

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
August 17, 2011

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 17, 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
David Bloedorn, Assistant Secretary

All members of the Board were present, except Directors Bloedorn and 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 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; Mr. Ed Cocetti, District resident, 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 20, 2011.** Minutes of the meeting of July 20, 2011, previously distributed to the Board, were presented for consideration and approval. 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 such minutes, as presented.

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

3. **Developer's Report.** The President recognized Ms. Zapletal, who reported that Sam Yager, Inc., developer of Harris County Municipal Utility District No. 494 ("MUD 494"), requested review of the costs based on shares of the future water well. She reported that the cost sharing was discussed with the Texas Commission on Environmental Quality ("TCEQ"). Ms. Zapletal reported that BGE recommends sharing the costs of the water system with MUD 494 to

include the entire water system which would result in MUD 494 owning 18% of the District's water system. She requested Board confirmation of the proposed water system cost sharing arrangements with MUD 494.

Ms. Zapletal reported that neither Sam Yager, Inc. nor Merrylands Interests were willing to fund the construction of Lift Station #4 at this time to avoid the design revision cost required to meet the new City of Houston design criteria.

Ms. Zapletal reported that ten lots were sold to D.R. Horton and that D.R. Horton has seven homes under construction. Mr. Hastings reported that MOC installed five residential taps in Waterhaven for D.R. Horton.

4. 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 July, a copy of which is attached hereto as Exhibit "B." Mr. Comeau reported that 98% of the District's 2010 taxes had been collected as of July 31, 2011.

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 Tax Assessor-Collector's Report and to authorize the expenditures listed therein.

5. Addendum to Agreement for Services of Tax Assessor Collector with Bob Leared Interests. The President recognized Mr. Comeau, who presented to and reviewed with the Board the Addendum to Contract, a copy of which is attached hereto as Exhibit "C." Mr. Comeau reported that the Addendum to Contract authorizes Brenda McLaughlin to sign documents on behalf of Bob Leared Interests.

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 Addendum to Contract with Bob Leared Interests.

6. 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 "D." Mr. Burton reported that check #4365 to CenterPoint Energy is not included in the Bookkeeper's Report. He reported that check nos. 4330 and 4331, to Directors Waters and Bloedorn, respectively, will be voided for the per diems for today's meeting.

Mr. Burton reported that a Certificate of Deposit was purchased from the Operating Fund at Allegiance Bank.

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 Clarey, 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.

7. **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 "F."

Ms. Zapletal reported on the Waterline Rehabilitation Phase One. She reported that BGE completed the constructions plans, which are undergoing internal review prior to submittal to Harris County and the City of Houston.

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 on the Water Plant No. 1 Emergency Hydropneumatic Tank Replacements. She reported that the demolition of the existing hydropneumatic tanks is underway. Ms. Zapletal reported that BGE provided notice to the residents and property owners last week. She reported that no water service interruption is anticipated.

Ms. Zapletal reported that BGE submitted the Bond Application Report to the TCEQ for expedited review.

Ms. Zapletal reported on the proposed facilities to serve annexation tracts and MUD 494. She reported that the TCEQ allows for construction of regional facilities if a district reasonably expects to recoup participant shares. Ms. Zapletal reported that MUD 494 and Merrylands Interests did not wish to proceed with an agreement that required shares to be paid within a specified time period. Ms. Zapletal requested Board confirmation that it does not wish to proceed with the construction of Lift Station #4 at this time.

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 Engineer's Report, to confirm the proposed cost sharing arrangements of the entire water system with MUD 494, 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 confirm that the District will not proceed the Lift Station #4 construction at this time.

8. **Atascocita Joint Operations Board report.** Director Clarey reported that the facilities are operating well.

9. **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 "G." Mr. Hastings reported that the water well run time is fine and averaging approximately 12 to 14 per day. He reported that the homeowner associations have been the most helpful in reducing the water well run times. Mr. Hastings reported that water usage has decreased since the institution of the water conservation program.

Mr. Hastings reviewed the Termination List and Write-Off List, included in the Operations Report.

Mr. Hastings reviewed with the Board the GM Services water well test results with the Board, included in the Operations Report. He reported that the District's water well is operating satisfactorily.

Mr. Hastings reviewed with the Board the Flushing Valve Report, included in the Operations Report. Mr. Hastings requested Board authorization to proceed with the recommended repairs in the amount of \$19,350.00 as detailed in the Flushing Valve Report.

Mr. Hastings reported that a large water main line break occurred on Hikers Trail Drive on Saturday morning.

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, to write-off the accounts on the Write-Off List as uncollectible, and to authorize the flushing valve repairs in the amount of \$19,350.00.

10. **Update on residential sanitary sewer backup and any necessary action.** The President reported that he met with the resident who had sustained the sanitary sewer backup. He reported that the Texas Municipal League ("TML") adjuster estimated the personal property loss at about \$4,000 and the restoration cost at about \$20,655. The President reported that the resident obtained a restoration proposal for \$25,335. He stated that the TML restoration cost estimate seemed low and that the resident was not satisfied with the amount. The President reported that he informed the resident to obtain three bids for the restoration work, including replacement of the bathtub. The President stated that the cleanup by Servpro cost \$3,760. Director Soliz reported that he also met with the resident. He noted that the resident reported that the backup occurred while MOC employees were using pressure to clear a blockage in the sanitary sewer line. Mr. Hastings reported that the original sanitary sewer tap was made incorrectly and that MOC will repair the sanitary sewer tap. The Board discussed reimbursement to the resident for the cleanup and restoration costs. Mr. Thomas stated that the District should obtain a release before paying the resident.

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 reimburse the resident on Hikers Trail Drive for the Servpro cleanup cost of \$3,760, plus the TML personal property cost estimate and the lowest bid restoration upon receipt of a signed release by the residents.

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

12. **Next Meeting Date.** It was the consensus of the Board to hold the next monthly Board meeting on September 21, 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 September 21, 2011.

Samuel B. Clary
President, Board of Directors

ATTEST:

Walter A. Clary
Secretary, Board of Directors

(DISTRICT SEAL)

