

MINUTES OF MEETING OF BOARD OF DIRECTORS
JANUARY 27, 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, January 27, 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 Directors Walker and Bezdek. 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. 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 December 16, 2009, copies of which were previously distributed to the Board. 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 minutes of the meeting of December 16, 2009, as presented.

2. **Discuss and take action in connection with FEMA reimbursement for damage related to Hurricane Ike.** Mr. Jones reported that ST contacted FEMA and was informed that the District has filed all the required documentation with FEMA for reimbursement in connection with damage to District facilities from Hurricane Ike. Mr. Froehlich stated that FEMA indicated that the District should receive the reimbursement in the next two weeks.

3. **Approve audit for fiscal year ended September 30, 2009.** Mr. Barfoot presented to and reviewed with the Board a draft of the audit for fiscal year ended September 30, 2009, a copy of which is attached hereto as Exhibit "B." Mr. Barfoot noted that he is coordinating with ST regarding the large discrepancy between the amount of regional water

authority fees collected (\$257,679) and the amount of regional water authority fees paid (\$320,588). 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 audit for fiscal year ending September 30, 2009.

4. **Adopt Order Calling Director's Election.** Ms. Christensen noted that Director Bezdek confirmed that Mr. and Mrs. Thompson will serve as the election officials if an election becomes necessary. Action on this item was tabled until the next Board meeting.

5. **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 December, 2009 and the delinquent tax attorney report, copies of which are attached hereto as Exhibit "C." Ms. Humphrey noted that 98.91% of the District's 2008 taxes and 49.21% of the District's 2009 taxes had been collected as of December 31, 2009. 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 Tax Assessor and Collector's Report and to authorize payment of check numbers 3262 through 3267 from the Tax Account to the persons, in the amounts and for the purposes listed in such report.

6. **Adopt Order authorizing property tax exemptions.** Discussion ensued. No action was taken on this item.

7. **Authorize 20% penalty for delinquent tax accounts.** Upon motion by Director Shaver, seconded by Director Crocker, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Resolution Authorizing Additional Penalty on Delinquent Taxes remaining delinquent on April 1, 2010 for personal property and remaining delinquent on July 1, 2010 for other property, a copy of which is attached hereto as Exhibit "D."

8. **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 December, 2009, a copy of which is attached hereto as Exhibit "E." Upon motion by Director Shaver, seconded by Director Crocker, 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 6529 through 6544 from the General Operating Account to the persons, in the amounts, and for the purposes listed in such report.

9. **Review Operations Report and authorize repairs.** Mr. Jones presented to and reviewed with the Board the Operations Report for December, 2009, a copy of which is attached hereto as Exhibit "F." Mr. Jones reported that 95.57% of the water pumped was billed for the month ending December 15, 2009.

Mr. Jones inquired whether the Board would like to have booster pump no. three at water plant no. two repaired at a cost of \$3,929 or have it replaced for a cost of \$4,.

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 Operations

Report, to authorize termination of service to delinquent accounts, and to authorize the District's operator to replace booster pump no. three at a cost of \$4,598.

10. **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, the District is required to prepare and submit an Emergency Preparedness Plan ("EPP") to the TCEQ by March 1, 2010. Mr. Froehlich stated that Pate is coordinating with the District's operator to finalize the EPP.

Mr. Froehlich reported that Pate authorized an abstract company to locate a sanitary control easement for water well no. one, but they were not able to locate an easement. Mr. Froehlich stated that Pate requested that F&J prepare an Order Amending the District's Rules and Regulation of its Rate Order to Provide for Water Well Sanitary Control Easements. Mr. Froehlich noted that such Order would be in lieu of a sanitary control easement and satisfy the TCEQ requirement. Mr. Froehlich further reported that Pate obtained City of Houston and CenterPoint plan approval for the installation of the emergency generator at water plant no. one. Mr. Froehlich stated that the first bid advertisement was in today's newspaper and the bids will be opened on February 17, 2010.

Mr. Froehlich reported that the power supply at water plant no. two was monitored and recorded for one week in early January 2010. Mr. Froehlich stated that upon a quick review of the evidence, the data did not indicate any noticeable problems with the power supply. Mr. Froehlich stated that a more detailed analysis of the data will be performed to determine if there are any problems with the power supply. Mr. Froehlich reported that it will cost \$1,600 to install a motor management relay unit on each of the four booster pumps at water plant no. two. Mr. Froehlich stated that Pate and ST recommend that the Board authorize the installation of the units at each of the booster pumps to protect the motors in the event of problems.

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 until late February 2010. Mr. Froehlich reported that Pate has notified No. 153 of the District's ultimate required capacity needs for 1,341 connections. In response to a question, it was noted that No. 153's attorney is preparing the Amended Contract for the lift station improvements.

Mr. Froehlich 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. Froehlich noted that HCFCD is projecting to bid the project in fiscal year 2010. Mr. Froehlich reported that Pate is continuing to monitor HCFCD's progress on this project.

Mr. Froehlich reported that the engineer for the Atascocita Volunteer Fire Department ("AVFD") previously 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. Mr. Froehlich reported that no response has been received in connection with the letter sent on behalf

of the District to the AVFD's 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.

Mr. Froehlich reported that Pate received, reviewed and approved plans for a Tutti Frutti Frozen Yogurt shop going into the middle space of the pad site at the Westlake Crossing Shopping Center.

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.

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 have been no capacity commitment requests since the last Board meeting.

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

14. Approve Fourth Amended and Restated Waste Disposal Contract (sale of capacity to WYA The Bridges of Lake Houston/Harris County MUD No. 494). The Board reviewed the Fourth Amended and Restated Waste Disposal Contract and the letter agreement with WYA The Bridges of Lake Houston, Ltd. ("WYA") confirming the terms for WYA's purchase of wastewater treatment plant capacity, copies of which are attached hereto as Exhibit "H." Ms. Cogburn stated that the Contract will incorporate and restate all changes which have been made since July 22, 1979 (the date of the original Waste Disposal Contract), and includes the sale of wastewater treatment plant capacity to Harris County Municipal Utility District No. 494 ("No. 494"). Ms. Cogburn noted that the Contract has been revised to reflect such change in the participants' pro rata share of capacity. 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 and authorize execution of the letter agreement with WYA and the Fourth Amended and Restated Waste Disposal Contract.

15. Discuss and take necessary action in connection with TCEQ requirements for sanitary control easements at water plant no. one. Mr. Froehlich noted that the abstract company could not locate a recorded sanitary control easement. Mr. Froehlich reported that the TCEQ will approve an alternate method of satisfying the sanitary control easement rule, which includes amending the District's Rate Order to provide for Water Well Sanitary Control Easements. Ms. Cogburn reviewed with the Board the Order Amending the District's Rules and Regulations to Provide for Water Well Sanitary Control Easements and the Order Amending the Consolidated Rate Order, copies of which are attached hereto as Exhibit "I." 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 adopt the Order Amending the District's Rules and Regulations to Provide for Water Well Sanitary Control Easements and to adopt the Order Amending the Consolidated Rate Order

16. **Authorize Consent to Encroachment of 30-Foot Water Line Easement (CenterPoint Energy transformer pad site).** Ms. Cogburn reported that F&J prepared and sent a letter to RG Miller Engineers stating that the Board and the District's engineer have concluded that the proposed easement is not an acceptable solution to the encroachment of CenterPoint's transformer pad site on the District's 30-foot water line easement based on the fact that the District will not have an adequate amount of space to make any necessary repairs or perform maintenance to the water line at the location of the transformer pad site. Ms. Cogburn stated that the letter also requested that one of two actions must be taken by the end of February 2010 to resolve the situation: (1) CenterPoint agrees to the District's standard documentation for the District's Consent to Encroachment or (2) the transformer pad site be relocated outside of the District's easement. It was noted that no response to such letter has been received. The Board requested that a reminder letter be sent.

17. **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.

18. **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 February 24, 2010.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)