

MINUTES OF MEETING OF BOARD OF DIRECTORS
JULY 22, 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, July 22, 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. 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 June 24, 2009, 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 June 24, 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. Harris also reported that he has provided requested documentation to FEMA.

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 June, 2009 and the delinquent tax attorney report, copies of which are attached hereto as Exhibit "B." Ms. Humphrey noted that 97% of the District's 2008 taxes had been collected as of June 30, 2009. 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 3221 through 3229 from the Tax Account to the persons, in the amounts and for the purposes listed in such report.

4. **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 letter from the Texas State Comptroller regarding the District's responsibilities in connection with SPA tax revenue collections, a copy of which is attached hereto as Exhibit "C." Ms. Humphrey stated that Wheeler & Associates provides a service, START, whereby businesses are verified for SPA tax revenue collection purposes. Mr. Humphrey estimated that it will cost the District between \$3,000 and \$5,000 to set up the START program and that the District can decide how often it wants to monitor for new businesses (annually, biannually, or quarterly). Ms. Humphrey stated that it will cost the District approximately \$1,000 each time that Wheeler & Associates/START verifies the businesses within the District's boundaries. It was the consensus of the Board to have Ms. Humphrey provide the District's attorney with a proposed contract for the START program.

5. **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 June, 2009, a copy of which is attached hereto as Exhibit "D." 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 6353 through 6366 from the General Operating Account to the persons, in the amounts, and for the purposes listed in such report.

Ms. Stedman noted that she re-sent the invoice to Cravens Partners via certified mail.

6. **Review Operations Report and authorize repairs.** Mr. McDevitt presented to and reviewed with the Board the Operations Report for June, 2009, a copy of which is attached hereto as Exhibit "E." Mr. McDevitt reported that 99.95% of the water pumped was billed for the month ending June 15, 2009.

Mr. McDevitt noted that PCA Construction and Cravens Partners will both be removed from the builder damages list.

Mr. McDevitt reported that since the last Board meeting, the District has not exceeded 50% utilization of the capacity available at either water plant no. one or water plant no. two. Mr. McDevitt noted that if the District exceeds 80% utilization of the capacity available at the water plant for five or more consecutive days, then the District will trigger the "mild drought" stage in accordance with the District's Drought Contingency Plan. In response to a question, Mr. McDevitt stated the will provide Director Bezdek with a copy of ST's Emergency Preparedness Plan.

Mr. McDevitt requested permission to turn over three accounts in the aggregate amount of \$295.17 to collections and to write off one account in the amount of \$13.70.

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 terminate of service to delinquent accounts, and to authorize ST to turn over three accounts to collections in the aggregate amount of \$295.17 and to write off one account in the amount of \$13.70.

7. **Authorize painting of fire hydrants.** Mr. McDevitt noted that there are 160 fire hydrants in the District. Mr. McDevitt reported that ST hires an outside company that will paint the District's fire hydrants at a cost of \$22.50 per fire hydrant (average quality paint) or \$27.50 (better quality paint). Mr. McDevitt noted that it will cost \$4,400 to paint all of the District's fire hydrants with the higher quality paint. Discussion ensued regarding testing the fire hydrants prior to painting them. 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 authorize ST to test and lubricate the District's fire hydrants and to authorize the painting of the fire hydrants (with the better quality paint) upon completion of the testing. It was the consensus of the Board that ST include a statement on the next water bill informing customers that the District will be testing its fire hydrants throughout the month of August and provide such statement to the District's website for posting.

8. **Discuss and take action in connection with approval and execution of Automated Clearing House Processing Agreement.** Mr. McDevitt reported that ST has still not yet received a draft contract between Compass Bank and the District, which would allow District customers a variety of options for bill payment. Mr. McDevitt noted that once ST receives the proposed contract they will provide the contract to the District's attorney for review.

9. **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 "F."

Mr. Harris presented to and reviewed with the Board a proposal from Pate for the design and construction phase services for the addition of a diesel emergency power generator at water plant no. one, a copy of which is attached to the Engineer's Report. Extensive discussion ensued regarding the capacity of the diesel tank and whether the tank at water plant no. two should be replaced with a larger size tank. Mr. Harris noted that he will obtain proposals for the replacement of the diesel tank and addition of a fuel polishing system at the water plant no. two generator.

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

Mr. Harris 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. Harris reported that Pate is continuing to monitor HCFCD's progress on this project.

Mr. Harris reported that Mr. Mark Wimberly previously contacted Pate regarding the tract of land at the northeast corner of Will Clayton Parkway and Atasca Oaks Road and extending District utilities to serve proposed commercial development. Mr. Harris stated that Pate investigated the conceptual construction costs for extending water and sanitary sewer facilities to serve the tract. Mr. Harris 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. Harris reported that Pate received the revised build-out plans in connection with the proposed Smashburger restaurant in the Westlake Retail center. Mr. Harris stated that Pate's comments were addressed and the plans have been approved.

Mr. Harris reported that Pate received 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 Bezdek, 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 Pate for design and construction phase services in connection with the addition of a diesel emergency power generator at water plant no. one.

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

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

12. Authorize Consent to Encroachment of 30-Foot Water Line Easement (CenterPoint Energy transformer pad site). It was noted that the District previously discussed whether they would be willing to re-write a 30-foot easement around the recently installed CenterPoint Energy transformer pad site and the District decided that they would consider a Consent to Encroachment for the transformer pad, but not rewriting the easement. Ms. Christensen stated that the engineer for Best Buy stated that he would further discuss such matter with CenterPoint Energy.

13. 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.

14. Other matters. There were no other matters to come before the Board 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 August 26, 2009.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)