

MINUTES OF MEETING OF BOARD OF DIRECTORS
OCTOBER 22, 2008

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 22, 2008, whereupon the roll was called of the members of the Board, to wit:

Kelly Cline, President
Doug Walker, Vice President
Jim Shaver, Secretary
Charlie Crocker, Assistant Secretary
Ernest Bezdek, Assistant Secretary

Persons Attending. All members of the Board were present except Director Walker. 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. Carlton McDevitt and Ms. Kendra Pratt of ST Environmental Services ("ST"); Mr. Teague Harris of Pate Engineers, engineer for the District; Mr. Mike McCall of McCall, Gibson & Company, PLLC, auditor for the District; Mr. Mark Wimberly of The Betz Companies, a developer of land in the District; and Ms. Jana Cogburn 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. **Discuss and take action in connection with approval and execution of Automated Clearing House Processing Agreement.** Ms. Pratt reported that ST is coordinating with Compass Bank to obtain an updated Agreement between Compass Bank and the District, which would allow District customers a variety of options for bill payment. Ms. Pratt stated that any costs associated with the type of payment will be assessed to the customer and will cost \$1.00 to \$5.00 per payment, depending on the form of payment. In response to a question, Ms. Pratt noted that automatic drafts are still a viable payment option if the District chooses to enter into a revised processing agreement with Automated Clearing House. Discussion ensued. Ms. Pratt stated that she will provide the agreements to the District's attorney upon receipt.

2. **Minutes.** The Board considered the proposed minutes of the meeting of September 24, 2008, copies of which were previously distributed to the Board. Upon motion by Director Shaver, seconded by Director Bezdek, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting of September 24, 2008, as presented.

3. **Public Hearing on proposed tax rate.** The President opened the hearing on the proposed 2008 tax rate. There were no comments from the public on the tax rate.

4. **Adopt Order Setting Tax Rate and Levying Tax For 2008.** The Board reviewed the Order Setting Tax Rate and Levying Tax for 2008, a copy of which is attached hereto as Exhibit "B." Upon motion by Director Crocker, seconded by Director Shaver, 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 2008, thereby levying a tax rate of \$0.40 per \$100 assessed valuation (\$0.37 for debt service and \$0.03 for operations and maintenance).

5. **Approve Amended District Information Form.** Ms. Cogburn noted that due to a change in the tax rate, the District is required to file an Amended District Information Form in the Harris County Real Property Records. Upon motion by Director Crocker, seconded by Director Shaver, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution of an Amendment to the Amended and Restated District Information Form, a copy of which is attached hereto as Exhibit "C," and authorize filing of same in the Harris County Real Property Records.

6. **Discuss and take action in connection with request from Emergency Services District No. 46 ("ESD 46") regarding land for a two-bay fire station off of West Lake Houston Parkway.** Director Crocker stated that he contacted ESD 46 and asked that they submit a formal request (and details) to the Board. It was noted that a formal request has not yet been received.

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 Reports for the months of August and September, 2008, copies of which are attached hereto as Exhibit "D." Ms. Humphrey noted that 98.42% of the District's 2007 taxes had been collected as of September 30, 2008. Upon motion by Director Shaver, 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 3126 through 3129 from the Tax Account to the persons, in the amounts and for the purposes listed in such report.

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, 2008, a copy of which is 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 6115 through 6152 from the General Operating Account and check numbers 1003 through 1005 from the Capital Projects Account to the persons, in the amounts, and for the purposes listed in such report.

9. **Review Operations Report and authorize repairs.** Mr. McDevitt presented to and reviewed with the Board the Operations Reports for August and September, 2008, copies of which are attached hereto as Exhibit "F." Mr. McDevitt reported that 90.29% of the water pumped was billed for the month ending September 22, 2008.

Mr. McDevitt reported that the water and sewer line extensions to serve West Lake Houston Parkway and Will Clayton Parkway were connected. Mr. McDevitt noted that upon connection of the sewer line extensions, there was a sewer back-up at a manhole south of Aerboic Drive. Mr. McDevitt stated that the previous contractor left a concrete plug in the line, which has been removed and will be back billed to the contractor.

Mr. McDevitt reviewed with the Board three quotes from Fenceline Systems, Inc. for the replacement of the fence around water plant no. one, copies of which are attached hereto as Exhibit "G." Discussion ensued. It was the consensus of the Board that ST obtain three bids for the installation of a chain link fence around water plant no. one with the option of installing wooden slats within two months of the fence being installed.

Mr. McDevitt requested permission to turn 16 accounts in the aggregate amount of \$1,183.18 over to collections.

Upon motion by Director Bezdek, seconded by Director Shaver, 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 delinquent accounts, and to authorize ST to turn 16 accounts over to collections in the aggregate amount of \$1,183.18.

10. **Discuss options for additional security at the water plant and take any necessary action in connection with same.** Mr. McDevitt reviewed with the Board some options for the installation of security systems and signs at the District's facilities. Discussion ensued. 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 authorize ST to proceed with the installation of additional security devices and signs at the District's facilities.

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

Mr. Harris reported that Pate submitted the application package to the TCEQ for Approval of Use of Surplus Funds in the amount of \$644,180 to reimburse the developer for construction of the water and sanitary sewer extensions along West Lake Houston Parkway and Will Clayton Parkway. Mr. Harris stated that Pate received an approval letter from the TCEQ, and the pre-purchase inspection is scheduled for October 31, 2008.

Mr. Harris reported that Pate previously prepared a full size map of water plant no. two and surrounding land (located on West Lake Houston Parkway) showing land available for purchase by ESD 46 for construction of a two-bay fire station. Mr. Harris stated that he has nothing further to report on the possibility of the sale of land.

Mr. Harris reported that Pate recently checked the existing bank failure and it still appears that a truck can pass by the washout. Mr. Harris recommended that the Board authorize Pate to write a letter to Harris County Flood Control and attach photographs and inquire whether the scheduled timing of repairs is still appropriate. Mr. Harris stated that Pate will continue to monitor the Harris County Flood Control ditch in connection with the recent bank failure and desiltation project.

Mr. Harris reported that Pate updated the projections for commercial development in the District pursuant to a request from Brown & Gay Engineers, engineer for Harris County MUD No. 153 (“No. 153”), to verify the number of projected single family equivalent connections that will flow to the shared lift station on West Lake Houston Parkway. Mr. Harris stated that Pate has provided the updated projections to No. 153’s engineer. Mr. Harris reported that, based on the updated projections, No. 153 is proposing to upgrade the lift station by adding a pump. Mr. Harris stated that No. 153 has allocated the District the projected capacity for its needs. Mr. Harris noted that the upgrades are currently under design and construction will likely commence in the first quarter of 2009. Mr. Harris noted that there will need to be an Amendment tot he Contract with No. 153 for the lift station.

Mr. Harris reported that the original commitment letter for Westlake Crossing (Trammel Crow project in northeast corner of the District) was issued November 17, 2005 and expired 6 months later because construction had not commenced. Mr. Harris stated that the project engineer has confirmed that the capacity requirements have not changed (51,000 gpd) and Pate has drafted a new commitment letter, a copy of which is attached to the Engineer’s Report.

Mr. Harris reported on two issues that have arisen in connection with the Westlake Crossing Shopping Center project in the northeast corner of the District:

1. The project engineer is proposing to extend an existing eight inch public water line to create a loop through the project. The existing line is under paving and the extension would be under paving. Mr. Harris noted that he informed the developer that if the Board were to approved the line extension, it would require an agreement with the following requirements:
 - a. minimum of six inch pavement thickness;
 - b. construction joints along the easement line allowing easier breakout for the operator in the even of a necessary repair; and
 - c. provision that the District would not be responsible for replacing concrete pavement.
2. The project architect is proposing a “Best Buy” monument along FM 1960 that will encroach into an existing 30-inch sanitary sewer easement. Mr. Harris noted that the easement is for a sewer trunkline serving the Atascocita Joint Waste Water Treatment Plant.

Extensive discussion ensued. It was the consensus of the Board that the District’s engineer further discuss the proposed monument locations and sewer trunkline easement with the engineer for the Atascocita Joint Waste Water Treatment Plant.

Mr. Harris reported that Pate contacted Mr. Gary Willison with Coastal Bend to size and provide a conceptual price of installing a generator at water plant no. one. Mr. Harris noted that Mr. Willison sized a 500kW diesel generator to cost approximately \$275,000 and a 525 kW natural gas generator to cost approximately \$400,000. Mr. Harris noted that Pate has not had the opportunity to investigate natural gas availability.

Upon motion by Director Shaver, 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 and to authorize F&J to prepare a Consent to Encroachment agreement (in coordination with the District's engineer) in connection with the extension of the existing eight inch public water line to create a loop through the Westlake Crossing project.

12. **Authorize capacity commitments.** Upon motion by Director Shaver, seconded by Director Crocker, after full discussion and the question being put to the Board, the Board voted unanimously to authorize a capacity commitment letter for the Westlake Crossing project.

13. **Discuss and take necessary action in connection with the installation of emergency generators at District facilities .** There was no further discussion on this item.

14. **Approve reimbursement audit and authorize reimbursement to developers in connection with water and sewer lines extensions to serve Will Clayton and West Lake Houston Parkway, (Compass Care Holdings, LTD., 4.2 WCP, LP and RRB Investment Fund No. 1, LLC).** Mr. McCall presented to and reviewed with the Board a draft of the reimbursement audit relating to the water line and sewer line extensions to serve Will Clayton and West Lake Houston Parkway (Compass Care Holdings, LTD., 4.2 WCP, LP and RRB Investment Fund No. 1, LLC), a copy of which is attached hereto as Exhibit "I." 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 reimbursement audit relating to the water line and sewer line extensions to serve Will Clayton and West Lake Houston Parkway (Compass Care Holdings, LTD., 4.2 WCP, LP and RRB Investment Fund No. 1, LLC).

Mr. Harris noted that the Texas Commission on Environmental Quality ("TCEQ") has approved the District's use of Surplus Funds to reimbursement the developer, but has not conducted the pre-purchase inspection of the facilities. 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 and authorize execution of the Conveyance of Facilities relating to the water line and sewer line extensions to serve Will Clayton and West Lake Houston Parkway (Compass Care Holdings, LTD., 4.2 WCP, LP and RRB Investment Fund No. 1, LLC), a copy of which is attached hereto as Exhibit "J," and to authorize the bookkeeper to circulate checks for reimbursement, upon receipt of TCEQ approval to purchase the facilities and pending receipt of the executed Conveyance of Facilities from the developers.

15. **Other matters.** There were no other matters to come before the Board at this time.

16. **Executive Session pursuant to Section 551.071, Texas Government Code, as amended, to discuss litigation.** The Board did not meet in Executive Session at this time.

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

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The above and foregoing minutes were passed and approved by the Board of Directors on
November 26, 2008.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)