

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
December 21, 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, December 21, 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; Ms. Michelle Guerrero of Bob Leared Interests, tax assessor-collector for the District; and Mr. Neil Thomas, Mr. Michael Swartz 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 November 16, 2011.** Minutes of the meeting of November 16, 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.

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

3. **Developer's Report.** The President recognized Ms. Zapletal, who reported that BGE and F&J will discuss the draft revised facilities agreements from Harris County Municipal Utility District No. 494 ("MUD 494") and an alternative agreement that accommodates sharing of the entire water system.

4. **Tax Assessor and Collector's Report, status of delinquent tax accounts, and payment of bills.** The President recognized Ms. Guerrero, who presented to and reviewed with the Board the Tax Assessor-Collector's Report for November, a copy of which is attached hereto as Exhibit "B." Ms. Guerrero reported that 99% of the District's 2010 taxes had been collected as of November 30, 2011.

Ms. Guerrero asked the Board if it wanted to authorize an aerial photograph of the District in January 2012 to document the value in the District for the tax roll.

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 Tax Assessor-Collector's Report, to authorize the expenditures listed therein, and to authorize an aerial photograph of the District.

5. **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 "C." Mr. Burton reviewed the transfers to the Operating Fund from the bond proceeds for pre-paid costs for the Water Plant No. 1 Emergency Hydropneumatic Tank Replacements.

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 Bookkeeper's Report and to authorize payment of the checks listed therein.

6. **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 "D."

Director Soliz joined the meeting.

Ms. Zapletal reported on the Waterline Rehabilitation Phase One. She reported that BGE is addressing governmental agency comments. Ms. Zapletal presented to and reviewed with the Board the HTS, Inc. proposal in the estimated amount of \$11,867 for construction material testing services, included in the Engineer's Report. She presented to and reviewed with the Board the Team Industrial Services, Inc. proposal in the amount of \$4,995 for a guided wave inspection of three existing twelve-inch water lines on bridges in the District. Ms. Zapletal noted that rehabilitation of these water lines is already included in the project as a supplemental item, if necessary. Mr. Zabaneh stated that BGE is striving for overall reliability of the District's water distribution system.

Ms. Zapletal reported on the Water Plant No. 1 Emergency Hydropneumatic Tank Replacements. Ms. Zapletal recommended approval of payment of Pay Estimate #4 from Schier Construction Co., Inc. in the amount of \$22,860 for the Water Plant No. 1 Emergency Hydropneumatic Tank Replacements. She reported that four core samples were taken from the foundation on November 17, 2011. Ms. Zapletal reported that the foundation core samples tested at an average compressive strength of 4,371 pounds per square inch ("psi"), meeting the requirement of 4,000 psi requirement. She reported that BGE approved release of the checks to the contractor. Ms. Zapletal reported that the Texas Commission on Environmental Quality

inspection was conducted on December 1, 2011, and that the contractor has completed the punch list from the inspection. She reported that BGE issued the Certificate of Completion.

Ms. Zapletal reported that the six to seven year capital improvement plan summary is included in the Engineer's Report.

Ms. Zapletal reported that BGE has submitted the Shared Lift Station with Harris County Municipal Utility District No. 152 Improvements plans for signature approval extension to Harris County.

Ms. Zapletal reported on the vacant lot adjacent to the Water Plant. She reviewed the map showing the Water Plant and adjacent vacant lots included in the Engineer's Report. Mr. Hastings reported that the Water Plant fence has been driven into several times. Mr. Thomas reported that the District must provide notice of landowner rights if it offers to purchase the tract. He reported that the District is not subject to deed restrictions because it has the power of eminent domain. Mr. Hastings stated that the dead trees on the property adjacent to the Water Plant pose a potential hazard to District facilities and should be removed. The Board discussed obtaining an estimate of the value of the vacant lot from a local realtor.

Ms. Zapletal reported on the water line easement for the Waterline Rehabilitation, Phase One. She reported that F&J prepared the waterline easement which has been provided to the Waterhaven developer for signature. 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 accept the twenty-foot Waterline Easement by Waterhaven, Ltd., subject to execution by Waterhaven, Ltd., a copy of which is attached hereto as Exhibit "E."

Ms. Zapletal reported that Iglesia ni Cristo requested water service by the District of approximately 2.5 equivalent single family connections, included in the Engineer's Report. She reported that the church is currently receiving sanitary service from the District. Ms. Zapletal reported that the District's waterline would have to be extended to provide water service to the church. She stated that the church may recoup a portion of the waterline extension costs from future entities along the waterline. It was the consensus of the Board to provide a cost estimate to the church.

Ms. Zapletal reported that Dr. Quentel's letter of credit expires in January 2012. She reported that a second letter requesting extension of the letter of credit has been sent to Dr. Quentel without response. Ms. Zapletal requested Board authorization for a draw on Dr. Quentel's letter of credit of \$8,990.50 for invoices paid to date and \$2,570.66 for bidding expenses.

Mr. Zabaneh reported that the District's water well submergence has decreased forty feet due to the continued drought. He reported that BGE will have cost estimates at the next Board meeting for dropping the water well pump by forty feet. Mr. Zabaneh reported that the District would have to utilize an emergency interconnect to perform the work which should be performed before the high water usage season.

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

Engineer's Report, to approve the HTS, Inc. proposal in the estimated amount of \$11,867 for construction material testing services for the Waterline Rehabilitation Phase One, to approve the Team Industrial Services, Inc. proposal in the amount of \$4,995 for a guided wave inspection of three existing twelve-inch water lines on bridges in the District for the Waterline Rehabilitation Phase One, and to approve payment of Pay Estimate #4 from Schier Construction Co., Inc. in the amount of \$22,860 for the Water Plant No. 1 Emergency Hydropneumatic Tank Replacements, to authorize BGE to provide a cost estimate to Iglesia ni Cristo for the District to provide water service to the church, and to authorize the draws on Dr. Quentel's letter of credit in the amounts of \$8,990.50 and \$2,570.66.

7. **Consider vacant lot purchase for Water Plant entrance and any necessary action.** This item was covered under the Engineer's Report.

8. **Waterline easement for Waterline Rehabilitation, Phase One.** This item was covered under the Engineer's Report.

9. **Review bids and award contract for Waterline Rehabilitation, Phase One.** This item was deferred.

10. **Request for out of district service by Iglesia ni Cristo at 19400 Nehoc Lane.** This item was covered under the Engineer's Report.

11. **Authorize draw on Quentel Letter of Credit.** This item was covered under the Engineer's Report.

12. **Atascocita Joint Operations Board report.** Director Clarey reported that the operator is waiting for delivery of the equipment for the lift station. He reported that the Wastewater Treatment Plant was burglarized again. Director Clarey reported that the AJOB board is considering security improvements.

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, a copy of which is attached hereto as Exhibit "F." He reported that there were eight leaks in November. Mr. Hastings reported that MOC installed eleven residential taps in Waterhaven.

Mr. Hastings reported that the state agencies are recommending that utility districts continue drought and water conservation programs. It was the consensus of the Board to leave the Drought Contingency Plan signs in place to encourage continued water conservation. Mr. Hastings stated that he could prepare a letter to District customers on the need for continued water conservation and include with the next water bill. It was the consensus of the Board to authorize MOC to include the water conservation letter with the next water bills.

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 Operator's Report, to terminate the delinquent accounts in accordance with the District's rate order, and to authorize MOC to include the water conservation letter with the next water bills.

14. **Atascocita Middle School Capital Campaign and any necessary action.** The President opened discussion to the Atascocita Middle School Capital Campaign. The Board discussed the advantages and disadvantages of participating in community projects. Director Soliz reviewed with the Board the brochure provided by the Atascocita Middle School principal, a copy of which is attached hereto as Exhibit "G." No action was taken on this item.

15. **Other matters.** The President stated that there are many dead trees in vacant lots that pose a hazard to neighboring homes that require removal. He asked if there is a way to notify the vacant lot property owners of the need to remove the dead trees.

16. **Next Meeting Date.** It was the consensus of the Board to hold the next monthly Board meeting on January 18, 2012 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 January 18, 2012.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

