MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
April 20, 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, April 20, 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; Ms. Nicole Rocheleau, Mr. Chris Ochoa and Mr. Kevin Tousant of Republic Services, Inc. ("Republic"); Mr. Greg Voinis of Sam Yager, Inc., developer of Harris County Municipal Utility District No. 494 ("MUD 494"); and 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 March 16, 2011.** Minutes of the meeting of March 16, 2011, previously distributed to the Board, were presented for consideration and approval. 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 presented.

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

3. **Consider matters relating to Solid Waste Contract and any necessary action.** The President recognized Ms. Rocheleau, who reported that Republic is increasing the solid

waste collection rate from $15.63 to $15.93 effective May 1, 2011, for the annual consumer price index adjustment per the terms of the contract with the District, a copy of the rate increase letter attached hereto as Exhibit "B."

Ms. Rocheleau presented to and reviewed with the Board the Fifth Addendum to Contract By and Between Republic and the District, a copy of which is attached hereto as Exhibit "C." Ms. Rocheleau reported that Republic is able to reduce the cost of a second cart to $5.00 per home per month.

Ms. Rocheleau reported that the residents' complaints regarding broken poly carts at the recent Walden Homeowner Association meeting initiated investigation of the poly carts provided to the District. She reported that the poly cart vendor confirmed that defective carts were provided to the District. Ms. Rocheleau reported that the poly cart vendor followed the Republic collection truck through the District on several service days and replaced the wheels and axle on all of the broken poly carts in the District.

Director Soliz joined the meeting.

Director Waters asked about whether Republic should have collected the resident's toilet and door. Ms. Rocheleau stated that the toilet should have been collected and that the door dimensions would dictate whether Republic should have collected it. Mr. Ochoa reported that the post-collection cart placement has been addressed by Republic.

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 Fifth Addendum to Contract By and Between Republic and the District.

4. **Developer's Report.** The President recognized Mr. Voinis, who reported that the MUD 494 attorney is working on the agreements between MUD 494 and the District. He reported that discussions with homebuilders have begun.

5. **Proposed water and sanitary sewer contract between Harris County Municipal Utility District No. 494 and Harris County Municipal Utility District No. 153.** This item was deferred.

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 March, a copy of which is attached hereto as Exhibit "D." Mr. Comeau reported that 96% of the District's 2010 taxes had been collected as of March 31, 2011.

Mr. Comeau reported that a resident provided a $500 payment for a tax bill of approximately $1,000, and requested paying the remainder over the next two months. He asked the Board if it wanted to approve the two month installment plan for the resident.

Mr. Comeau reviewed with the Board the Delinquent Tax Report by Perdue, Brandon, Fielder, Collins, & Mott, L.L.P. ("Perdue"), a copy of which is attached hereto as Exhibit "E." He reported that Perdue requested Board authorization to transfer personal property

account #1055720 to the Uncollectible Roll.

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, to approve the two month installment plan for the resident and to authorize Perdue to transfer the personal property account #1055720 to the Uncollectible Roll.

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 "F." Mr. Burton reported that check #4186 to D and J Construction, Inc. is for the final pay estimate for the Pines of Atascocita, Section 4, Punchlist Repair. He reported that check #4181 to BGE is for more than one month and includes the bond application report preparation expense. Mr. Burton reported that check #4191 to H.G.C.S.D. Water Conservation Program is for the water conservation kits for the elementary school students previously approved by the Board.

Upon review of the Fund Balance Report, Mr. Burton reported that two Certificates of Deposit ("CD") were purchased in the Debt Fund, one CD was purchased in the Operating Fund and one CD was purchased in the Capital Projects Fund.

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

Upon motion by Director Waters, 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. **Bookkeeper's Contract and any necessary action.** The President recognized Mr. Burton, who presented to and reviewed with the Board the Third Amendment of Bookkeeping Contract, a copy of which is attached hereto as Exhibit "H."

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 Third Amendment of Bookkeeping Contract.

9. **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 "I."

Ms. Zapletal reported on the Waterline Rehabilitation Phase One. She reported that completion of the field survey is expected to be in mid-May. Ms. Zapletal reported that BGE is preparing the construction plans.

Ms. Zapletal reported on the Bond Application Report. She reported that the bond issuance requirement has been revised to $3,600,000 because BGE reduced the amount of surplus funds utilized for the project.

Ms. Zapletal recommended Board approval of the Stormwater Quality permit renewal for the Waterhaven Stormceptor, included in the Engineer's Report. She reported that the Stormceptor does not require cleaning this year.

Ms. Zapletal presented to and reviewed with the Board an Annual Service Agreement Water Storage Tank/Clarifier Cathodic Protection System with Corrpro for $605.00, included in the Engineer's Report. She reported that the agreement is for the inspection of the cathodic protection system within the east Ground Storage Tank at Water Plant No. 1.

Ms. Zapletal reported on the Pines of Atascocita, Section 4, Punchlist Repairs. She recommended Board approval of payment of Pay Estimate No. 3 and Final in the amount of $35,047.50 to D and J Construction, Inc. Ms. Zapletal reported that Harris County Commissioners Court approved the maintenance bond cancellation on April 5, 2011.

Ms. Zapletal reported that the Condo Lakes Townhomes developer does not anticipate proceeding with development this year. Ms. Zapletal requested Board authorization to include the District's scope of the project to be added to the Waterline Rehabilitation, Phase 1, to authorize BGE to request the developer pay for engineering and legal fees incurred to date and to authorize BGE to advise the developer that the District will not be participating in the project's costs in the future.

Ms. Zapletal reported that the Water Distribution System Analysis, Phase I, for the District, MUD 494, Phase I and West Lake Houston Parkway, Phase I, is included in the Engineer's Report.

Ms. Zapletal reported that the one-year warranty period for the Olympic Village Storm Sewer Rehabilitation, Phase II and Hydropneumatic Tank Addition at Water Plant #1 will expire soon. She reported that the warranty inspections will be conducted prior to the warranty expiration.

Ms. Zapletal requested Board authorization of the Order Authorizing the Application.

Ms. Zapletal requested Board authorization to provide notification to the Texas Commission on Environmental Quality that the District will use $110,000 in surplus funds for the Waterline Rehabilitation, Phase I.

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 approve the Stormwater Quality permit renewal for the Waterhaven Stormceptor; to approve the Annual Service Agreement Water Storage Tank/Clarifier Cathodic Protection System with Corrpro for $605.00 for the inspection of the cathodic protection system within the east Ground Storage Tank at Water Plant No. 1; to authorize payment of Pay Estimate No. 3 and Final in the amount of $35,047.50 to D and J Construction, Inc. for the Pines of Atascocita, Section 4, Punchlist Repairs; to authorize BGE to include the District's scope of the Condo Lakes Townhomes project to be added to the Waterline Rehabilitation, Phase 1, to authorize BGE to request the Condo Lakes Townhomes developer pay for engineering and legal fees incurred to date; to authorize BGE to advise the Condo Lakes Townhomes developer that

the District will not be participating in the project's costs in the future and to authorize BGE to notify the Texas Commission on Environmental Quality that the District will use $110,000 in surplus funds for the Waterline Rehabilitation, Phase I.

10. **Approve Resolution Authorizing Application for TCEQ Approval of Bond Issuance.** The President recognized Mr. Swartz, who presented to and reviewed with the Board the Resolution Authorizing Application for Expedited Consideration of Approval by the TCEQ of Project and Issuance of Bonds and Requesting Waiver of Certain Requirements of Texas Administrative Code ("Resolution") and Application for Expedited Consideration of Approval by the TCEQ of Project and Issuance of Bonds and Requesting Waiver of Certain Requirements of Texas Administrative Code ("Application"), a copy of which is attached hereto as Exhibit "J."

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 Resolution and Application.

11. **Approve Use of Surplus Funds for Waterline Rehabilitation, Phase 1.** This item was covered under the Engineer's Report.

12. **Atascocita Joint Operations Board report.** No action was taken on this item.

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 "K." Mr. Hastings reported that there were three leaks in the District in March.

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

Mr. Hastings reported that MOC replaced the dead plants at the lift station and installed a soaker hose.

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 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.

14. **Amend Rate Order for Solid Waste Collection Rate Increase.** The President recognized Ms. Deitrick, who reported that Republic Services increased the trash rate by $0.30 for the annual Consumer Price Index adjustment. She reported that Republic is charging the District approximately $2.18 per connection for fuel and environmental recovery fees per month, which is not currently included in the single-family residential sewer service rate. Ms. Deitrick reported that the single-family residential sewer service rate is $30.84. She presented to and reviewed with the Board the Order Amending and Restating Order Setting Water and Sewer Service Rates, Establishing Tap Fees, Adopting Rules and Regulations Concerning District's Waterworks and Sanitary Sewer System, and Establishing Policy with Respect to Fire Hydrants, Manholes, Meter Boxes, and Clean-Out Valves ("Amended Rate Order"), a copy of which is attached hereto as Exhibit "L." Ms. Deitrick asked the Board if it wanted to increase the single-

family residential sewer service rate for the CPI increase and fuel and environmental recovery fees.

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 Amended Rate Order with an increase of the single-family residential sewer service rate by $2.48 for the CPI increase and fuel and environmental recovery fees, for a total rate of $33.32

15. **Begin compilation of Continuing Disclosure Materials.** The President recognized Mr. Swartz, who stated that an annual requirement for the District's bonds is to file annual financial and operating information. He requested approval for the District's consultants to prepare the disclosure materials.

Upon motion by Director Waters, seconded by Director Soliz, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the District's consultants to prepare the disclosure materials.

16. **Other matters.** The President reported on the murder of Donald Frye in Atascocita.

Director Waters reported that the Walden security contract was reduced by two constables as part of the Harris County Constable Office layoffs for budget cuts. He reviewed the current constable coverage and issues.

17. **Next Meeting Date.** It was the consensus of the Board to hold the next monthly Board meeting on May 18, 2011 at 11:30 a.m. at the offices of Fulbright & Jaworski L.L.P., 1301 McKinney, Houston, Texas 77010.

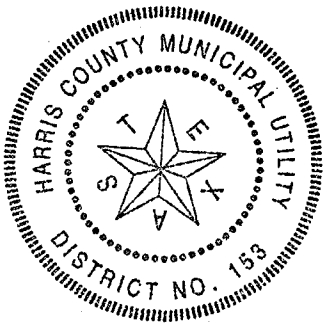
THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

* * *

The foregoing minutes were passed and approved by the Board of Directors on May 18, 2011.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)