

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
January 19, 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, January 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
David Bloedorn, Assistant Secretary

All members of the Board were present, except Director 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; 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 December 15, 2010.** Minutes of the meeting of December 15, 2010, previously distributed to the Board, were presented for consideration and approval. Director Waters noted an error in Director Soliz's title in the minutes. 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 corrected.

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

3. **Developer's Report.** The President recognized Ms. Zapletal, who presented to and reviewed with the Board the Construction Costs Pro-Rated to Service 150 Equivalent Single Family Connections to Harris County Municipal Utility District No. 494 ("MUD 494"), a copy of which is attached hereto as Exhibit "B." Ms. Zapletal reported that BGE has prepared the preliminary costs for the water and sanitary service lines to MUD 494. Mr. Zabaneh stated that

many costs may be included in the charge for service to MUD 494, including construction costs, interest, rehabilitation costs and engineering costs. Mr. Thomas stated that two common methods of calculating the costs are the actual construction costs plus interests or the current cost to construct such facilities. He noted that MUD 494 will need to participate in future maintenance and improvement costs of the facilities once MUD 494 begins receiving utility service. It was the consensus of the Board to include interest and engineering costs in the cost calculation for MUD 494 to receive utility service from the District.

Ms. Zapletal reported that Amegy Bank fulfilled the draw request submitted for Dr. Quentel's shares of the design fees for the first phase of the proposed offsite water and sewer facilities.

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 December, a copy of which is attached hereto as Exhibit "C." Mr. Comeau reported that 70% of the District's 2010 taxes had been collected as of December 31, 2010.

Mr. Comeau presented to and reviewed with the Board the Delinquent Tax Report provided by Perdue, Brandon, Fielder, Collins & Mott, L.L.P., a copy of which is attached hereto as Exhibit "D."

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

5. Authorization of additional penalty on taxes, penalty and interest remaining delinquent. The President recognized Mr. Thomas, who presented to and reviewed with the Board the Resolution Authorizing Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11 and 33.08, Tax Code (the "Resolution"), a copy of which is attached hereto as Exhibit "E." Mr. Thomas reported that collection of delinquent personal property taxes would begin on April 1 if approved by the Board. He reported that the revenue collected by levying this penalty is used to pay the delinquent tax attorney for the services provided to the District. Mr. Comeau reviewed the payment plan procedures.

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.

6. Consider property tax exemptions. The President recognized Mr. Comeau, who reported that last year the Board granted \$5,000 homestead property tax exemptions for owners who are 65 years of age or older or who are disabled. Mr. Thomas presented to and reviewed with the Board the Order Adopting Exemption from Taxation for Individuals Who Are Disabled or are 65 Years of Age or Older, a copy of which is attached hereto as Exhibit "F."

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 grant \$5,000

homestead property tax exemptions for those who are 65 years of age or older or who are disabled.

7. **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 "G." Mr. Burton reported that check #4035 is Dr. Ameri's refund of the annexation deposit. He reported that check #4056 to Allied Waste is for two months of service. Mr. Burton reported that check #4072 is for the annual revenue fee to the Texas Commission on Environmental Quality ("TCEQ").

Mr. Burton reported that the District's checking account was transferred to Compass Bank. He reported that the recent tax revenue transfers will be invested at the highest interest rate available.

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

8. **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 "H."

Ms. Zapletal reported on the Waterline Rehabilitation Estimates. She reported that Olympic Village was added to the project because of the increased number of water main breaks. Ms. Zapletal reported that three repair options were considered: open cut and replace, directional drilling, and cured-in place pressure lining for potable pressure pipe ("CIPP") for Golfers Village and Olympic Village. She reported that the directional drilling is the most cost effective method and less disruptive to residents. The Board discussed the age and status of the District's ground storage tank and hydropneumatic tank. Ms. Zapletal stated that the inspection results will indicate whether replacement is required. 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 authorize BGE to prepare the construction plans and perform survey work for the Waterline Rehabilitation with directional drilling for Golfers Village and Olympic Village, and the Ground Storage Tank and Hydropneumatic Tank Rehabilitation, and to authorize BGE to prepare the Bond Application to finance the proposed projects.

Ms. Zapletal reported on the Pines of Atascocita, Section 4, Punchlist Repairs. She reported that the Harris County re-inspection is scheduled for February 2, 2011.

Ms. Zapletal reported on the Offsite Water and Sewer Facilities to Serve the Annexation Tracts. She reported that Ms. Spurlock requested an increase of capacity to 30,000 gallons per month and that BGE had no objection.

Ms. Zapletal reported that the Condo Lake Townhomes developer is reviewing the estimated costs for financial feasibility.

Ms. Zapletal reported on the Atascocita Joint Operations Board. She reported that

the final pay estimate for the "muffin monster" is recommended for payment.

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.

9. **Atascocita Joint Operations Board report.** Director Clarey reported that the final payment for the "muffin monster" was approved. He reported that the MUD 494 contract is being circulated for review and approval.

10. **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 reported that the customer complaint regarding Allied Waste solid waste collection service was forwarded to Allied Waste, included in the Operations Report. He reported that there were five waterline breaks in December.

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 the TCEQ has provided "No Trespassing" signs for the District's facilities. The Board requested that Mr. Hastings post the "No Trespassing" signs on the District's lift stations as well as the District's water facilities.

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

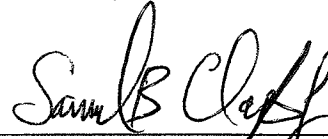
11. **Other matters.** Director Soliz reported that the Board will be invited to the Maplebrook Elementary School ribbon-cutting ceremony for the recent improvements when the date is determined. He reported that the Atascocita Middle School tennis court and basketball court improvements will begin in the next thirty days.

12. **Next Meeting Date.** It was the consensus of the Board to hold the next monthly Board meeting on February 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.

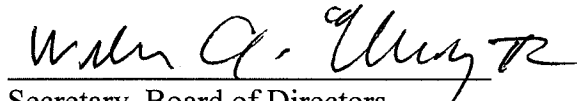
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The foregoing minutes were passed and approved by the Board of Directors on February 16, 2011.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

