

MINUTES OF MEETING OF BOARD OF DIRECTORS
APRIL 28, 2010

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, April 28, 2010, 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. Stacy Wagner of Wheeler & Associates, tax assessor and collector for the District; Ms. Sheila Stedman of Myrtle Cruz, Inc., bookkeeper for the District; Mr. Larry Jones of ST Environmental Services ("ST"), operator for the District; Mr. Matt Froehlich of Pate Engineers, engineer for the District; Mr. Noel Barfoot of McCall, Gibson, Swedlund & Barfoot, PLLC, auditor 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 March 24, 2010, 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 March 24, 2010, as presented.

2. **Accept resignation from Director Shaver.** The Board reviewed Director Shaver's letter of resignation dated March 31, 2010 (to be effective April 22, 2010), a copy of which is attached hereto as Exhibit "B." 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 accept Director Shaver's letter of resignation.

3. **Accept qualifications and appoint new Director.** There was no action on this item at this time.

4. **Engage auditor for the eight month period ending May 31, 2010.** The President recognized Mr. Barfoot, who presented to and reviewed with the Board a proposed

auditor engagement letter for the eight month period ending May 31, 2010, a copy of which is attached hereto as Exhibit "C." Mr. Barfoot estimated that auditing fees for the eight month period ending May 31, 2010 will be between \$8,500 and \$9,500, which is 2/3^{ds} of the typical fees to reflect the eight month time period. 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 engage McCall Gibson Swedlund Barfoot PLLC to perform the District's audit for the eight month period ending May 31, 2010 and to authorize the President to execute the auditor engagement letter.

5. **Review Tax Collector's Report and authorize payment of certain bills.** Ms. Wagner presented to and reviewed with the Board the Tax Assessor and Collector's Report for the month of March, 2010 and the delinquent tax attorney report, copies of which are attached hereto as Exhibit "D." Ms. Wagner noted that 95.45% of the District's 2009 taxes had been collected as of March 31, 2010. 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 Tax Assessor and Collector's Report and to authorize payment of check numbers 3289 through 3293 from the Tax Account to the persons, in the amounts and for the purposes listed in such report.

6. **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 March, 2010, a copy of which is attached hereto as Exhibit "E." 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 6604 through 6628 from the General Operating Account to the persons, in the amounts, and for the purposes listed in such report.

7. **Adopt budget for fiscal year ending May 31, 2011.** The Board reviewed the draft budget for fiscal year ending May 31, 2011, a copy of which is attached to the Bookkeeper's Report. Action on this item was deferred until the next Board meeting.

8. **Review Operations Report and authorize repairs.** Mr. Jones presented to and reviewed with the Board the Operations Report for March, 2010, a copy of which is attached hereto as Exhibit "F." Mr. Jones reported that 94.33% of the water pumped was billed for the month ending March 16, 2010.

Mr. Jones reviewed with the Board a letter from Ms. Mims (18419 Hotcreek Court) requesting an adjustment to her recent water bill due to a leak. Mr. Jones noted that the resident did have a plumber repair the leak. Mr. Jones reported that the resident's March 2010 water bill was in the amount of \$702.25. Discussion ensued.

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 Operations Report, to authorize termination of service to delinquent accounts, and to authorize Ms. Mims to pay her March 2010 water bill in six monthly installments.

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 "G."

Mr. Froehlich reported that pursuant to Senate Bill 361, Pate prepared the Emergency Preparedness Plan ("EPP") and submitted it to the TCEQ on February 25, 2010. Mr. Froehlich reported that the TCEQ has 90 days to review the EPP and provide comments.

Mr. Froehlich reported that the Board previously awarded the contract for the construction of the diesel generator at water plant no. one to the low bidder, C.F. McDonald Electric, Inc., in the amount of \$189,194. Mr. Froehlich presented the contract for the Board's execution. Mr. Froehlich reported that the Notice to Proceed will be issued tomorrow and the length of the contract is 180 days.

Mr. Froehlich reported that the four motor protection analyzers have been installed at water plant no. two and are operational. Mr. Froehlich stated that Mr. Roy Lackey met with the District's operator last month for a training session. Mr. Froehlich reported that Pate will revisit the issue of the incoming power supply in August, when power demand is at its highest.

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 Pate has reviewed the 90% complete plans, but the developer requested that such project be placed on hold. Mr. Froehlich stated that Pate and F&J are reviewing the proposed cost sharing plans for the improvements to ensure fairness for the District. It was noted that F&J is preparing the Amended Contract for the lift station improvements. Ms. Cogburn noted that No. 153 is analyzing the impact of the proposed sale of wastewater treatment capacity to Harris County MUD No. 494 on the lift station, which is causing a delay in the improvements to the lift station.

Mr. Froehlich reported that Pate recently contacted Sandra Musgrove, manager of Harris County Flood Control District's maintenance engineering group. Mr. Froehlich reported that Ms. Musgrove stated that the repairs in connection with bank failure after Hurricane Ike are under design and she anticipates advertising for the project sometime this summer with construction to commence late summer or early fall.

Mr. Froehlich reported that the TCEQ requested that the District prepare an Initial Distribution System Evaluation ("IDSE") report. Mr. Froehlich stated that the District's operator is working on the report and Pate is preparing an exhibit for the report. Mr. Froehlich stated that the IDSE report must be submitted to the TCEQ by July 1, 2010.

Mr. Froehlich reported that the District approved a capacity commitment letter for 1,260 gpd for the Lakeshore Medical Plaza at the meeting last month. Mr. Froehlich reported that Pate has reviewed and approved the final plans for the project. Mr. Froehlich noted that the Consent to Encroachment Agreement has been executed by the property owner and recorded.

Mr. Froehlich reported that Pate has reviewed site plans and issued a comment letter in connection with the Northeast Houston Baptist Church Phase 1 Expansion.

Mr. Froehlich reported that no response has been received in connection with the letter sent on behalf of the District to the Atascocita Volunteer Fire Department's ("AVFD") engineer

stating that the Board agrees to work with the AFVD 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.

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 Engineer's Report.

10. **Discuss and take necessary action in connection with improvements to shared lift station with Harris County Municipal Utility District No. 153.** There was no further discussion on this item.

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

12. **Authorize capacity commitments.** There were no capacity commitment requests to review at this time.

13. **Authorize Reciprocal Consent to Encroachment Agreement (CenterPoint Energy transformer pad site) and take necessary action in connection with same.** Ms. Cogburn stated that Mr. Newsome prepared a draft of the Reciprocal Encroachment Agreement for both the District and CenterPoint's review. Ms. Cogburn noted that she reviewed the agreement. Ms. Cogburn stated that Mr. Newsome has provided the Reciprocal Encroachment Agreement to Centerpoint for approval and execution.

14. **Authorize Director attendance at summer AWBD conference in San Antonio, Texas.** 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 authorize Director attendance at the summer AWBD conference in San Antonio, Texas.

Discussion ensued regarding amending the District's Fees and Expense Policy to require Board approval of attendance at conferences, hearings, or other meetings only if they are outside the state of Texas.

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.

16. **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 May 26, 2010.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)