

MINUTES OF MEETING OF BOARD OF DIRECTORS
AUGUST 25, 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, August 25, 2010, whereupon the roll was called of the members of the Board, to wit:

Kelly Cline, President
Doug Walker, Vice President
Charlie Crocker, Secretary
Ernest Bezdek, Assistant Secretary
Vacant, Director

Persons Attending. All members of the Board were present except Director Walker. Also attending all or parts of the meeting were Ms. Stacey Wagner of Wheeler & Associates, tax assessor and collector for the District; Ms. Mary Jarmon and Ms. Freida Conley of Myrtle Cruz, Inc., bookkeeper for the District; Mr. Larry Jones of ST Environmental Services ("ST"), operator for the District; Mr. Teague Harris of Pate Engineers, engineer for the District; Mr. Noel Barfoot of McCall Gibson Swedlund & Barfoot, PLLC, auditor for the District; Mr. Rice Lummis and Mr. James Straughan with Acclaim Energy Advisors; Ms. Anthea Moran of First Southwest Company, financial advisor for the District; Mr. Daniel Andresen, a resident of 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 July 28, 2010, copies of which were previously distributed to the Board. 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 approve the minutes of the meeting of July 28, 2010, as presented.

2. **Accept qualifications of new Director and election of officers.** Ms. Christensen noted that Mr. Andresen has executed and filed a statement of appointed official and is qualified to serve as a director for Director Shaver's unexpired term. Upon motion made by Director Crocker, seconded by Director Bezdek, after full discussion and the question being put to the Board, the Board voted unanimously to accept Director Andresen's qualifications. Director Andresen then executed his oath of office, qualifying him to serve.

Discussion ensued regarding the election of officers. 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 retain the officers as previously elected, with the exception of Director Andresen assuming the position of Assistant Secretary.

3. **Review Bookkeeper's Report and authorize payment of bills.** Ms. Jarmon presented to and reviewed with the Board the Bookkeeper's Report and the Investment Report for the month of July, 2010, a copy of which is attached hereto as Exhibit "B." 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 Bookkeeper's Report, to approve the Investment Report, and to authorize payment of check numbers 6714 through 6759 from the General Operating Account to the persons, in the amounts, and for the purposes listed in such report.

Ms. Jarmon reported that the District's TCEQ regulatory assessment fees have not been paid since 2004. Mr. Jarmon discussed the situation with the Board and assured the Board and attorney that Myrtle Cruz, Inc. has revised their internal bookkeeping procedures to ensure timely payments in the future. Ms. Jarmon stated that the Board approved the checks to pay the TCEQ assessment fees from 2005 through 2009. Ms. Jarmon stated that Myrtle Cruz, Inc. will pay any penalty fees and interest owed in connection with the delinquent TCEQ assessments.

4. **Approve and authorize execution of Reciprocal Consent to Encroachment Agreement (CenterPoint Energy transformer pad site) and take necessary action in connection with same.** Ms. Cogburn stated that Mr. Newsome contacted her a week ago and reported that the developer has agreed to provide indemnification in connection with the Reciprocal Encroachment Agreement. Ms. Cogburn reported that the Encroachment Agreement will still stipulate that each party to the Agreement will be responsible for the costs associated with necessary repairs to damages caused to the other party's equipment, but that the developer will indemnify the District for costs incurred by the District for repairs to the CenterPoint facilities. 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 approve and authorize execution of the Reciprocal Consent to Encroachment Agreement with CenterPoint Energy in connection with the transformer pad site located at Best Buy, subject to receipt of the Indemnification from the developer.

5. **Other matters.** Ms. Moran presented to and reviewed with the Board an analysis for refunding the District's Series 2001 Bonds, a copy of which is attached hereto as Exhibit "C." Discussion ensued. It was the consensus of the Board for the District's consultants to proceed with preparation of a Preliminary Official Statement and other documents for a refunding bond issue.

The Board reviewed a request from the Atascocita Middle School regarding necessary repairs to the school's park equipment (i.e. track, basketball court) and the purchase/construction of new park equipment (i.e. courtyard area), copies of such request and proposals are attached hereto as Exhibit "D." It was the consensus of the Board to further discuss such request at the next Board meeting.

6. **Approve audit for fiscal year ended May 31, 2010.** Mr. Barfoot presented to and reviewed with the Board McCall Gibson Swedlund & Barfoot, PLLC's audit management letter and the draft of the audit for fiscal year ended May 31, 2009, a copy of which is attached hereto as Exhibit "E." Upon motion by Director Crocker, seconded by Director Andresen, after full discussion and the question being put to the Board, the Board voted unanimously to approve the audit for fiscal year ending May 31, 2010.

7. **Review current electricity contract and pricing and take action in connection with same.** The President recognized Mr. Lummis, who reported that electricity rates are currently decreasing. Mr. Lummis reported that the District's current energy rate with Champions Energy Services is priced at \$0.071 per kWh and the current electricity contract does not expire until the end of February 2011. Mr. Lummis presented to and reviewed with the Board a Rate Optimization Report, a copy of which is attached hereto as Exhibit "F." Mr. Lummis stated that even though the District's current electricity contract does not expire until the end of February 2011, the District has the option to lock in a price for future years today. Discussion ensued. Upon motion by Director Andresen, seconded by Director Bezdek, after full discussion and the question being put to the Board, the Board voted unanimously to authorize a two-year contract (commencing March 2011) with Hudson Energy for an energy price in the amount of \$0.06110 and to authorize Director Cline to execute the contract upon receipt.

8. **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 July, 2010 and the delinquent tax attorney report, copies of which are attached hereto as Exhibit "G." Ms. Wagner noted that 98.19% of the District's 2009 taxes had been collected as of July 31, 2010. Upon motion by Director Bezdek, seconded by Director Andresen, 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 3314 through 3317 from the Tax Account to the persons, in the amounts and for the purposes listed in such report.

Discussion ensued regarding the draft of the letter to the City of Houston relating to the outstanding issues in connection with the Strategic Partnership Agreement ("SPA") accounts, a draft of such letter is attached to the Tax Report. It was the consensus of the Board that such letter should come from the District. Ms. Christensen stated that she will revise the letter to include the District's letterhead and forward the letter to the City of Houston.

9. **Adopt Resolution Reviewing Investment Policy.** Ms. Christensen presented to the Board the Resolution Reviewing Investment Policy and Making Any Desirable Changes Thereto, a copy of which is attached hereto as Exhibit "H." The Board agreed that no changes to the Investment Policy are needed at this time. 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 adopt the Resolution Reviewing Investment Policy and Making Any Desirable Changes Thereto.

10. **Review Operations Report and authorize repairs.** Mr. Jones presented to and reviewed with the Board the Operations Report for July, 2010, a copy of which is attached hereto

as Exhibit "I" Mr. Jones reported that 99.6% of the water pumped was billed for the month ending July 17, 2010.

Mr. Jones stated that the resident at 18727 Yaupon Trail is requesting a refund in the amount of \$20.00 because he was not aware the District assessed a disconnect fee. It was the consensus of the Board to deny the request.

Mr. Jones requested permission to turn over seven accounts in the aggregate amount of \$639.96 to collections and to write off one account in the amount of \$21.12.

Mr. Jones reported that he is coordinating with the District's engineer regarding the tap fee calculation for the Northeast Houston Baptist Church. Discussion ensued. It was the consensus of the Board that the engineer prepare the tap fee calculation in accordance with the provision in the District's Rate Order for non-taxable entities.

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 Operations Report, and to authorize ST to turn over seven accounts to collections in the aggregate amount of \$639.96 and to write off one account in the amount of \$21.12.

11. **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 "J."

Mr. Harris 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. Harris reported that the generator and appurtenances have been re-scheduled to be delivered on site next week. Mr. Harris reviewed with the Board Pay Application No. One in the amount of \$34,761.42.

Mr. Harris reported that four motor protection analyzers ("MPA") were previously installed at Water Plant No. Two. Mr. Harris reported that Pate has been waiting for peak energy usage months to install the power quality recorder again at Water Plant No. Two. Mr. Harris stated that he will contact Mr. Roy Lackey to install the power quality recorder for a one-week period.

Mr. Harris reported that Harris County MUD No. 153 ("No. 153") anticipates upgrading the shared lift station with the District once Harris County MUD No. 494 ("No. 494") proceeds with construction of their project, which will probably be towards the beginning of next year. Mr. Harris stated that according to No. 153's cost summary, the District's share of the proposed expansion (\$10,756) will be paid by No. 494 and No. 494 will also pay the District an additional \$73,977.23 for capacity in the shared lift station.

Mr. Harris reported that Pate previously contacted Sandra Musgrove, manager of Harris County Flood Control District's maintenance engineering group. Mr. Harris reported that Ms. Musgrove stated that the repairs in connection with bank failure after Hurricane Ike are under design and she anticipates advertising and receiving bids for the project sometime in September 2010. Mr. Harris stated that he is checking on the status of the project.

Mr. Harris reported that Pate has reviewed and approved the revised site plans from the Northeast Houston Baptist Church (Phase 1 Expansion) in connection with the large water line crossing West Lake Houston Parkway.

Upon motion by Director Crocker, seconded by Director Andresen, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report and to approve Pay Application No. One (\$34,761.42) and authorize payment of same in connection with the Water Plant No. One Emergency Generator.

12. **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.

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

14. **Authorize capacity commitments.** There were no capacity commitment requests to review 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.

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
September 22, 2010.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)