

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
October 19, 2011

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, October 19, 2011, 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
Ed Cocetti, Assistant Secretary

All members of the Board were present, except Director Waters. 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 and Mr. Sam Zabaneh 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. Cheryl Allen of Southwest Securities, financial advisor for the District; Mr. Karl Koehler, Atascocita Middle School principal; and Ms. Jana Cogburn 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. **Convene Public Hearing on Proposed Tax Rate for 2011.** The President convened the public hearing on the proposed tax rate for 2011. There was no public in attendance. The President closed the hearing.

2. **Adopt Order Setting Tax Rate and Levying Tax for 2011.** Ms. Cogburn presented to and reviewed with the Board the Order Setting Tax Rate and Levying Tax for 2011, a copy of which is attached hereto as Exhibit "B." Ms. Cogburn informed the Board this order levies the tax for 2011. Mr. Comeau reported that the notice of public hearing was published in the Atascocita Observer.

Upon motion by Director Clarey, seconded by Director Cocetti, after full

discussion and the question being put to the Board, the Board voted unanimously to Adopt the Order Setting Tax Rate and Levying Tax for 2011 with a total tax rate of \$0.44 per \$100 assessed valuation, including a rate of \$0.394 for debt service and \$0.046 for operation and maintenance expenses.

3. **Minutes of the meeting of September 21, 2011.** Minutes of the meeting of September 21, 2011, previously distributed to the Board, were presented for consideration and approval. Upon motion by Director Clarey, seconded by Director Cocetti, after full discussion and the question being put to the Board, the Board voted unanimously to approve such minutes, as presented.

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

5. **Developer's Report.** The President recognized Ms. Zapletal, who reported that the water system costs to be shared with Harris County Municipal Utility District No. 494 ("MUD 494") were provided to the financial advisor for calculation of bond issuance and carrying costs to recoup.

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 September, a copy of which is attached hereto as Exhibit "C." Mr. Comeau reported that 98% of the District's 2010 taxes had been collected as of September 30, 2011.

Upon motion by Director Clarey, seconded by Director Cocetti, 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. **Bookkeeper's Report, Investment Report, 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 "D." Mr. Burton reported that check #4427 is for the Attorney General of Texas fee for the Series 2011 bond issuance. He reported that check #4442 to Schier Construction Co., Inc. is for the Water Plant No. 1 Emergency Hydropneumatic Tank Replacements. Mr. Burton reported that maturing Certificates of Deposit are not being renewed in the Operating Fund to manage the Water Plant No. 1 Emergency Hydropneumatic Tank Replacements expenses.

Mr. Burton reported that the District has a March 1, 2012, debt payment.

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

Upon motion by Director Cocetti, 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 approve the Quarterly Investment Report.

8. **Atascocita Middle School Capital Campaign and any necessary action.** The President recognized Mr. Koehler, who presented to and reviewed with the Board the Atascocita Middle School Capital Campaign Educate to Elevate, a copy of which is attached hereto as Exhibit "F." Mr. Koehler reviewed the goals of the Educate to Elevate program. He reported that the goal is to raise \$100,000 in the first two years of the Campaign. He reported that the school was constructed in 1984 and has much of the original equipment and furniture. Mr. Koehler reviewed the planned upgrades that would be funded by the Campaign. He noted that the \$100,000 goal is significantly below what is needed but is a goal that can be attained in two years. Mr. Koehler requested that the Board consider participating in the Atascocita Middle School Capital Campaign Educate to Elevate. The Board requested itemized upgrades with costs and the Atascocita Middle School budget. Mr. Koehler reported that approximately 5% of the Atascocita Middle School budget is available for discretionary use.

9. **Receive Bids on Unlimited Tax Bonds, Series 2011.** The President recognized Ms. Allen, who presented to and reviewed with the Board the bid results for the Unlimited Tax Bonds, Series 2011 (the "Bonds"), a copy of which is attached hereto as Exhibit "G." Ms. Allen reported that three bids were received and that they have been verified. Ms. Allen reported that the lowest bidder did not comply with the bidding requirements. Ms. Allen reported that she consulted with Mr. Thomas and Ms. Cogburn this morning on whether the District can waive the bidding requirement. She reported that it was the consensus of Mr. Thomas and Ms. Cogburn that the District cannot waive the bidding requirement. Ms. Allen reported that Vining Sparks IBG, L.P. was the next lowest bidder at a net effective interest rate of 4.10262%. Ms. Allen reported that Moody's confirmed the District's A1 rating.

Upon motion by Director Clarey, seconded by Director Cocetti, after full discussion and the question being put to the Board, the Board voted unanimously to accept the bid from Vining Sparks IBG, L.P.

10. **Order Authorizing \$3,600,000 Unlimited Tax Bonds, Series 2011, a Paying Agency Agreement and Other Actions in Connection with the Bonds.** The President recognized Ms. Cogburn, who presented to and reviewed with the Board the Order Authorizing Unlimited Tax Bonds, Series 2011, a Transfer and Paying Agency Agreement, and Other Matters in Connection Therewith (the "Order") and a Transfer and Paying Agency Agreement, copies of which are attached hereto as Exhibits "H" and "I," respectively.

Upon motion by Director Soliz, seconded by Director Cocetti, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order, and the Transfer and Paying Agency Agreement.

Ms. Allen presented to and reviewed with the Board a letter to the Texas Commission on Environmental Quality ("TCEQ") regarding the change in the Bonds maturity schedule due to the lower interest rates, a copy of which is attached hereto as Exhibit "J." Ms. Allen requested Board authorization for the President to sign the letter and to submit to the TCEQ.

Upon motion by Director Cocetti, seconded by Director Clarey, after full discussion and the question being discussed with the Board, the Board voted unanimously to

authorize the President to sign the letter and for Ms. Allen to submit the letter to the TCEQ.

11. Discuss and consider taking any necessary action regarding closing procedures for the District's Unlimited Tax Bonds, Series 2011. No action was taken on this item.

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 "K."

Ms. Zapletal reported on the Waterline Rehabilitation Phase One. She reported that BGE has submitted the plans for agency review. Ms. Zapletal reported that the water line easement through Waterhaven will be signed when the City of Houston confirms the easement width is satisfactory.

Ms. Zapletal reported on the Water Plant No. 1 Emergency Hydropneumatic Tank Replacements. She reported that the new tanks were delivered on September 29, 2011. She reported that BGE is researching the concrete strength, which tested at 75%. Ms. Zapletal recommended approval of payment of Pay Estimate #2 from Schier Construction Co., Inc. in the amount of \$156,610 for the Water Plant No. 1 Emergency Hydropneumatic Tank Replacements.

Ms. Zapletal reported that the TCEQ issued the Addendum to the Staff Memorandum and Order approving the issuance of the Bonds.

Ms. Zapletal reported that BGE will resubmit the Harris County Municipal Utility District No. 152 and the District Shared Lift Station Improvements plans to the City of Houston for extension of the signature approval which expires November 12, 2011.

Mr. Zabaneh reported that the replacement rake for the Regional Lift Station will take several weeks to be delivered. He reported that the Regional Lift Station is operable without the rake.

Director Clarey asked if further action needed to be taken to collect the legal and engineering fees from the Condo Lakes Townhomes developer at Nehoc Lane and Camp Lillie Road. Ms. Cogburn stated that she would defer to Mr. Thomas on the matter and that it would be difficult to pursue collection with no agreement in writing regarding the fees.

Upon motion by Director Cocetti, seconded by Director Clarey, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report, and to approve payment of Pay Estimate #2 from Schier Construction Co., Inc. in the amount of \$156,610 for the Water Plant No. 1 Emergency Hydropneumatic Tank Replacements.

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

14. **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 "L." He reported that Ms. Zapletal requested an additional 175,000,000 gallons for the groundwater withdrawal permit.

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

Mr. Hastings reported that a customer sent a letter requesting adjustment of their water bill. He reported that the customer's meter showed water usage of 196,000 for the previous month and 84,000 gallons this recent billing period. Mr. Hastings reported that the customer requested a new water meter, which MOC installed because it was due for replacement. He reported that the customer letter states that a plumber was retained to search for leaks and no leaks were discovered. Mr. Hastings reported that the plumber \$599 invoice and receipt were included with the customer letter. He reported that MOC re-read the water meter to confirm usage and did not find any leaks upon investigation of water usage. Mr. Hastings reported that the water usage has returned to normal usage.

Mr. Hastings reported that informational brochures have been ordered regarding proper disposal of grease to prevent sanitary sewer blockages. He reported that the flushing valves have been repaired.

Mr. Hastings reported that a MOC employee was robbed as he was about to enter the bank with customer payments. He reported that letters were sent to customers whose water payments were stolen from the robbery so they know their checks have been stolen. Mr. Hastings reported that MOC will cover the stop payment charges on the customer checks. He reported that MOC is now using an armored security service for management of customer payments.

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 authorize Mr. Hastings to adjust the customer's water bill to an average of three high months of water usage.

15. **Other matters.** Ms. Deitrick reported that Best Trash has requested an agenda item to present a proposal to the Board. It was the consensus of the Board to defer solid waste collection proposals until closer to the contract termination date.

16. **Next Meeting Date.** It was the consensus of the Board to hold the next monthly Board meeting on November 16, 2011 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 November 16, 2011.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

