon motion by Director Bloedorn, seconded by Director Soliz, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Third Addendum.

Mr. Thomas 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 "C." Mr. Thomas reported that the Amended Rate Order increases the sewer service rate by \$0.97 for the increase in the trash collection. Upon motion by Director Bloedorn, 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.

Ms. Deitrick reported that Republic/Allied Waste Services stated that the recycling bins at Maplebrook Elementary School were being used for trash instead of recyclables. The President and Director Soliz reported that they only saw trash in the recycling containers one time. Director Soliz says that the recycling containers are not empty on Saturday mornings, which may mean that Republic/Allied Waste Services is failing to empty the containers on Fridays. The Board asked F&J to request prices from Republic/Allied Waste Services for more frequent collection or larger recycling containers.

4. **Approve audit for fiscal year ending March 31, 2010.** The President recognized Ms. McCain, who presented to and reviewed with the Board a draft of the audit for the District for fiscal year ending March 31, 2010, a copy of which is attached hereto as Exhibit "D."

Ms. McCain presented to and reviewed with the Board the management letter noting material weaknesses in the District's internal controls over financial reporting, a copy of which is attached hereto as Exhibit "E." She noted that the management letter includes a draft response by the Board which is substantially the same as the previous year.

Upon motion by Director Soliz, seconded by Director Bloedorn, after full discussion and the question being put to the Board, the Board voted unanimously to approve the draft of the audit for the District for fiscal year ending March 31, 2010 and to approve the Board's response in the management letter.

5. **Approve Continuing Disclosure Report and Authorize Filing.** Ms. McCain reported that the District auditor has inserted the required supplemental information into the audit so that the filing of the audit will meet continuing disclosure requirements. Mr. Thomas reported that the Continuing Disclosure Report is an annual requirement of the District's bonds which updates the bondholders on the status of the District. Upon motion by Director Bloedorn, seconded by Director Soliz, after full discussion and the question being put to the Board, the

Board voted unanimously to authorize the filing of the annual audit as part of the Continuing Disclosure Materials.

6. **Consider Maplebrook Elementary School request for koi pond and playground equipment support, Agreement for Shared Costs for Recreational Facilities and any necessary action.** Ms. Deitrick reported that Humble Independent School District signed the Agreement for Shared Costs for Recreational Facilities for the koi pond relocation, a copy of which is attached hereto as Exhibit "F." She reported that the Maplebrook Elementary School ("Maplebrook") principal reported that the Parent Teacher Organization ("PTO") collected \$10,000 for playground equipment and would not be able to match the District's \$33,000 for playground equipment. Ms. Deitrick reported that Ms. Zapletal confirmed that the playground equipment company is a BuyBoard approved vendor. Director Soliz stated that there is also a middle school located in the District and asked if the Board wanted to contribute to that school. The Board discussed contacting the middle school and Director Soliz offered to contact the school. The Board discussed Maplebrook's PTO not having matching funds for the \$66,000 proposal. Mr. Thomas stated that Maplebrook will need to provide plans for the playground equipment for the Board's approval and enter into agreement that the playground will be open to the public.

Upon motion by Director Bloedorn, seconded by Director Soliz, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Agreement for Shared Costs for Recreational Facilities for the koi pond relocation and to authorize the expenditure of \$33,000 for playground equipment for Maplebrook upon compliance with the conditions discussed.

7. **Authorize the Interlocal Participation Agreement with the Local Government Purchasing Cooperative.** The President recognized Ms. Zapletal, who presented to and reviewed with the Board the Interlocal Participation Agreement with the Local Government Purchasing Cooperative ("Participation Agreement"), a copy of which is attached hereto as Exhibit "G." Ms. Zapletal reported that the Participation Agreement relates to the Pines of Atascocita, Section Four, Punchlist Repairs. She reported that there are no membership fees and it is a lifetime membership. Upon motion by Director Soliz, seconded by Director Bloedorn, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Participation Agreement.

8. **Consider and approve Order Authorizing Unlimited Tax Refunding Bonds, Series 2010, A Transfer and Paying Agency Agreement, an Escrow Agreement, a Bond Purchase Agreement, Authorizing an Officer to Set on Behalf of the District, and Other Matters in Connection Therewith.** The President recognized Ms. Loup, who presented to and reviewed with the Board the Memorandum on Potential Refinancing ("Memorandum"), a copy of which is attached hereto as Exhibit "H." Ms. Loup reviewed the Memorandum and the potential savings to be realized by refunding the District's outstanding debt. Ms. Loup reported that the proposed refunding would be on a negotiated basis to achieve the best interest rate. She reported that usually a threshold of 3% net present value savings is used for refunding bonds.

Mr. Thomas reviewed the Order Authorizing \$9,560,000 Unlimited Tax Refunding Bonds, Series 2010, A Transfer and Paying Agency Agreement, An Escrow

Agreement, and a Bond Purchase Agreement; Authorizing Officials to approve the Amounts, Interest Rates, Prices and Terms Thereof and Certain Other Matters Relating Thereto; and Other Matters in Connection Therewith ("Bond Order"), a copy of which is attached hereto as Exhibit "I." Mr. Thomas stated that the Bond Order (a) sets the terms of the bonds; (b) requires the District to levy a tax to pay the bonds debt service; (c) requires the District to enter into an Escrow Agreement with Wells Fargo Bank, which will hold the funds until the time of the bond redemption; (d) requires the District to enter into a Transfer and Paying Agency Agreement with Wells Fargo Bank which will pay the bondholders; and (e) requires the District to enter into a Bond Purchase Agreement with the bond purchasers which stipulates the conditions to be met for the bond sale. Mr. Thomas reported that the Bond Order authorizes the President and Vice President to approve the interest rates if sufficient net present value savings are achieved and to provide final approval of the bond refunding transaction. Mr. Thomas stated that the Board may want to use available Debt Funds for the bond redemption. Ms. Loup reported that the District is required to have 25% of the next year's debt service in the Debt Fund.

Ms. Loup presented to the Board the Preliminary Official Statement ("POS"), a copy of which is attached hereto as Exhibit "J." She reported that the District's consultants will review and update the POS.

Upon motion by Director Bloedorn, seconded by Director Soliz, after full discussion and the question being put to the Board, the Board voted unanimously to authorize proceeding with the refunding bonds if at least 3% net present value savings can be achieved, and to approve the Bond Order and POS.

**9. 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 June, a copy of which is attached hereto as Exhibit "K." Mr. Comeau reported that 98% of the District's 2009 taxes had been collected as of June 30, 2010.

Mr. Comeau presented to and reviewed with the Board the Delinquent Tax Report prepared by Perdue, Brandon, Fielder, Collins & Mott, L.L.P., a copy of which is attached hereto as Exhibit "L."

Upon motion by Director Soliz, seconded by Director Bloedorn, 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 Delinquent Tax Report.

**10. Developer's Report.** The President recognized Mr. Voinis, who reported that MUD 494 has resolved the access issue with the City of Houston. He reported that MUD 494 continues to resolve other issues with the City of Houston. Mr. Voinis reported that MUD 494 is meeting with Merrylands Interests.

**11. Bookkeeper's Report, Investment Report, a payment of bills and take any necessary action.** 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 "M." Mr.

Burton reported that the Allied Waste invoice was approximately \$6,000 higher than usual. Mr. Burton recommended that the District pay the invoice, and discuss the issue with Allied Waste and take a credit on the next invoice. Mr. Burton reported that the City of Houston GRP Fees are for two months. He reported that check #3832 is a refund to a resident that prepays for water service regularly and built up quite a high credit.

Upon review of the Fund Balance Report, Mr. Burton reported that a Certificate of Deposit ("CD") was purchased in the Operating Fund at the Bank of Houston.

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

Upon motion by Director Soliz, seconded by Director Bloedorn, 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.

**12. 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 "O." Ms. Zapletal reported that F&J prepared the access easement for the Waterhaven stormwater quality feature access. She reported that the easement has been provided the developer to obtain the Homeowner Association signature.

Ms. Zapletal reported on the Lift Station Emergency Generator. She reported that the Olympic Village generator contractor has provided a four year warranty for the foundation.

Ms. Zapletal reported on the Waterline Rehabilitation Estimates. Ms. Zapletal reported that three repair options were considered: open cut and replace, directional drilling, and cured-in place pressure lining for potable pressure pipe ("CIPP"). She reported that the open cut and replace will cost approximately \$699,000 for the rehabilitation of Golfers Village. She reported that this method is messy and disturbs the most residents. Ms. Zapletal stated that disposal of the asbestos pipe is also an issue. Ms. Zapletal reported that the directional drilling is the most cost effective method at approximately \$625,000. She reported that this method is less disruptive to residents. Ms. Zapletal noted there are vibrations with the directional drilling. She reported that no new easements would have to be obtained for this method. Ms. Zapletal reported that the CIPP option costs approximately \$1,500,000. She reported that BGE consulted two CIPP contractors for price estimates. Ms. Zapletal reported that the cost estimates are for all of the waterlines in Golfers Village. The Board discussed the costs of the project and preferred to wait until absent Directors could review the project. Mr. Burton reported that the District has sufficient funds for the project. Mr. Zabaneh reported that the District could begin with a smaller size, such as a block or street, to determine how well the project would be perceived by residents. He stated that the District could approach the Walden Community Service Association to assist in notifying and explaining the project to the residents. It was the consensus of the Board to defer decision until the next Board meeting.

Ms. Zapletal reported on the Pines of Atascocita, Section 4, Punchlist Repairs.

She reported that Uretex ICR Gulf Coast, an authorized BuyBoard vendor, has provided a proposal for the repairs in the amount of \$393,009.00. Ms. Zapletal reported that Uretex ICR Gulf Coast utilizes an injection method for sealing of inlets and manholes. She reported that the Board may want to consider having Uretex ICR Gulf Coast perform the pavement settling repairs and bid the other items. Mr. Hastings reported that MOC performs the inlet and manhole repairs listed in the proposal at a lower price. Mr. Thomas reported that the District should bid the project to get the best price. It was the consensus of the Board to bid the project. Ms. Zapletal reviewed with the Board the Professional Services Industries proposal for construction material testing services in the estimated amount of \$3,411. She noted that the amount is an estimate and that actual expenses incurred during construction will be invoiced.

Ms. Zapletal reported that Harris County Municipal Utility District No. 152 ("MUD 152") concurred with BGE's breakdown of the original and proposed costs for the existing shared lift station.

Ms. Zapletal reported on the Offsite Water and Sewer Facilities to Serve the Annexation Tracts. Ms. Zapletal reported that the plat approvals for Water Plant No. 2 and Lift Station No. 4 will expire August 14, 2010. She reported that BGE is proceeding with recordation of the plats to eliminate additional fees that would incur if the plat approvals expire.

Ms. Zapletal reported on the Atascocita Joint Operations Board. She reported that the lift station compactor delivery is expected in late August. Ms. Zapletal reported that construction is expected to be complete by mid-September.

Upon motion by Director Bloedorn, 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 and to approve the Professional Services Industries proposal for construction material testing services in the estimated amount of \$3,411 for the Pines of Atascocita, Section 4, Punchlist Repairs.

**13. Review bids and award contract for Pines of Atascocita, Section Four, Punchlist Repairs.** This item was deferred.

**14. Amend budget for Pines of Atascocita, Section Four, Punchlist Repairs.** This item was deferred.

**15. Matters related to service for Nehoc Road and Camp Lillie Road tract.** No action was taken on this item.

**16. Authorize advertisements for bids for Lift Station No. 4, Offsite Water and Sewer Mains, and Improvements to Shared HC MUD 152/153 Lift Station to serve annexation tracts and HC MUD 494.** This item was deferred.

**17. Atascocita Joint Operations Board report.** This item was covered under the Engineer's Report.

**18. Consider Houston Parks Board park survey.** Mr. Thomas reported that the Houston Parks Board requested completion of a survey on the parks in the District and that BGE

may be the best consultant to complete the survey. Upon motion by Director Bloedorn, seconded by Director Soliz, after full discussion and the question being put to the Board, the Board authorized BGE to complete the Houston Parks Board survey.

19. **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 water termination list, a copy of which is attached hereto as Exhibit "P." Mr. Hastings reported that the decreased water accountability is probably a meter reading issue, which should correct next month.

Mr. Hastings reviewed the Termination List, included in the Operations Report.

Mr. Hastings reviewed the Write-Offs List, included in the Operations Report.

Upon motion by Director Bloedorn, 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.

20. **Consider amendments to Rate Order for increased rates for trash.** Mr. Thomas reported that Republic/Allied Waste increased the trash rate by \$0.35 for the annual Consumer Price Index adjustment. He asked the Board if it wanted to increase the Rate Order for the CPI increase. The Board asked F&J to request the documentation for such CPI increase. It was the consensus of the Board to defer increasing the sanitary sewer rate by \$0.35 at this time.

21. **Review Consultant Contracts.** Mr. Thomas reported that the consultant contracts are reviewed annually to provide the Board an opportunity to assess the service provided by the consultants and costs. The Board noted that it was satisfied with its consultants. No action was taken on this item.

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

23. **Report on Association of Water Board Directors Conference.** Director Soliz reported on the AWBD seminars.

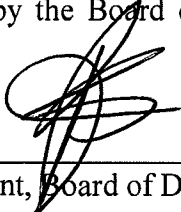
24. **Other matters.** Director Soliz reported that the Texas Commission on Environmental Quality Public Drinking Water Conference is on August 10-11, 2010 in Austin.

25. **Next Meeting Date.** It was the consensus of the Board to hold the next monthly Board meeting on August 18, 2010 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 August 18, 2010.



Vice President, Board of Directors

ATTEST:

  
Secretary, Board of Directors

(DISTRICT SEAL)

