

MINUTES OF MEETING OF BOARD OF DIRECTORS
AUGUST 26, 2009

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, August 26, 2009, 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 ST Environmental Services ("ST"), operator for the District; Mr. Matt Froehlich of Pate Engineers, engineer for the District; Mr. Noel Barfoot of McCall Gibson Swedlund Barfoot PLLC, auditor 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 July 22, 2009, copies of which were previously distributed to the Board. 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 minutes of the meeting of July 22, 2009, as presented.

2. **Discuss and take action in connection with FEMA reimbursement for damage related to Hurricane Ike.** Mr. McDevitt reported that ST filed the required documentation with FEMA for reimbursement in connection with damage to District facilities from Hurricane Ike, but has not yet received a check. Mr. McDevitt stated that the District should be reimbursed approximately \$40,000.

3. **Engage auditor for fiscal year ending September 30, 2009.** The President recognized Mr. Barfoot, who presented to and reviewed with the Board a proposed auditor engagement letter for the fiscal year ending September 30, 2009, a copy of which is attached hereto as Exhibit "B." Mr. Barfoot estimated that auditing fees for fiscal year ending September 30, 2009 will be between \$13,500 and \$15,500. Mr. Barfoot noted that the auditing fees for

fiscal year ending September 30, 2008 were \$14,000. 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 engage McCall Gibson Swedlund Barfoot PLLC to perform the District's audit for fiscal year ending September 30, 2009 and to authorize the President to execute the auditor engagement letter.

Mr. Barfoot requested that the Board consider moving its fiscal year end from September 30 to May 31. It was the consensus of the Board to consider changing the fiscal year end of the District from September 30 to May 31 at its September meeting.

4. **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 July, 2009 and the delinquent tax attorney report, copies of which are attached hereto as Exhibit "C." Ms. Humphrey noted that 97.9% of the District's 2008 taxes had been collected as of July 31, 2009. 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 Tax Assessor and Collector's Report, to authorize payment of check numbers 3230 through 3236 and to void check numbers 3091, 3092, 3100, 3101, 3103, 3105, 3116, 3134, and 3135 in each case and from the Tax Account to the persons, in the amounts and for the purposes listed in such report.

5. **Discuss and take necessary action in connection with tax assessor and collector's verification of commercial businesses in the District subject to the Strategic Partnership Agreement ("SPA") tax revenue collection.** Ms. Humphrey reviewed with the Board a proposal from START, a division of Wheeler & Associates, whereby START verifies the businesses within the District for SPA tax revenue collection purposes, a copy of which is attached hereto as Exhibit "D." Discussion ensued. Ms. Humphrey stated that she will clarify whether the District pays the \$1,500 annual fee in addition to the initial set-up fee for the first year.

6. **Adopt Resolution Nominating Candidate for a Position on the Board of Directors of Harris County Appraisal District.** The Board reviewed a letter and memorandum from the Harris County Appraisal District, copies of which are attached hereto as Exhibit "E." No action was taken on this item.

7. **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 July, 2009, a copy of which is attached hereto as Exhibit "F." 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 Bookkeeper's Report, to approve the Investment Report, and to authorize payment of check numbers 6365 through 6406 from the General Operating Account to the persons, in the amounts, and for the purposes listed in such report.

8. **Approve budget for fiscal year ending September 30, 2010.** Ms. Stedman presented to and reviewed with the Board the draft budget for fiscal year ending September 30, 2010, a copy of which is attached to the Bookkeeper's Report. Ms Stedman stated that she will

prepare a revised budget assuming a fiscal year ending May 31, 2010 for the Board's review at the next meeting.

9. **Adopt Resolution Reviewing Investment Policy.** Ms. Cogburn presented to the Board the Resolution Reviewing Investment Policy and Making Any Desirable Changes Thereto, a copy of which is attached hereto as Exhibit "G." The Board agreed that no changes to the Investment Policy are needed at this time. 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 adopt the Resolution Reviewing Investment Policy and Making Any Desirable Changes Thereto.

10. **Review Operations Report and authorize repairs.** Mr. McDevitt presented to and reviewed with the Board the Operations Report for July, 2009, a copy of which is attached hereto as Exhibit "H." Mr. McDevitt reported that 93.3% of the water pumped was billed for the month ending July 16, 2009.

Mr. McDevitt and Ms. Stedman noted that payment has not been received from Cravens Partners in connection with the builder damages in the amount of \$6,210.13. Mr. McDevitt stated that he will contact Cravens Partners to determine the status of payment.

Mr. McDevitt noted that PCA Construction will be removed from the builder damages list.

Mr. McDevitt reviewed with the Board ST's Emergency Response Plan, a copy of which is attached hereto as Exhibit "I."

Mr. McDevitt reported that the fire hydrant inspection should be completed by the end of the week. Mr. McDevitt inquired what color the Board would like the fire hydrants painted. The Board directed Mr. McDevitt to determine how much it would cost to paint the base of the hydrants forest green and the tops of the hydrants a reflective color.

Mr. McDevitt requested permission to turn over two accounts in the aggregate amount of \$166.94 to collections and to write off three accounts in the aggregate amount of \$37.65.

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 Operations Report, to authorize termination of service to delinquent accounts, and to authorize ST to turn over two accounts to collections in the aggregate amount of \$166.94 and to write off three accounts in the aggregate amount of \$37.65.

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

Mr. Froehlich reported that Pate has completed the survey in connection with the emergency generator site at water plant no. one and is ready to begin design. Mr. Froehlich stated that he will need some input on the type of sound attenuation and the size of the fuel tank to be installed. Discussion ensued. Mr. Froehlich stated that he will obtain more details regarding sound attenuation and tank capacity options and the associated costs to present to the Board for consideration at the next Board meeting.

Mr. Froehlich reported that Harris County MUD No. 153 (“No. 153”) is proposing to upgrade the shared lift station by constructing an additional pump. Mr. Froehlich stated that Pate has reviewed the 90% complete plans, but the developer requested that such project be placed on hold until later February 2010.

Mr. Froehlich reported that Pate previously sent a letter to the Harris County Flood Control District (“HCFCD”) regarding the progression of the bank failure after Hurricane Ike and scheduled repairs. Mr. Froehlich reported that Pate is continuing to monitor HCFCD’s progress on this project.

Mr. Froehlich reported that Mark Wimberly previously contacted Pate regarding the tract of land at the northeast corner of Will Clayton Parkway and Atasca Oaks Road (18321 Will Clayton Parkway) and extending District utilities to serve proposed commercial development. Mr. Froehlich stated that Pate investigated the conceptual construction costs for extending water and sanitary sewer facilities to serve the tract. Mr. Froehlich noted that private sanitary sewer service using a grinder pump seems to be the most feasible and there are a few options for water service that involves private and/or public facilities.

Mr. Froehlich reported that Pate received, reviewed and approved the build-out plans in connection with the proposed Tapioca Lounge in the Atascocita Shopping center at the southwest corner of Atascocita Road and Atasca South Drive.

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 Engineer’s Report.

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

13. Authorize capacity commitments. There have been no capacity commitment requests since the last Board meeting.

14. Authorize Consent to Encroachment of 30-Foot Water Line Easement (CenterPoint Energy transformer pad site). Mr. Froehlich stated that Pate has not received any further communication from Best Buy or CenterPoint Energy regarding Best Buy’s request that the District re-write a 30-foot easement around the recently installed CenterPoint Energy transformer pad site.

15. 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.

16. Other matters. Director Cline reported that at the most recent Atascocita Joint Operations Board meeting held, the Board discussed replacing the current lift station screenings conveyor with an enclosed screenings washer/compactor in an effort to reduce the odor at the wastewater treatment plant. Director Cline stated that it will cost approximately \$100,000 to purchase and install the compactor system. It was the consensus of the Board that the District pay its pro-rata share of for the purchase and installation of the new compactor at the wastewater treatment plant.

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

17. **Discuss and take necessary action in connection with tax assessor and collector's verification of commercial businesses in the District subject to the Strategic Partnership Agreement ("SPA") tax revenue collection.** Ms. Humphrey noted that the initial set up fee is \$3,500 (which includes the first inspection and report) and the cost of inspection thereafter is \$1,500. Ms. Cogburn suggested some revisions to the proposal/agreement. 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 the proposal from START to verify businesses within the District for SPA tax revenue collection purposes.

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 September 23, 2009.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)