

MINUTES OF MEETING OF BOARD OF DIRECTORS  
MARCH 25, 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, March 25, 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 Shaver. 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; Mrs. Doug Walker; 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 February 25, 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 February 25, 2009, as presented.

2. **Discuss and take action in connection with FEMA reimbursement for damage related to Hurricane Ike.** Mr. McDevitt reported that ST has filed the required documentation with FEMA, as requested, for reimbursement in connection with damage to District facilities from Hurricane Ike, but has not yet received a check. Mr. McDevitt stated that he will contact FEMA to determine the status of the District's application.

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 February, 2009 and the delinquent tax attorney report, copies of which are attached hereto as Exhibit "B." Ms. Humphrey noted that 85.67% of the District's 2008 taxes had been collected as of February 28, 2009. 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 Tax Assessor and Collector's Report, to authorize payment of check numbers 3190 through 3198 from the Tax Account to the persons, in the amounts and for the purposes listed in such report, and to authorize turning one account over to the uncollectible tax roll.

4. **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 February, 2009, a copy of which is attached hereto as Exhibit "C." Upon motion by Director Bezdek, seconded by Director Walker, 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 6229 through 6262 from the General Operating Account to the persons, in the amounts, and for the purposes listed in such report.

Ms. Stedman noted that Best Buy has submitted a check to the District in the amount of \$30,000 for its tap connection.

Ms. Stedman reported that the District received an invoice from the Atascocita Joint Operations Board ("AJOB") in the amount of \$94,247.18. Ms. Stedman stated that she contacted AJOB's bookkeeper to determine the reason for such invoice and was still not sure why AJOB is billing its participants for a portion of Exhibit B and Exhibit C expenses dating from 2006, 2007 and 2008. Discussion ensued. It was the consensus of the Board that AJOB's bookkeeper and auditor provide the Board with additional information regarding the invoice before the District authorizes payment.

Ms. Cogburn presented to the Board the Arbitrage Rebate Calculation Reports in connection with the District's Series 1993-A Refunding Bonds (5<sup>th</sup> year and final computation periods), Series 2002 Tax Bonds (5<sup>th</sup> year computation period), and the Series 2003 Refunding Bonds (5<sup>th</sup> year computation period), copies of which are attached hereto as Exhibit "D." Ms. Cogburn noted that there was no payment due to the IRS with respect to any of the District's bonds at this time.

Ms. Stedman reported that the developer for West Lake Crossing (including Best Buy) has submitted a check to the District in the amount of \$10,000 in the event the District has to remove the parking lot pavement to make any necessary repairs to the District's water and or sewer lines on which the parking lot and improvements encroach.

5. **Review Operations Report and authorize repairs.** Mr. McDevitt presented to and reviewed with the Board the Operations Report for February, 2009, a copy of which is attached hereto as Exhibit "E." Mr. McDevitt reported that 97.73% of the water pumped was billed for the month ending February 17, 2009.

Mr. McDevitt reported that PCA Construction submitted a check to the District in the amount of \$9,492.16 for outstanding builder damages amounts due.

Mr. McDevitt presented to and reviewed with the Board a letter from Cravens Partners, Ltd. ("Cravens") regarding the backcharge in the amount of \$6,210.13 in connection with the District removing a brick plug from a sewer line, a copy of which is attached to the Operations

Report. Mr. McDevitt noted that Cravens is requesting an explanation for the exorbitant charge, claiming that if Cravens had been called to the location the brick plug could have been removed for approximately \$500.00. Mr. McDevitt noted that the \$6,210.13 charged to Cravens includes ST's labor and overtime associated with pumping down the charged manhole in order to remove the brick plug. Discussion ensued. It was the consensus of the Board that Mr. McDevitt prepare and send a letter to Cravens explaining the backcharge amount in more detail and requesting payment as soon as possible.

Upon motion by Director Walker, seconded by Director Bezdek, 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.

**6. Adopt Order Amending and Restating Rate Order and authorize execution of First Amendment to Professional Services Agreement with Severn Trent Environmental Services.** The Board reviewed the proposed changes to the District's Rate Order in connection with the District's disconnection fees, reconnection fees and pulled meter fees), a copy of which is attached hereto as Exhibit "F." It was noted that at the last meeting the District approved the First Amendment to Professional Services Agreement with Severn Trent Environmental Services, which included revised rates for equipment. Mr. McDevitt noted that ST will present a Second Amendment to its contract for the revised rates for disconnection and reconnection of service and revised rates for removal and reinstallation of water meters. 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 adopt the Order Amending and Restating Rate Order, thereby increasing the disconnection fees and reconnection fees for residential and commercial customers from \$15.00 to \$20.00 and increasing the charges for removal and reinstallation of water meters from \$40.00 to \$45.00.

**7. 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 soon and will provide the proposed contract to the District's attorney for review upon receipt.

**8. Discuss and take action in connection with preparation of identity theft prevention program.** Ms. Cogburn reported that there is a new federal requirement for utility districts to implement identity theft programs by May 1, 2009. Ms. Cogburn stated that F&J coordinated with the District's operator to prepare a standard Order Adopting an Identity Theft Prevention Program, a copy of which is attached hereto as Exhibit "G." Upon motion by Director Walker, seconded by Director Bezdek, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order Adopting Identity Theft Prevention Program.

**9. 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 "H."

Mr. Froehlich reported that the District had decided to table discussion and action in connection with installing an emergency generator at water plant no. one pending the outcome

for the District's application for grant funding. Mr. Froehlich noted that FEMA informed the District that they do not have sufficient funds for water plant generators. Discussion ensued regarding the possibility of obtaining a grant from the Office of Rural Community Affairs, but Mr. Froehlich noted that it appears that this organization has minimal funding for water plant generators.

Mr. Froehlich reported that Pate previously sent a letter to 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 Pate is continuing to monitor HCFCD's progress on this project.

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 as of the last Board meeting, No. 153's engineer had completed 90% of the plans for the additional pump, but the developer requested that such project be placed on hold. Mr. Froehlich noted that the developer does not expect to restart the project until later this year.

Director Cline reported on the AJOB meeting held last night. Director Cline reported that AJOB voted to consider hiring an outside engineering company to analyze and make a recommendation regarding the lift station bar screen problems. Director Cline also reported that AJOB authorized the installation of a day tank at the sewage treatment plant in order to address the recent violation in which the sewage treatment plant failed to maintain effluent limits for total chlorine residual after de-chlorination which lead to a fish kill in October 2008.

Upon motion by Director Crocker, seconded by Director Walker, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report.

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

11. **Discuss and take necessary action in connection with the installation of emergency generators at District facilities.** Discussion ensued. The Board noted that they would like to reconsider this item now that the State and FEMA have indicated that the District would not be able to receive grants in connection with the installation of emergency generators.

12. **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.

13. **Renewal of District insurance with Harco Insurance/TML (expires May 1, 2009).** The Board reviewed the renewal insurance proposal submitted by Harco Insurance Services (TML), a copy of which is attached hereto as Exhibit "I." Discussion ensued. Upon motion by Director Walker, 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 renewal insurance proposal submitted by Harco Insurance Services, including authorizing Harco Insurance Services to prepare and submit an insurance proposal for voluntary sewage back-up coverage (with limits of \$50,000/\$100,000 and a deductible in the amount of \$5,000).

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

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.

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 April 22, 2009.

---

President, Board of Directors

ATTEST:

---

Secretary, Board of Directors

(DISTRICT SEAL)