

MINUTES OF MEETING OF BOARD OF DIRECTORS  
JANUARY 28, 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, January 28, 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 Bezdek. 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"); Mr. Matt Froehlich of Pate Engineers, engineer for the District; Mr. Noel Barfoot of McCall Gibson & Co., PLLC, auditor for the District; Ms. Karen Sears of Legacy Energy Solutions; Mr. Richard Fletcher of Arbitrage Compliance Specialists; 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 December 17, 2008, copies of which were previously distributed to the Board. Upon motion by Director Walker, 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 December 17, 2008, as presented.

2. **Approve audit for fiscal year ended September 30, 2008.** Mr. Barfoot presented to and reviewed with the Board a draft of the audit for fiscal year ended September 30, 2008, a copy of which is attached hereto as Exhibit "B."

In response to a question from Ms. Cogburn, Mr. Barfoot stated that he will coordinate with the attorney representing the District in current litigation in order to include the status of such litigation in the audit.

Ms. Cogburn suggested that F&J send copies of the District's contracts for shared facilities to the auditor. It was the consensus of the Board that F&J provide such documents to the District's auditor for review.

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 audit for fiscal year ending September 30, 2008.

3. **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 detailed request to the Board. It was noted that a formal request has not yet been received.

4. **Discuss and take action in connection with FEMA reimbursement for damage related to Hurricane Ike.** Mr. McDevitt reported that ST has filed an application with FEMA for reimbursement in connection with damage to District facilities from Hurricane Ike. Mr. McDevitt noted that ST has provided FEMA with requested additional information.

5. **Consider need for proposals for electricity (contract with AmeriPower expires February 28, 2009).** Ms. Christensen stated that the District's current contract with AmeriPower expires February 28, 2009. Ms. Sears presented to and reviewed with the Board a summary of pricing options provided by Champion Energy Services, Constellation Energy, Integrys Energy Services, and Suez Energy Resources, a copy of which is attached hereto as Exhibit "C." Discussion ensued. 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 enter into a two-year contract with Champion Energy Services (bundled price \$0.11873 per kWh) and to authorize Director Cline to coordinate with Ms. Sears to review and execute the contract.

6. **Engage Arbitrage Compliance Specialists to perform arbitrage rebate calculations in connection with Series 1993A Refunding Bonds, Series 2002 Unlimited Tax Bonds, and Series 2003 Refunding Bonds.** Mr. Fletcher presented to and reviewed with the Board a summary of the results of the initial yield restriction bond review process, along with engagement letters from Arbitrage Compliance Specialists, Inc. to perform the 5 year and final arbitrage rebate report in connection with Series 1993A Refunding Bonds, 5 year arbitrage rebate report in connection with the Series 2002 Bonds, and a 5 year arbitrage rebate report in connection with Series 2003 Bonds, copies of which are attached hereto as Exhibit "D." Mr. Fletcher noted that the cost to perform the reports for the District's Series 1993A Bonds, Series 2002 Bonds, and Series 2003 Bonds is \$11,800. Upon motion by Director Walker, seconded by Director Crocker, after full discussion and the question being put to the Board, the Board voted unanimously to engage Arbitrage Compliance Specialists to perform 5 year and final arbitrage rebate report in connection with Series 1993A Refunding Bonds, 5 year arbitrage rebate report in connection with the Series 2002 Bonds, and a 5 year arbitrage rebate report in connection with Series 2003 Bonds and to authorize the Board President to execute the engagement letter.

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 December, 2008 and the delinquent tax attorney report, copies of which are attached hereto as Exhibit "E." Ms. Humphrey noted that 34.58% of the District's 2008 taxes had been collected as of December 31, 2008. 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 Tax Assessor and Collector's Report, to authorize payment of check numbers 3173 through 3182 from the Tax Account to the persons, in the amounts and for the purposes listed in such report, and to authorize the tax assessor to move account #0601191 (Tony I. Soza, vehicle) to the uncollectible tax roll.

8. **Adopt Order authorizing property tax exemptions.** Discussion ensued. No action was taken on this item.

9. **Authorize 20% penalty for delinquent tax accounts.** Upon motion by Director Shaver, seconded by Director Walker, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Resolution Authorizing Additional Penalty on Delinquent Taxes remaining delinquent on April 1, 2009 for personal property and remaining delinquent on July 1, 2009 for other property, a copy of which is attached hereto as Exhibit "F."

10. **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 December, 2008, a copy of which is attached hereto as Exhibit "G." 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 6177 through 6194 from the General Operating Account to the persons, in the amounts, and for the purposes listed in such report.

11. **Review Operations Report and authorize repairs.** Mr. McDevitt presented to and reviewed with the Board the Operations Report for November, 2008, a copy of which is attached hereto as Exhibit "H." Mr. McDevitt reported that 98.52% of the water pumped was billed for the month ending December 19, 2008.

The Board reviewed a letter from Ms. Angie Espinoza requesting that the Board waive late fees because there is not a "drop box" available to pay water bills, a copy of which is attached to the Operations Report. Discussion ensued. It was the consensus of the Board to deny the customer's request.

Upon motion by Director Shaver, seconded by Director Walker, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operations Report and to authorize termination of service to delinquent accounts.

12. **Discuss and take action in connection with approval and execution of Automated Clearing House Processing Agreement.** Mr. McDevitt reported that ST has not yet received the updated Agreement between Compass Bank and the District, which would allow District customers a variety of options for bill payment. Mr. McDevitt noted that ST anticipates receiving the proposed contract in February 2009.

13. **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 "I."

Mr. Froehlich reported that Pate prepared and sent a letter to Mr. Joe Myers at Harris County Flood Control ("HCFCD") regarding the progression of the bank failure after Hurricane Ike and scheduled repairs. Mr. Froehlich reported that HCFCD responded to the request, a copy of the response is attached to the Engineer's Report. Mr. Froehlich stated that the repairs are scheduled for 2010, later than originally indicated by HCFCD.

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 No. 153's engineer has completed 90% of the plans for the additional pump and has provided them for appropriate agency review. Mr. Froehlich noted that there will need to be an amendment to the contract with No. 153 for the shared lift station.

Mr. Froehlich reported that Pate has received facility maps from Centerpoint Energy, which depict natural gas facilities near water plant no. one. Mr. Froehlich stated that Pate contacted the gas service coordinator and confirmed that natural gas could be supplied to the water plant at the required pressure and capacity to fuel a 520 kW natural gas generator. Discussion ensued regarding whether the District should install a diesel or natural gas generator. It was the consensus of the Board to have the engineer prepare a summary of advantages, disadvantage and costs associated with each type of generator. Mr. Froehlich reminded the Board that Pate filed an application for a grant to assist the District with the purchase and installation of an emergency generator at water plant no. one.

Mr. Froehlich 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. Froehlich stated that he has nothing further to report on the possibility of the sale of land.

Ms. Christensen reported that the revised documents for Water Line Easement, Consent to Encroachment of Sanitary Sewer Line Easement (for paving) and Consent to Encroachment of Sanitary Sewer Line Easement (for "Best Buy" signs) have been provided for execution by the land owner in connection with the West Lake Crossing project (Trammel Crow project in northeast corner of the District). Ms. Christensen noted that the land owner has not yet provided executed copies of the documents for recordation. Ms. Christensen noted that once the water line easement is executed and recorded, the Board will need to authorize a Consent to Encroachment of the 30-foot water line easement for paving.

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.

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

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

16. **Discuss and take action in connection with request for Consent to Encroachment in connection with Westlake Crossing Project (pylon and monument signs for Best Buy within the 30-foot water line easement).** There was no further discussion on this item.

17. **Approve and authorize execution of Amended Agreement for Construction and Maintenance of Wastewater Pump Station, Force Main and Site with Harris County MUD No. 153.** This item was deferred until the Agreement has been prepared.

18. **Other matters.** Director Cline noted that the Community Improvement Association (“CIA”) may request that the District take over the law enforcement contracts with the Precinct Four Constable. Discussion ensued.

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

19. **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  
February 25, 2009.

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President, Board of Directors

ATTEST:

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Secretary, Board of Directors

(DISTRICT SEAL)