

MINUTES OF MEETING OF BOARD OF DIRECTORS  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153  
August 18, 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, August 18, 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 Claytor and Bloedorn. 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. Teri League of Allied Waste; Ms. Lisa Jones and Mr. Buford Jones of Atascocita Middle School; 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 21, 2010.** Minutes of the meeting of July 21, 2010, previously distributed to the Board, were presented for consideration and approval. Upon motion by Director Clarey, seconded by Director Waters, after full discussion and the question being put to the Board, the Board voted unanimously to approve such minutes, as presented.

2. **Public Comments.** The Vice President recognized Mr. Jones, who reported that the Atascocita Middle School campus was constructed in 1983 and has had little renovation since that time. Mr. Jones presented to and reviewed with the Board the Atascocita Middle School Community Improvement Plan, a copy of which is attached hereto as Exhibit "B." Mr. Jones reviewed the three projects, including resurfacing of the tennis courts and basketball courts for approximately \$14,850; resurfacing of the track for approximately \$69,000, and construction of

an outdoor classroom for approximately \$23,300. Mr. Jones reported that the track is used by many groups in the community, but that no one contributes to the track maintenance. The Board asked if Harris County Municipal Utility District No. 152 ("152") had been approached for cost sharing because children from 152 attend Atascocita Middle School. Ms. Jones stated that they will request support from 152. Mr. Thomas stated that the District is restricted on contributing only to recreational facilities that will be open to the public. Ms. Jones stated that the facilities under discussion are open to the public. Ms. Jones stated that cost proposals were obtained from companies specified by the school. Mr. Thomas stated that the school would have to advertise for bids for the track resurfacing unless the company is a BuyBoard approved vendor. Mr. Thomas stated that three bids will need to be solicited if the District funds less than \$50,000 and more than \$25,000. The Board requested additional proposals. Ms. Jones stated that she would obtain additional proposals.

**3. Consider amendments to Rate Order for Republic Waste Services CPI increase.** Mr. Thomas reported that Republic/Allied Waste increased the trash rate by \$0.35 for the annual Consumer Price Index adjustment, a copy of which is attached hereto as Exhibit "C." He asked the Board if it wanted to increase the single-family residential sewer service rate for the CPI increase. 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 "D." Mr. Thomas reported that the Amended Rate Order increases the single-family residential sewer service rate by \$0.35 for the CPI increase, for a total rate of \$30.84.

Upon motion by Director Clarey, seconded by Director Waters, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Amended Rate Order.

**4. Consider Agreement for Shared Costs for Recreational Facilities for Maplebrook playground equipment and any necessary action.** This item was deferred.

**5. Consideration of matters relating to Unlimited Tax Refunding Bonds, Series 2010.** The Vice President recognized Ms. Loup, who presented to and reviewed with the Board the Refunding Analysis dated August 17, 2010, a copy of which is attached hereto as Exhibit "E." Ms. Loup reported that the Unlimited Tax Refunding Bonds, Series 2010 priced on August 17, 2010 with an aggregate principal amount of \$13,140,000. She reported that the District savings will be \$595,845, with a net present value savings of 3.5912% of debt service on the refunded bonds.

Mr. Thomas stated that additional maturities were added to 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") and requested that the Board ratify the Bond Order changes for the refunding of the additional maturities. Upon motion by Director Clarey, seconded by Director Waters, after full discussion and the question

being put to the Board, the Board voted unanimously to ratify the Bond Order with the additional maturities for an aggregate principal amount of the Series 2010 Bonds of \$13,140,000.

6. **Developer's Report.** There was no Developer's Report.

7. **Tax Assessor and Collector's Report, status of delinquent tax accounts, and payment of bills.** The Vice 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 "F." Mr. Comeau reported that 98% of the District's 2009 taxes had been collected as of July 31, 2010.

Upon motion by Director Waters, 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. **Bookkeeper's Report, Investment Report, a payment of bills and take any necessary action.** The Vice 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 Allied Waste overcharged the District by approximately \$6,000 and that Ms. League instructed him to pay Allied Waste \$6,000 less than the invoice.

Upon review of the Fund Balance Report, Mr. Burton reported that the Operating Fund has a high money market balance for the upcoming District projects. He reported that a Certificate of Deposit ("CD") was purchased in the Debt Service Fund at Prosperity Bank.

Upon motion by Director Waters, 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 and to authorize payment of the checks listed therein.

9. **Engineer's Report, including review of Engineer's projects and capital repairs.** The Vice 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 six bids were received on August 18, 2010 for the Pines of Atascocita, Section 4, Punchlist Repairs. She reported that the low bidder was D&J Construction, Inc. in the amount of \$309,640. Ms. Zapletal reported that BGE is checking references for D&J Construction, Inc. She reported that the second lowest bidder was Beyer Construction in the amount of \$338,515. Ms. Zapletal requested Board authorization to award the Pines of Atascocita, Section 4, Punchlist Repairs contract to the most qualified bidder that is in the best interest of the District in an amount not to exceed \$338,515 after consultation with and approval by Director Clarey and Mr. Thomas. Upon motion by Director Clarey, seconded by Director Waters, after full discussion and the question being put to the Board, the Board voted unanimously to authorize BGE to award the Pines of Atascocita, Section 4, Punchlist Repairs contract to the most qualified bidder that is in the best interest of the District in an amount not to exceed \$338,515 after consultation with and approval by Director Clarey and Mr. Thomas.

Ms. Zapletal reported on the Offsite Water and Sewer Facilities to Serve the Annexation Tracts. She reported that BGE has submitted the plats for recordation for Water Plant No. 2 and Lift Station No. 4. Ms. Zapletal reported that Merrylands Interests, Ltd.

provided a letter regarding Water Plant No. 2 drainage, included in the Engineer's Report. She reported that Harris County and the City of Houston have signed the Water Plant No. 2 plans.

Ms. Zapletal reported that BGE is still waiting on Ms. Spurlock to sign the easement. Mr. Thomas stated that he will resend the easement to Ms. Spurlock.

Ms. Zapletal reported on the Atascocita Joint Operations Board. She reported that the lift station compactor installation is expected by late September. Director Clarey reported that AJOB is negotiating with TXU for reduced electricity rates. He reported that security is an ongoing issue at the wastewater treatment plant and there have been break-ins and a truck stolen at the facility.

10. **Review bids and award contract for Pines of Atascocita, Section Four, Punchlist Repairs.** This item was covered under the Engineer's Report.

11. **Consideration of Pines of Atascocita, Section Four, Punchlist Repairs, Amendment of District annual budget.** This item was deferred.

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

13. **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.

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

15. **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 "I."

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

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

Mr. Hastings reported that MOC has been requested to be a witness on behalf of the District in a Justice of the Peace Court on August 30, 2010, regarding a possible traffic violation. Director Soliz stated that he will investigate the matter to discern if it is a mistake and inform Mr. Hastings of his findings.

Upon motion by Director Waters, 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 accounts on the Write-Off List as uncollectible.

16. **Attorney's Report.** The Vice President recognized Mr. Hastings, who reported that the District has a claim of approximately \$78,000 with the Federal Emergency Management

Agency ("FEMA") for Hurricane Ike expenses. He reported that FEMA has paid 90% of the claim. Mr. Hastings reported that MOC has reviewed the SouthWest Water Company ("SWWC") invoices for the time period covering Hurricane Ike. He reported that MOC is unable to corroborate approximately \$20,000 of the \$78,000 claim filed by SWWC on behalf of the District. Mr. Hastings stated that the claim also referenced a damaged pole, which may be connected to the uncorroborated \$20,000. Mr. Hastings reported that the District may have to refund a portion of the FEMA payment if MOC is unable to prove a portion of the costs on the claim. Mr. Burton reported that MA&C carefully reviewed the SWWC invoices for the Hurricane Ike time period and was unable to locate the \$20,000 or reference to a damaged pole. It was the consensus of the Board to file the claim summary form with FEMA and note the lack of documentation for the \$20,000 with review of the claim summary by Mr. Thomas prior to submission to FEMA.

17. **Other matters.** Director Soliz reported that he attended the Texas Commission on Environmental Quality 2010 Public Drinking Water Conference in Austin.


18. **Consider trash service changes for recycling with Republic Waste Services of Texas, Ltd. and any necessary action.** The Vice President recognized Ms. League, who reported that she is coordinating placement of signs notifying residents that trash has been placed in the recycling containers and if such abuse continues, the recycling containers will be removed per the suggestion of the President. Ms. League stated that there has been high contamination of the recycling containers such that the material is not accepted by the recycling company. Director Soliz stated that he only saw trash in the recycling containers two times. He reported that the recycling containers are full on Sunday mornings, which may mean that Republic/Allied Waste Services is failing to empty the containers. Ms. League reported that she has confirmed the recycling containers are being emptied. Director Soliz requested prices for more frequent collection or additional recycling containers. Ms. League stated more collection is not feasible until the recycling material is free of contamination. Director Clarey stated that the contamination may resolve now that an additional heavy trash collection day has been added on the second Friday of the month. He stated that the recycling containers should be removed if the contamination issue continues. Ms. League confirmed that she would place signage notifying the residents of the addition of heavy trash collection on the second Friday of each month.

19. **Next Meeting Date.** It was the consensus of the Board to hold the next monthly Board meeting on September 15, 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 September 15, 2010.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors

(DISTRICT SEAL)

