

MINUTES OF MEETING OF BOARD OF DIRECTORS
NOVEMBER 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, November 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 Bezdek. Director Shaver entered the meeting in progress. Also attending all or parts of the meeting were Mr. Ryan Fortner of Wheeler & Associates, tax assessor and collector for the District; Ms. Sheila Stedman of Myrtle Cruz, Inc., bookkeeper for the District; Mr. Carlton McDevitt and Ms. Kendra Pratt 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 October 28, 2009, copies of which were previously distributed to the Board. 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 minutes of the meeting of October 28, 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 he will check on the status of the District's reimbursement check.

3. **Review Tax Collector's Report and authorize payment of certain bills.** Mr. Fortner presented to and reviewed with the Board the Tax Assessor and Collector's Report for the month of October, 2009 and the delinquent tax attorney report, copies of which are attached hereto as Exhibit "B." Mr. Fortner noted that 98.72% of the District's 2008 taxes had been collected as of October 31, 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 and to authorize payment of check numbers 3248 through 3253 from the Tax Account to the persons, in the amounts and for the purposes listed in such report.

Mr. Fortner presented to and reviewed with the Board a summary report in connection with the Sales Tax and Revenue Tracking (“START”) program, a copy of which is attached hereto as Exhibit “C.” Discussion ensued. Mr. Fortner noted that Walgreens and Best Buy are not assessing the 8.25% sales tax and START has notified the City of Houston.

4. **Adopt Resolution Casting Ballot for Election of Person to Board of Directors of Harris County Appraisal District.** The Board reviewed the Resolution Casting Ballot for the Election of a Person to the Board of Directors of Harris County Appraisal District, a copy of which is attached hereto as Exhibit “D.” No action was taken.

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 October, 2009, a copy of which is attached hereto as Exhibit “E.” 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 Bookkeeper’s Report, to approve the Investment Report, and to authorize payment of check numbers 6469 through 6500 from the General Operating Account to the persons, in the amounts, and for the purposes listed in such report.

Director Cline voiced his concerns regarding the amount of the District’s funds invested with TexPool and suggested moving funds from TexPool to investments with higher interest rates. It was the consensus of the Board that the Bookkeeper move all of the District’s funds in TexPool, with the exception of \$100,000, to money market accounts or certificates of deposit.

Director Shaver entered the meeting at this time.

6. **Discuss and take necessary action in connection with “Lock Box” water bill payment system.** Ms. Pratt reported that ST has been coordinating with Compass Bank to obtain an agreement between Compass Bank and the District for a “lock box” payment system, which would allow District customers a variety of options for bill payment. In response to a question, Ms. Pratt reviewed the available bill payment options and the associated costs to the customer:

<u>Option</u>	<u>Cost to Customer</u>
Western Union	\$1.00
Auto draft	\$1.00
E-Check	Free
Credit Card	5% of transaction
Check by Phone	\$3.95

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 and authorize execution of the electronic payment service documents with Compass Bank.

It was the consensus of the Board to provide notice to the District customers of the new payment options by the monthly water bill and the District's website.

7. **Review Operations Report and authorize repairs.** Mr. McDevitt presented to and reviewed with the Board the Operations Report for October, 2009, a copy of which is attached hereto as Exhibit "F." Mr. McDevitt reported that 98.24% of the water pumped was billed for the month ending October 19, 2009.

Mr. McDevitt reported that ST has applied for an amendment to the Harris Galveston Coastal Subsidence District permit for the period ending November 31, 2009 in the amount of 30,000,000 gallons.

Mr. McDevitt reported that two booster pump motors at water plant no. two are in need of repairs or replacement. Mr. McDevitt stated that it will cost \$11,018 to repair booster pump no. one or \$16,711 to replace the pump motor. Mr. McDevitt stated that it will cost \$3,929 to repair booster pump no. three or \$4,598 to replace the pump motor. It was the consensus of the Board that the operator coordinate with the engineer to determine the model of the proposed pump motor replacements. This item was tabled until the next Board meeting.

Mr. McDevitt requested permission to turn over 22 accounts in the aggregate amount of \$2,103.07 to collections and to write off nine accounts in the aggregate amount of \$98.47.

Upon motion by Director Walker, 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 termination of service to delinquent accounts, and to authorize ST to turn over 22 accounts to collections in the aggregate amount of \$2,103.07 and to write off nine accounts in the aggregate amount of \$98.47.

8. **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 "G."

Mr. Harris reported that pursuant to Senate Bill 361, the District is required to prepare and submit an Emergency Preparedness Plan ("EPP") to the TCEQ by March 2010. Mr. Harris reported that ST has already provided the necessary information to Center Point Energy in order for the District to be placed on the "Critical Facilities" list in the event of a power outage. Mr. Harris stated that Pate is awaiting the TCEQ's published rules and draft template of the EPP, which should be available by December 1, 2009. Mr. Harris noted that after the TCEQ issues its draft template of the EPP, Pate will prepare an EPP for the District.

Mr. Harris reported that Pate has completed and submitted 90% plans to the regulatory agencies and the operator in connection with the installation of an emergency generator at water plant no. one. Mr. Harris reported that Pate has received comments from several of the agencies and the operator and is awaiting comments from the remaining agencies. Mr. Harris stated that

once all comments have been received, Pate will address the comments and prepare the final plans for approval.

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 late February 2010. Mr. Harris reported that No. 153’s engineer has requested that Pate confirm the number of equivalent single family connections (“ESFC”) that the District will ultimately need for capacity in the lift station. Mr. Harris reported that the District currently has 1,341 active or committed connections, but that Mark Wimberly has indicated that he has proposed projects (at the northwest corner of West Lake Houston and Will Clayton) which will require an additional +/- 250 ESFC. Mr. Harris noted that these projects will bring the District’s total number of ESFC flowing to the lift station to 1,600 instead of the previously anticipated 1,235 ESFC. Discussion ensued. Mr. Harris reported that it would cost the District \$8,500 to expand the lift station to serve 1,450 ESFC and \$25,400 to expand the lift station to serve 1,600 ESFC. It was the consensus of the Board that the District pay for the increase in lift station capacity to serve 1,431 ESFC (\$8,500) and that if the developer is in favor of paying the difference between \$8,500 and \$25,400 the lift station can be expanded to serve 1,600 ESFC. Mr. Harris stated that he will notify No. 153 of the District’s ultimate required capacity needs once he knows if the developer will pay the difference.

Mr. Harris reported that Pate previously spoke to Mr. Layne Yeager at the Harris County Flood Control District (“HCFCD”) regarding the progression of the bank failure after Hurricane Ike and scheduled repairs. Mr. Harris noted that HCFCD is projecting to bid the project in fiscal year 2010. Mr. Harris reported that Pate is continuing to monitor HCFCD’s progress on this project.

Mr. Harris reported that the engineer for the Atascocita Volunteer Fire Department (“AVFD”) contacted Pate to discuss the possibility of constructing fire station no. four at the wooded reserve at the front of water plant no. two on Will Clayton Parkway. The Board reviewed the proposed site layout provided by the AVFD, a copy of which is attached to the Engineer’s Report. It was noted that the AVFD is proposing that the driveway be constructed over the water well. Discussion ensued. It was the consensus of the Board to work with the AVFD regarding the proposed fire station, but that the current site plan layout impacts the integrity of the water plant site and needs to be reconfigured.

Mr. Harris reported that Mark Wimberly is at different stages of closing on three small tracts out of the vacant commercial property along the north side of Will Clayton Parkway near the day care. Mr. Harris stated that two of the three tracts will be utilized for dental offices and the other tract will be used for a doctor’s office.

Mr. Harris reported that he has received communication from the engineer for Best Buy regarding the CenterPoint transformer pad site, which is still encroaching on the District’s water line easement. Mr. Harris noted that CenterPoint’s attorney is currently reviewing the District’s standard Consent to Encroachment.

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.

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

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

11. **Discuss and take necessary action to comply with Senate Bill 361 (Emergency Preparedness Plan).** There was no further discussion on this item.

12. **Review and take necessary action in connection with request from WYA The Bridges of Lake Houston, Ltd.** Ms. Cogburn reported that she has clarified in the draft agreement that if Harris County Municipal Utility District No. 494 pre-purchases capacity it will be at the purchase price for the same year in which the capacity is purchased. Discussion ensued.

13. **Authorize Consent to Encroachment of 30-Foot Water Line Easement (CenterPoint Energy transformer pad site).** Ms. Cogburn reported that F&J emailed the engineer for the Westlake Crossing Shopping Center ("Westlake") to notify Westlake that CenterPoint's transformer pad site is still encroaching on the District's easement and such matter needs to be resolved as soon as possible. Mr. Harris reiterated that CenterPoint's attorney is currently reviewing the District's standard Consent to Encroachment.

14. **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.

15. **Other matters.** Discussion ensued regarding the amount that each participant in the joint wastewater treatment plant was either over budget or under budget. It was the consensus of the Board that the Bookkeeper contact the District's auditor an request that the auditor review the billing records for the joint wastewater treatment plant.

It was the consensus of the Board to hold the next Board meeting on Wednesday, December 6, 2009 at 11:30 a.m.

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 December 16, 2009.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)