

MINUTES OF MEETING OF BOARD OF DIRECTORS
SEPTEMBER 23, 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, September 23, 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 Directors Walker and Crocker. 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; Mr. Cliff Kavanaugh of First Southwest Company, financial advisor 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 August 26, 2009, copies of which were previously distributed to the Board. Director Cline noted that the amount due from Cravens Partners was \$4,106.89 (not \$6,210.13). Director Cline also noted that the Board approved the START proposal subject to final review and approval by the District's attorney. Upon motion by Director Shaver, 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 August 26, 2009, as corrected.

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.

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 August, 2009 and the delinquent tax attorney report, copies of which are

attached hereto as Exhibit "B." Ms. Humphrey noted that 98.35% of the District's 2008 taxes had been collected as of August 31, 2009. Upon motion by Director Shaver, seconded by Director Bezdek, 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 3158 and 3237 through 3241 and to void check numbers 3117, 3136, 3138, 3141, 3143, 3145, 3147, 3149, 3162, 3165, 3169 and 3170 from the Tax Account to the persons, in the amounts and for the purposes listed in such report.

4. **Adopt Order Designating Officer to Calculate and Publish Tax Rate.** The President recognized Mr. Kavanaugh, who presented to and reviewed with the Board a cash flow analysis, a copy of which is attached hereto as Exhibit "C." The Board reviewed the Order Designating Officer to Calculate and Publish Tax Rate for 2009, a copy of which is attached hereto as Exhibit "D." Discussion ensued regarding the maintenance and operations tax rate. Upon motion by Director Shaver, seconded by Director Bezdek, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order Designating Officer to Calculate and Publish Tax Rate for 2009, thereby authorizing the District's tax assessor and collector to publish the proposed tax rate of \$0.40 per \$100 assessed valuation (\$0.36 for debt service and \$ 0.04 for operations and maintenance).

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 August, 2009, a copy of which is attached hereto as Exhibit "E." 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 6407 through 6450 from the General Operating Account to the persons, in the amounts, and for the purposes listed in such report.

Ms. Stedman reported that Cravens Partners submitted payment in the amount of \$4,106.89 in connection with the builder damages.

6. **Authorize change in fiscal year end to May 31.** 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 authorize changing the District's fiscal year end from September 30 to May 31, to adopt a Resolution Changing Fiscal Year, and to authorize F&J to submit the necessary notifications to the TCEQ informing them of such change.

7. **Approve budget for fiscal year ending May 31, 2010.** Ms. Stedman presented to and reviewed with the Board the draft budget for fiscal year ending May 31, 2010, a copy of which is attached to the Bookkeeper's Report. Upon motion by Director Shaver, seconded by Director Bezdek, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the proposed budget for fiscal year ending May 31, 2010.

8. **Review Operations Report and authorize repairs.** Mr. McDevitt presented to and reviewed with the Board the Operations Report for August, 2009, a copy of which is attached hereto as Exhibit "F." Mr. McDevitt reported that 93.73% of the water pumped was billed for the month ending August 13, 2009.

Mr. McDevitt reported that ST has requested 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 equipment at water plant no. one is in need of repairs. Mr. McDevitt stated that it will cost \$15,404 to repair the equipment (\$2,441 to repair the motor, \$3,988 to repair the right angle drive, and \$5,975 to repair booster pump no. one).

Mr. McDevitt reviewed with the Board three letters/requests from District customers, copies of which are attached to the Operations Report. It was the consensus of the Board to deny all three requests.

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 Operations Report, to authorize termination of service to delinquent accounts, and to authorize the necessary repairs at water plant no. one at a cost of \$15,404.

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 "G."

Mr. Harris reported that the TCEQ has published rules and a draft template for the Emergency Preparedness Plan and that Pate does not see any reason why the District does not satisfy the primary auxiliary power supply equipment requirement of this Bill (maintain 35 psi for average day demand 72 hours), subject to a fuel consumption evaluation. The Emergency Plan requires a detailed compilation of information about the District's water facilities, contact information for District representatives and service providers, contact information for priority water users (e.g., hospitals), and contact information for emergency responders. Mr. Harris reported that Public Hearings were held Monday and Tuesday (Pate attended the meeting on Monday) in the Houston area on the proposed rules and template. The rules will become final in December, and the District's Emergency Preparedness Plan must be submitted to TCEQ in March, 2010. The plans prepared based on these rules will also be submitted to Harris County, and the County Judge will then submit information to CenterPoint for priority electrical service restoration for water plants and wastewater plants. Mr. Harris reported that the District does need to submit facility and contact information to CenterPoint by November 1, 2009.

Mr. Harris 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. Harris reviewed with the Board the updated options and cost summary, copies of which are attached to the Engineer's Report. Mr. Harris stated that Pate prepared the plans based on a "Level 1" sound attenuation package. Discussion ensued regarding the amount of fuel storage capacity for the generator. It was the consensus of the Board that the plans include a total of 72 hours fuel storage capacity (calculated on average daily demand conditions) or 48 hours (calculated on full load).

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 February 2010.

Mr. Harris reported that Pate 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 stated that Mr. Yeager confirmed that the plans are being prepared and will include the channel bank repairs in the District and in Harris County Municipal Utility District No. 153. 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 Mark Wimberly and Yousef Panapour are evaluating development opportunities for the tract of land at the northeast corner of Will Clayton Parkway and Atasca Oaks Road (18321 Will Clayton Parkway). Mr. Harris stated that they are assuming that private water and sanitary sewer extensions will serve the land.

Upon motion by Director Shaver, 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, to approve the cost summary for the installation of an emergency generator at water plant no. one with 72 hours fuel storage capacity (calculated on average daily demand) and to authorize Pate to coordinate with ST to submit facility and contact information to CenterPoint by November 1, 2009.

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. Discuss and take necessary action in connection with Senate Bill 361 (Emergency Preparedness Plan). There was no further discussion on this item.

13. Authorize Consent to Encroachment of 30-Foot Water Line Easement (CenterPoint Energy transformer pad site). Mr. Harris 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.

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. 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 October 28, 2009.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)