

MINUTES OF MEETING OF BOARD OF DIRECTORS  
OCTOBER 25, 2006

THE STATE OF TEXAS  
COUNTY OF HARRIS  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 152

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 152 (the "District") met in regular session, open to the public, at the offices of Fulbright & Jaworski L.L.P., 1301 McKinney, Houston, Texas at 11:30 a.m. on Wednesday, October 25, 2006, whereupon the roll was called of the members of the Board, to wit:

Kelly Cline, President  
Doug Walker, Vice President  
Mike Spratlen, Secretary  
Charlie Crocker, Assistant Secretary  
Ernest Bezdek, Assistant Secretary

**Persons Attending.** All members of the Board were present except Directors Walker and Spratlen. Also attending all or parts of the meeting were Ms. Robin Humphrey of Wheeler & Associates, tax assessor and collector for the District; Ms. Sheila Stedman of Myrtle Cruz, Inc., bookkeeper for the District; Mr. Fred Richardson of Severn Trent Environmental Services, Inc. ("ST"), operator for the District; Mr. Teague Harris of Pate Engineers, engineer for the District; Mr. Jim Shaver, a resident of the District; and Ms. Carla Christensen of Fulbright & Jaworski L.L.P. ("F&J"), attorneys for the District.

**Call to Order.** The President called the meeting to order and, in accordance with notice posted pursuant to law, copies of the certificates of posting of which are attached hereto as Exhibit "A," the following business was transacted:

1. **Public Hearing on proposed tax rate.** The President opened the hearing on the proposed 2006 tax rate. There were no comments from the public on the tax rate.

2. **Adopt Order Setting Tax Rate and Levying Tax For 2006.** The Board reviewed the Order Setting Tax Rate and Levying Tax for 2006, a copy of which is attached hereto as Exhibit "B." Upon motion by Director Bezdek, seconded by Director Crocker, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order Setting Tax Rate and Levying Tax for 2006, thereby levying a tax rate of \$0.44 per \$100 assessed valuation (\$0.44 for debt service and \$0.00 for operations and maintenance).

3. **Accept Resignation of Director Spratlen.** Ms. Christensen reported that Director Spratlen has submitted his resignation. Upon motion by Director Crocker, seconded by Director Bezdek, after full discussion and the question being put to the Board, the Board voted unanimously to accept the resignation of Director Spratlen.

4. **Approve and accept qualifications of new Director and appoint new Director.** The President introduced Mr. Shaver to the Board. Upon motion by Director Bezdek, seconded by Director Crocker, after full discussion and the question being put to the Board, the Board

voted unanimously to appoint Jim Shaver to fill the unexpired term of Director Spratlen and to approve and accept Director Shaver's qualifications.

5. **Election of Officers.** Upon motion by Director Crocker, seconded by Director Bezdek, after full discussion and the question being put to the Board, the Board voted unanimously to retain the officers of the Board as previously elected and to elect Director Shaver to the position of Secretary.

6. **Minutes.** The Board considered the proposed minutes of the meeting of September 27, 2006, copies of which were previously distributed to the Board. Upon motion by Director Bezdek, seconded by Director Crocker, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting of September 27, 2006, as presented.

7. **Review Tax Collector's Report and authorize payment of certain bills.** Ms. Humphrey presented to and reviewed with the Board the Tax Assessor and Collector's Report for the month of September 2006 and the delinquent tax report, copies of which are attached hereto as Exhibit "D." Ms. Humphrey noted that 95.65% of the District's 2005 taxes had been collected as of September 31, 2006. Upon motion by Director Crocker, seconded by Director Bezdek, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Tax Assessor and Collector's Report and to authorize payment of check numbers 2952 through 2954 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

8. **Review Bookkeeper's Report and authorize payment of bills.** Ms. Stedman presented to and reviewed with the Board the Bookkeeper's Report and the Investment Report for the month of September 2006, copies of which are attached hereto as Exhibit "E." Upon motion by Director Bezdek, seconded by Director Crocker, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Bookkeeper's Report, to approve the Investment Report, and to authorize payment of check numbers 5438 through 5471 from the General Operating Account to the persons, in the amounts, and for the purposes listed in such report.

9. **Review Operations Report and authorize repairs.** Mr. Richardson reviewed the Operations Report for September, 2006, a copy of which is attached hereto as Exhibit "F." Mr. Richardson reported that 91.5% of the water pumped was billed for the month ending September 20, 2006.

Mr. Richardson reported that ST has applied (on behalf of the District) to the Harris Galveston Coastal Subsidence District for an amended permit to ensure that the District does not exceed its permitted amount. Mr. Richardson noted that ST has received notifications that the amended permit has been approved, but the permit has not yet been processed.

Mr. Richardson noted that Lennar Homes has been placed on hold for any water tap connections until its outstanding builder damage amounts have been paid to the District.

Mr. Richardson presented to and reviewed with the Board a status report in connection with the sanitary sewer line point repairs, a copy of which is attached hereto as Exhibit "G."

Mr. Richardson requested permission to turn over to collections eleven accounts in the aggregate amount of \$679.60 and to write off two accounts totaling \$22.51.

Upon motion by Director Crocker, seconded by Director Bezdek, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operations Report, to authorize termination of service to the delinquent accounts, and to authorize ST to turn eleven accounts in the aggregate amount of \$679.60 over to collections and to write off two accounts totaling \$22.51.

10. **Engineer's Report.** The President recognized Mr. Harris, who presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "H."

Mr. Harris updated the Board regarding the status of Humble ISD's installation of turf grass on all the pond side slopes at the Atascocita High School. Mr. Harris reported that Pate will send a letter to Humble ISD requesting that the final basin be re-graded and grassed as soon as possible and that no more silt laden water be pumped. Mr. Harris also noted that he will raise the issue of Humble ISD's contractor being held responsible for re-cleaning the storm sewers.

Mr. Harris reported that Pate will prepare and submit a letter to Harris County Flood Control District ("HCFCD") requesting that emergency repairs be performed at the HCFCD channel that has experienced substantial erosion. Mr. Harris also reported that Pate will inquire about the status of the major channel desiltation project.

Mr. Harris reported that the paving on Will Clayton Parkway is complete and the punch list items have been addressed and corrected. Mr. Harris stated that Pate will assist ST in obtaining the back charge payment from Clearwater Utilities for costs associated with the recent water line break repairs.

Mr. Harris reported that Pate is working on construction plans for the replacement of the motor control center at water plant no. one and the new control building. Mr. Harris stated that he expects to submit the plans for agency review in two weeks.

Mr. Harris reported that Harco Insurance Services/Texas Municipal League has completed the inspection of the District's facilities and has compiled a revised Property Schedule in connection with the District's insurance policy.

Mr. Harris reported that the District is not required to construct an elevated storage tank as long as it does not exceed 2,500 connections, based on to the TCEQ definition of a connection. Mr. Harris reported that the District currently has 2,400 projected residential connections, allowing for up to 100 commercial non-residential meters.

Mr. Harris reported that Pate will contact Harris County Precinct Four to inquire about the status of the Atasca Woods paving.

Mr. Harris stated that Pate will check with the West Harris County Regional Water Authority on its current or proposed plans for conversion to surface water in the Atascocita area.

Mr. Harris reported that Harris County MUD No. 153 ("No. 153") has completed the installation of the emergency generator at the shared lift station with the District. Mr. Harris

stated that Pate has been invited to a final inspection of the generator on Friday, October 27, 2006.

Mr. Harris reported that No. 153 would like to delay installing a water interconnect meter with the District until such time as the TCEQ has approved No. 153's request for a variance to the elevated storage requirements.

Mr. Harris stated that he is coordinating with the District's operator to develop a draft list of future facility improvement and rehabilitation projects.

Mr. Harris noted that the District has not yet begun to utilize any wastewater treatment capacity pursuant to the Pooling Agreement.

Mr. Harris reported that Pate has prepared the metes and bounds descriptions necessary for the water and sewer line easements in connection with the development of 8.08 acres on West Lake Houston Parkway by Vernon Veldekens. Mr. Harris noted that such easements will be required prior to construction commencing on the District's utilities.

Mr. Harris reported that he has received construction plans from Mr. Bo Wu for the development of a three-acre tract (retail) of land located on Atascocita Road. Mr. Harris noted that Mr. Wu plans on submitting a capacity commitment request in the next week. Mr. Harris reported that he informed Mr. Wu that a silt fence will need to be constructed on the perimeter of the construction site.

Upon motion by Director Bezdek, seconded by Director Crocker, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report.

11. **Authorize capacity commitments.** Mr. Harris reported that the District has received a request for capacity commitment from Satya, Inc. for a proposed retail shopping center on 1.14 acres tract located at the northwest corner of Aerobic Drive and West Lake Houston Parkway. Mr. Harris stated that the District has sufficient capacity to serve the proposed retail center. Upon motion by Director Crocker, seconded by Director Bezdek, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution of a capacity commitment letter for Satya, Inc.

12. **Approve and authorize execution of Master Sales Agreement and Lease of Facilities (for extension of water and sanitary sewer line – Vernon Veldekens).** Mr. Harris reported that he will contact the developer regarding this matter.

13. **Approve and authorize execution of Master Sales Agreement and Lease of Facilities (for water line and storm sewers to serve Aerobic Drive and Will Clayton Parkway).** Mr. Harris reported that he will contact the developer regarding this matter.

14. **Other matters.** Ms Christensen reported that F&J is currently working on uploading water district documents to an electronic database. Ms. Christensen stated that such database will be beneficial for the District as well as its consultants. Ms. Christensen noted that a license costing approximately \$800.00 will be required in order for District Directors and consultants to have access to the database and documents. Ms. Christensen also reported that F&J is working on creating "extranet" for interested water districts. Ms. Christensen stated that the approximate cost for both the electronic database and the extranet is \$1,500.00. Ms.

Christensen stated that F&J will be holding a luncheon and presentation regarding the new technology on Wednesday, November 29, 2006 and Thursday, December 7, 2006 from 11:30 a.m. to 1:00 p.m. for both water district directors and consultants.

It was the consensus of the Board to reschedule the November Board meeting for Wednesday, November 29, 2006 at 1:30 p.m. It was also the consensus of the Board to not hold the December 27, 2006 Board of Directors meeting unless necessary.

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

\* \* \*

The above and foregoing minutes were passed and approved by the Board of Directors on November 29, 2006.

---

President, Board of Directors

ATTEST:

---

Secretary, Board of Directors

(DISTRICT SEAL)