

MINUTES OF MEETING OF BOARD OF DIRECTORS
FEBRUARY 27, 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, February 27, 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 of Severn Trent Environmental Services, Inc. ("ST"), operator for the District; Mr. Teague Harris of Pate Engineers, engineer for 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. **Minutes.** The Board considered the proposed minutes of the meeting of January 23, 2008, copies of which were previously distributed to the Board. 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 the minutes of the meeting of January 23, 2008, as presented.

2. **Discuss and take any necessary action in connection with Directors Election.** The Board reviewed the contract with Diebold (Premier Election Solutions) for electronic voting equipment and necessary training, if the District holds the May 10, 2008 election. A copy of the contract with Premier Election Solutions is attached hereto as Exhibit "B." Ms. Cogburn noted that the Board previously approved execution of such contract.

3. **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 January, 2008 and the delinquent tax report, copies of which are attached hereto as Exhibit "C." Ms. Humphrey noted that 98.7% of the District's 2006 taxes and 86.58% of the District's 2007 taxes had been collected as of January 31, 2008. 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 Tax Assessor and Collector's Report and to authorize payment of check numbers 3051 through 3059 from the Tax Account to the persons, in the amounts and for the purposes listed in such report.

4. **Adopt Resolution Authorizing 20% Additional Penalty on Delinquent Taxes.** Ms. Cogburn presented to and reviewed with the Board the Resolution Authorizing 20% Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11, and 33.08, Tax Code, a copy of which is attached hereto as Exhibit "D." 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 Resolution Authorizing 20% Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11, and 33.08, Tax Code.

5. **Discuss and take action in connection with capital recovery fee (\$690,000) received from Humble ISD and transfer of funds from General Operating Account to Capital Projects Account.** Ms. Cogburn stated that the District's auditor recently notified her that some time ago the District received \$690,000 from Humble ISD for a capital recovery fee, which was initially deposited into the District's General Fund with a notation that such monies should be transferred to the Capital Projects Fund. Ms. Cogburn stated that the transfer has not yet been made. 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 authorize the District's bookkeeper to transfer \$690,000 from the District's General Fund to the Capital Projects Fund.

6. **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 January, 2008, copies of which are attached hereto as Exhibit "E." 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 the Bookkeeper's Report, to approve the Investment Report, and to authorize payment of check numbers 5900 through 5948 from the General Operating Account to the persons, in the amounts, and for the purposes listed in such report.

7. **Review Operations Report and authorize repairs.** Mr. McDevitt presented to and reviewed with the Board the Operations Report for January, 2008, a copy of which is attached hereto as Exhibit "F." Mr. McDevitt reported that 99.97% of the water pumped was billed for the month ending January 21, 2008.

Mr. McDevitt reported that the owner of a hair salon, which is a tenant in a commercial complex within the District, notified him that numerous businesses in the complex were without water for four hours because the landlord was delinquent in paying the water bill. Mr. McDevitt stated that the tenant requested that the Board reconsider their procedures for disconnecting water to commercial complexes in which tenants are penalized for the delinquency of the landlord. Mr. McDevitt stated that ST placed door hangers on four of the businesses in the complex before disconnecting water. Discussion ensued. It was the consensus of the Board that ST provide notice of disconnection to **all** tenants in a commercial business complex/shopping center prior to disconnecting service.

Mr. McDevitt reported that it will cost approximately \$1,000-\$1,200 for the installation of timers to regulate and control the pumpage at the water plants.

In response to a question, Mr. McDevitt stated that Harris County is currently working on the storm sewers within the District.

Mr. McDevitt requested permission to turn three accounts in the aggregate amount of \$257.88 over to collections and to write off four accounts in the aggregate amount of \$22.96.

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 the Operations Report, to authorize ST to turn three accounts over to collections in the aggregate amount of \$257.88 and to write off four accounts in the aggregate amount of \$22.96, and to authorize termination of service to the delinquent accounts.

8. Discuss and take any action in connection with online bill payment options. Mr. McDevitt presented to and reviewed with the Board the proposed contract with Automated Clearing House (“ACH”) and Texas State Bank-Riverway for online bill payment, a copy of which is attached hereto as Exhibit “H.” Mr. McDevitt stated that the fee to pay a water bill by automatic draft is \$1.00 per transaction, which is to be paid by the District’s customer. 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 approve and authorize execution of the Automated Clearing House Processing Agreement, subject to review and approval by the District’s attorney.

9. Discuss options for additional security at the water plant and take any necessary action in connection with same. There was no discussion or action taken on this item at this time.

10. 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 the Notice to Proceed in connection with the replacement of the motor control center (“MCC”) at water plant no. one was issued on June 26, 2007. Mr. Harris reported that the contractor is 99% complete. Mr. Harris reported that the final inspection was conducted on February 20, 2008 and a punch list was issued, a copy of which is attached to the Engineer’s Report. Mr. Harris stated that once the punch list has been completed the final pay estimate will be issued. In response to a question from Director Cline regarding the proposal for the geo-technical lab testing, Mr. Harris stated that the testing has already been completed.

Mr. Harris reported that construction on the water and sewer line extensions to serve 34.7 acres at West Lake Houston Parkway and Will Clayton Parkway is complete and Pate recommends payment by the developer to Pay Application No. Five and Final in the amount of \$66,187.79.

Mr. Harris reported that Pate has submitted the revised Application to the TCEQ for Approval of Use of Surplus Funds for \$485,975. Mr. Harris reported that the application has been declared administratively complete.

Mr. Harris reported that Pate is continuing to monitor the Harris County Flood Control ditch in connection with the recent bank failure and desiltation project.

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 approve and authorize execution of the proposal from the geo-technical engineer for performing the lab testing associated with the MCC building.

11. **Authorize capacity commitments.** Mr. Harris reported that there have been no capacity commitment requests in the last month.

12. **Other matters.** In response to a question, Ms. Stedman stated that she is keeping track of the revenue the District receives in connection with the Strategic Partnership Agreement with the City of Houston.

Director Cline reported on the Atascocita Joint Operations Board ("AJOB Board") meeting. Director Cline reported that the final TCEQ inspection in connection with the wastewater treatment plant expansion will be held on Friday, February 29, 2008. Director Cline noted that when the TCEQ approves the new facilities, the new ownership percentages will go into effect, which will increase the District's share of costs. Director Cline also noted that the AJOB Board agreed to start negotiating with Harris County MUD No. 494 ("No. 494") with a price of \$6.00 per gallon for the purchase of wastewater treatment plant capacity from the AJOB wastewater treatment plant. Discussion ensued regarding the timing of No. 494's purchase of 430,000 gallons of wastewater treatment plant capacity from AJOB. Ms. Cogburn noted that if No. 494 is not purchasing all of the capacity up front AJOB will need to further negotiate the terms of the sale of capacity. Director Cline noted that the AJOB engineer indicated that the wastewater flows from No. 494 will be passing through the District's lift station shared with Harris County MUD No. 153 ("No. 153"). Mr. Harris stated that he will contact the engineer for No. 153 to discuss possible options for the shared lift station.

There were no other matters to come before the Board.

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 March 26, 2008.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)