

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
November 16, 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, November 16, 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 Clarey. 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; 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 October 19, 2011.** Minutes of the meeting of October 19, 2011, previously distributed to the Board, were presented for consideration and approval. 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 such minutes, as presented.
2. **Public Comments.** There were no public comments.
3. **Developer's Report.** The President recognized Ms. Zapletal, who reported that receipt of the draft revised facilities agreements from Harris County Municipal Utility District No. 494 ("MUD 494"). She reported that the capital recovery fee calculation has been completed by BGE and Ms. Allen.

Ms. Zapletal reported that D.R. Horton purchased 18 lots in Waterhaven and is very active with new home construction.

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 October, a copy of which is attached hereto as Exhibit "B." Mr. Comeau reported that 99% of the District's 2010 taxes had been collected as of October 31, 2011.

Upon motion by Director Cocetti, 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.

5. **Convene Public Hearing to Tax Goods in Transit.** The President convened the public hearing to tax goods in transit. There were no comments. The hearing was closed.

6. **Adopt Resolution Authorizing Taxation of Goods in Transit.** Mr. Thomas reported that Senate Bill 1 provides for an exemption of newly defined goods-in-transit in public warehouses beginning with the 2012 tax year. He stated that a taxing unit may exercise a local option to tax goods-in-transit in public warehouses that are otherwise exempt if a public hearing is held, and the governing body thereafter passes an order to tax such property.

Upon motion by Director Cocetti, seconded by Director Waters, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Resolution Approving Taxation of Goods-in-Transit that are Otherwise Exempt from Taxation under Section 11.253, Texas Tax Code, a copy of which is attached hereto as Exhibit "C."

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 #4479 to the Texas Commission on Environmental Quality is for the annual water system fee.

Upon review of the Capital Projects Fund Checking Account, Mr. Burton stated that he will coordinate with Ms. Zapletal on the appropriate amount to reimburse the Operating Fund from the bond proceeds for the Water Plant No. 1 Emergency Hydropneumatic Tank Replacements.

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

Mr. Burton reported that a check to Director Soliz for expense reimbursement for attending a Drinking Water Conference in August is not included in the Bookkeeper's Report.

Upon motion by Director Waters, seconded by Director Cocetti, 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. **Approve Amended District Information Form.** The President recognized Mr. Thomas, who presented to and reviewed with the Board the Amendment to the Amended and Restated District Information Form, a copy of which is attached hereto as Exhibit "E." Mr. Thomas informed the Board that the amendment updates the District Information Form on file in the Harris County Real Property Records to notify purchasers of the increased District debt due to the bond issuance.

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 approve the Amendment to the Amended and Restated District Information Form.

9. **Consider matters relating to Series 2011 Bonds.** The President recognized Ms. Allen, who presented to and reviewed with the Board the Bonds Closing Memorandum, a copy of which is attached hereto as Exhibit "F." She reported that the District's Series 2011 Bonds closed this morning.

10. **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 "G."

Ms. Zapletal reported on the Waterline Rehabilitation Phase One. She reported that BGE is addressing governmental agency comments. 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. Ms. Zapletal recommended approval of payment of Pay Estimate #3 from Schier Construction Co., Inc. in the amount of \$450 for the Water Plant No. 1 Emergency Hydropneumatic Tank Replacements. She reported that the 28-day breaks foundation testing failed the 4,000 pounds per square inch ("psi") requirement. She reported that BGE requested additional information and analysis of the strength and durability of the foundation walls, which still did not meet the 4,000 psi strength specification according to the 56 day breaks testing. Ms. Zapletal reported that BGE has requested core testing of the foundation by the contractor. She reported that the new hydropneumatic tanks are not in operation.

Ms. Zapletal reported that the City of Houston has extended the approval of Lift Station No. 4 so that the District has an additional year for commencement without re-approval.

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 the City of Houston.

Director Cocetti requested the District's long term capital improvement plan. Ms. Zapletal stated that she would provide the District's five year capital improvement plan.

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 approve the Engineer's Report, and to approve payment of Pay Estimate #3 from Schier Construction Co.,

Inc. in the amount of \$450 for the Water Plant No. 1 Emergency Hydropneumatic Tank Replacements.

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

12. **Atascocita Joint Operations Board report.** Mr. Zabaneh reported that BGE is awaiting on the Lift Station parts and that the Lift Station is operating well at this time without the equipment.

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 "H." He reported receipt of eight tap fees for Waterhaven.

Mr. Hastings reported that BGE has requested an additional 175,000,000 gallons for the groundwater withdrawal permit from the City of Houston. Ms. Zapletal reported that the City of Houston will not be issuing a new permit to the District and will only bill the District for the water pumped.

The Board discussed the current Stage 1 Drought Contingency Plan status. It was the consensus of the Board to leave the Drought Contingency Plan signs in place to encourage continued water conservation.

Mr. Hastings reported that MOC performed the annual commercial meter testing. He reported that a four-inch water meter on Lake Houston Parkway is registering less than 90% of water usage. Mr. Hastings requested Board authorization to replace the meter for a cost of \$995. He reported that there are seven water meters ranging in size from one and a half-inch to two-inch that are registering less than 95% of water usage. Mr. Hastings requested Board authorization to replace or repair the meters at an approximate cost of \$300 per meter.

Mr. Hastings reported that a resident emailed regarding trimming of the bushes. He reported that the bushes in question are the Homeowners Association's responsibility and at the time of investigation, the bushes were being trimmed.

Mr. Hastings reported that a resident emailed regarding replacement of a buckled sidewalk on Pine Crest Bluff. He reported that the sidewalk is over a pool drain and not the responsibility of the District. Mr. Hastings reported that the email mentioned other sidewalk locations in the District. He reported that the developer installs the sidewalks and that the sidewalks are not the District's responsibility. Mr. Hastings reported that he would inform the resident that the District will not replace the sidewalks.

Mr. Hastings reported that there is a vacant lot that is behind the Water Plant which would provide an improved entrance to the Water Plant. The Board discussed possible purchase of the vacant lot to relocate the entrance to the Water Plant. 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. The Board discussed the impact on the neighbors if the lot becomes a driveway to the Water

Plant.

Upon motion by Director Cocetti, 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, to authorize MOC to replace the four-inch water meter on Lake Houston Parkway at a cost of \$995, and to authorize MOC to repair or replace the seven water meters ranging in size from one and a half-inch to two-inch at a cost of \$300 per meter.

14. **Changing Date for Director Elections pursuant to Senate Bill 100.** The President recognized Mr. Thomas, who reported that Senate Bill 100 allows utility districts to change the directors election date from May 2012 to November 2012. Mr. Thomas reported that the Board should decide by the end of 2011 whether to change its election date if it wants to effectuate the change prior to the May 2012 election. The Board discussed the advantages and disadvantages of the different election date options. It was the consensus of the Board to retain the May 2012 election date.

15. **U.S. Department of Commerce 2011 Government Units Survey and any necessary action.** Mr. Thomas reported that the U.S. Department of Commerce Survey is voluntary and asked the Board whether the District's consultants should complete the survey. It was the consensus of the Board not to incur the cost for completion of the voluntary survey.

16. **Atascocita Middle School Capital Campaign and any necessary action.** The President requested that Ms. Zapletal and Mr. Zabaneh identify the future District capital improvement projects and whether any discretionary funds are available. He requested that Mr. Burton use the expense projections from Mr. Zabaneh and Ms. Zapletal to prepare a cash flow analysis for the Board's review. The Board discussed the possibility of adding a budget line item for community projects. Director Soliz reviewed with the Board the itemized list provided by the Atascocita Middle School principal, a copy of which is attached hereto as Exhibit "I." No action was taken on this item.

17. **Harris County Appraisal District Board of Directors ballot.** The President recognized Mr. Thomas, who reported that the Board may vote for a director for the Harris County Appraisal District Board of Directors. No action was taken on this item.

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

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

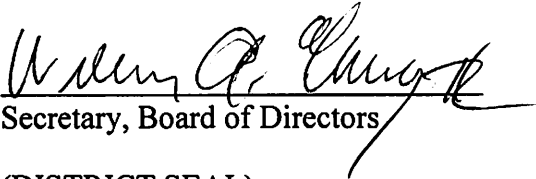
* * *

The foregoing minutes were passed and approved by the Board of Directors on December 21, 2011.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

