

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
September 15, 2010

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, September 15, 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 Director Claytor. 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. Linda Loup of Southwest Securities, financial advisor for the District; Ms. Nicole Rocheleau and Mr. Doug Scott of Republic Services; 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 August 18, 2010.** Minutes of the meeting of August 18, 2010, previously distributed to the Board, were presented for consideration and approval. Upon motion by Director Clarey, seconded by Director Bloedorn, 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 the Financial Advisor's recommendation for the 2009 Tax Rate and Authorize Publication.** The Vice 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 \$0.44, which is the same as last year. Ms. Loup recommended a debt service tax rate of \$0.3918 to provide the District sufficient funds to make debt service payments. Ms. Loup recommended a maintenance and operating tax rate of \$0.0482.

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 2010, a copy of which is attached hereto as Exhibit "C." Mr. Thomas informed the Board that this Order authorizes the tax assessor 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 Waters, 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 \$0.3918 would be for debt service and \$0.0482 would be 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 2010, authorizing the tax assessor to publish the proposed tax rate.

4. **Consider electricity proposals and any necessary action.** The Vice President recognized Director Clarey, who reported that the District's current electricity contract terminates December 2011. He reported that because of current natural gas prices, savings may be realized by either adding a contract to begin at the end of the current contract or entering into a blend and extend contract. Director Clarey presented to and reviewed with the Board electricity quotes by Hudson Energy, the District's current electricity provider, a copy of which is attached hereto as Exhibit "D." Director Clarey reported that the American Enerpower representative recommended obtaining quotes from additional electricity providers. He recommended that a two- to three-year contract beginning when the current contract terminates.

Upon motion by Director Waters, seconded by Director Bloedorn, after full discussion and the question being put to the Board, the Board voted unanimously to authorize Director Clarey to enter into a contract on the behalf of the District for a period up to three years contingent that the electricity rate is below the current rate.

5. **Consider trash service changes for recycling with Republic Waste Services of Texas, Ltd. and any necessary action.** The Vice President recognized Ms. Rocheleau, who reported that the recycling containers at Maplebrook Elementary require more frequent service due to the volume of deposited recycling materials. She reported that the amount of non-recyclable materials deposited in the bins had decreased since Republic Services had posted the new stickers describing acceptable recycling material. Director Soliz requested prices for more frequent collection and additional recycling containers. He stated that the metal bar over the top of the containers makes opening the lid difficult and is sometimes difficult to disengage. Mr. Scott agreed to change the recycling containers to resolve the problem. He also stated that he would instruct the Republic Services driver on the appropriate placement of the containers in the school parking lot. Ms. Rocheleau recommended adding another collection per week on Tuesday for an additional \$85.05, for a total of \$170.10 per month for twice a week collection of

the two recycling containers. She reported that an additional recycling container with collection once a week would cost \$127.57 and three recycling containers with twice a week collection would cost \$255.15 per month. Ms. Rocheleau reported that there are also eight-foot tall containers with side openings for depositing materials. She asked the Board if it would like to use those instead of the current containers. It was the consensus of the Board to have the eight yard tall containers with side openings for depositing materials.

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 addition of a second collection per week for a total of \$170.10 per month.

6. **Consider Atascocita Middle School Request for recreational facility funding and any necessary action.** The Vice President reported that the Atascocita Middle School ("AMS") is researching less expensive options for resurfacing the running track and is obtaining additional proposals for the proposed projects. The Vice President reported that AMS has also approached Harris County Municipal Utility District No. 152 for support. It was Board consensus that if the District supports AMS, the funding should be publicized to make residents aware of the District's support. Director Clarey noted that the Pines of Atascocita, Section Four, Punchlist Repairs will cost approximately \$320,000 and stated that the Board should determine what funds are available for discretionary use. Director Clarey requested a two year capital improvement summary to identify the funds required for projects and whether any discretionary funds are available. The Vice President suggested that a check box could be added to the water bill to give residents an option to donate one dollar to school funding. Mr. Burton reported that the District finances were healthy with a one year reserve in the Operating Fund. No action was taken.

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

8. **Consideration of matters relating to Unlimited Tax Refunding Bonds, Series 2010.** Mr. Thomas reported that the Bonds are scheduled to close on September 21, 2010. No action was taken.

9. **Developer's Report.** Mr. Voinis reported that the land plan for MUD 494 is for 560 lots with lot size ranging from 65 to 90 feet with a price range of \$300,000 to \$320,000. He reported that the bridge and road to West Lake Houston Parkway must be constructed prior to lot development. Mr. Voinis reported that according to BGE the District has sufficient water and sanitary sewer capacity to allow the developer to develop initial phases of MUD 494 before construction of Water Plant No. 2. He stated that the developer would provide a good faith deposit for its early use of the existing capacity. Mr. Voinis reported that he had visited with AJOB. He reported that there is a Fourth Amendment to the AJOB Agreement and that it was unclear whether the amendment had been approved. The amendment calls for a developer payment on August 31, 2010. Mr. Voinis stated that the developer would like to delay the timing of the payment for a couple of years. He asked the Board for an indication if it would agree to revise the payment timing of the AJOB amendment. It was the consensus of the Board that it would fine with revising the timing of the AJOB amendment. Ms. Zapletal reported that MUD 494 is extending the letter of credit to the District for one year.

10. **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 August, a copy of which is attached hereto as Exhibit "E." Mr. Comeau reported that 98% of the District's 2009 taxes had been collected as of August 31, 2010.

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

11. **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 "F."

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

12. **Amend budget for Pines of Atascocita, Section Four, Punchlist Repairs.** Ms. Zapletal reported that the pre-construction meeting was held on September 9, 2010. She reported that Harris County noted seven additional pavement repair items following the pre-construction meeting. Ms. Zapletal reported that BGE will adjust the contract to include the additional pavement repairs. Ms. Zapletal estimated the project cost at \$319,150.

Mr. Burton reviewed with the Board the proposed amended budget, included in the Bookkeeper's Report. He noted the addition of the Pines 4 construction and Pines 4 engineering, for \$319,150 and \$24,000, respectively. Mr. Burton reported that Miscellaneous Expense has been increased by \$8,500 for the Maplebrook Elementary koi pond relocation. He reported that Garbage Expense was increased by \$6,048 to \$473,048.

Upon motion by Director Waters, seconded by Director Bloedorn, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the amended budget for fiscal year ending March, 31, 2011.

13. **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 "G." Mr. Thomas reported that the Board must review the District's investment policy annually. Mr. Thomas stated there are no recommended changes.

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 Resolution Reviewing Investment Policy with no changes to the policy.

14. **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 requested Board approval and signature of the Harris County Storm Water Quality Permit renewal application for the storm water feature at the water plant.

Ms. Zapletal reported that the Atascocita Volunteer Fire Department has requested the District's fire hydrant locations to prepare a computerized database. She reported that BGE would provide the District's fire hydrant locations and waterlines, but omit the facilities details. Mr. Hastings reported that MOC is maintaining the fire hydrants at Sunrise at Atascocita apartments, although it is uncertain if it is the District's responsibility. Ms. Zapletal reported that BGE is unable to locate a recorded easement for the fire hydrants at the Sunrise at Atascocita apartments.

Ms. Zapletal reported that BGE received the Interlocal Participation Agreement with BuyBoard. She stated that the District is registered to participate in the BuyBoard process.

Ms. Zapletal reported on the Pines of Atascocita, Section 4, Punchlist Repairs. She reported that the D&J Construction, Inc. references were acceptable and that the contract was awarded to D&J Construction, Inc. as the low bidder. Ms. Zapletal reported that the contracts had been signed. She reported that the repairs at the intersections of Pinewood Echo Lane and Nehoc Lane, and Pinewood Bluff Lane and Pinewood Echo Lane were to be done in two phases in order not to block traffic. Ms. Zapletal reported that the contractor has requested that the repairs be done in one phase to shorten the turnaround to five days. It was the consensus of the Board that it would be acceptable to perform the repairs in one phase as long as school buses would not be blocked. Ms. Zapletal reported that BGE provided notice to the Homeowner Association of the planned repairs. She reported that BGE mailed notices to residents of the repairs as requested by Harris County.

Ms. Zapletal reported on the Offsite Water and Sewer Facilities to Serve the Annexation Tracts. She reported that the plats had been approved for recordation.

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

Ms. Zapletal reported on the Atascocita Joint Operations Board. She reported that AJOB is researching energy-efficient technologies to maximize savings and qualify for TXU Energy rebates. She reported that the lift station conveyor installation should to be complete by the end of September.

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 Engineer's Report, to approve and authorize signature of the Harris County Storm Water Quality Permit renewal application for the storm water feature at the water plant and to approve BGE providing fire hydrant location information to the Atascocita Volunteer Fire Department.

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. **Operator's Report and hearing on delinquent accounts.** The President recognized Mr. Hastings, who presented to and reviewed with the Board the Operations Report, 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-Off List, included in the Operations Report.

Mr. Hastings presented to and reviewed with the Board the G-M Services water well #1 Performance Test results, included in the Operations Report. He reported that the test results were good and that the testing is performed twice a year.

Mr. Hastings reported that Director Soliz informed him of graffiti at lift station #2 on the side with no bushes. Mr. Hastings reported that he would obtain proposals for the installation of bushes on that side of the lift station.

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.

19. **Texas Municipal League Intergovernmental Risk Pool Board of Trustees Election Ballot and any necessary action.** No action was taken on this item.

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

21. **Other matters.** No action was taken on this item.

22. **Next Meeting Date.** It was the consensus of the Board to hold the next monthly Board meeting on October 20, 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 October 20, 2010.

Samuel B. Clay

President, Board of Directors

ATTEST:

Wm. G. Ungey III

Secretary, Board of Directors

(DISTRICT SEAL)

