

MINUTES OF MEETING OF BOARD OF DIRECTORS  
MARCH 24, 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, March 24, 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 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. Rice Lummis, Jr. of Acclaim Energy Services; Mr. Gerald Lavey of Harco Insurance Services; Mr. John Martin and Mr. Ralph Tullier of Trammel Crow; 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 February 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 February 24, 2010, as presented.

2. **Discuss and take action in connection with FEMA reimbursement for damage related to Hurricane Ike.** Ms. Stedman reported that the District has received a reimbursement check from FEMA in the amount of \$43,994.08.

3. **Adopt Order Declaring Unopposed Candidates Elected to Office.** The Board reviewed an Order Declaring Unopposed Candidates Elected to Office, a copy of which is attached hereto as Exhibit "B." Ms. Cogburn informed the Board that the election may be canceled pursuant to the Texas Election Code since the positions are uncontested. 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 adopt the Order Declaring Unopposed Candidates Elected to Office.

4. **Discuss and take necessary action in connection with electricity contract with Champions Energy Services (expires February 28, 2011).** The President recognized Mr. Lummis, who reported that electricity rates are currently decreasing. Mr. Lummis presented to and reviewed with the Board a Rate Optimization Report, a copy of which is attached hereto as Exhibit "C." Mr. Lummis stated that even though the District's current electricity contract with Champions Energy Services 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. No action was taken.

5. **Renew District Insurance with Harco Insurance Services (expires May 1, 2010).** Mr. Lavey reviewed with the Board the renewal insurance proposal submitted by Harco Insurance Services (TML), a copy of which is attached hereto as Exhibit "D." Discussion ensued. 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 renewal insurance proposal submitted by Harco Insurance Services.

6. **Authorize Consent to Encroachment of 30-foot Water Line Easement (CenterPoint Energy transformer pad site).** Ms. Cogburn reported that she met with Mr. Kent Newsome (attorney for Trammell Crow), Mr. Ralph Tullier and Mr. John Martin with Trammell Crow and the District's operator and engineer yesterday to discuss potential solutions regarding CenterPoint's transformer pad site. Ms. Cogburn noted that CenterPoint's blanket easement was recorded prior to the District's 30-foot water line easement. Mr. Tullier reviewed with the Board a map depicting both CenterPoint's easement and transformer pad and the District's 30-foot water line easement. Mr. Tullier stated that originally the transformer was mounted on a pole, but was re-located based on resident complaints. Ms. Cogburn stated that Mr. Newsome stated that CenterPoint is agreeable to entering into a reciprocal encroachment agreement with the District, whereby the District will not be responsible for damages caused to CenterPoint's facilities as a result of necessary repairs to its own facilities and vice versa. Ms. Cogburn noted that both the District's engineer and operator have stated that the District should have sufficient space within its easement to make necessary repairs to its water line. Ms. Cogburn stated that Mr. Newsome agreed to prepare a draft of the reciprocal encroachment agreement for both the District and CenterPoint's review. Discussion ensued. 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 enter into a mutual reciprocal encroachment agreement with CenterPoint, subject to F&J's review and approval of the draft encroachment agreement.

7. **Approve Annual Report on Financial Information and Operating Data.** Ms. Cogburn presented to the Board the Resolution Approving Annual Report of Financial Information and Operating Data, a copy of which is attached hereto as Exhibit "E." Ms. Cogburn stated that the District is required to update the District's operating and financial information on an annual basis under the orders for the 2001, 2002, 2003, 2004 and 2005 bond issues. 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 Annual Report of Financial Information and Operating Data and to approve the filing of such report with the Municipal Securities Rulemaking Board.

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 February, 2010 and the delinquent tax attorney report, copies of which are attached hereto as Exhibit "F." Ms. Wagner noted that 90.72% of the District's 2009 taxes had been collected as of February 28, 2010. 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 Tax Assessor and Collector's Report, to authorize payment of check numbers 3254 and 3281 through 3288 from the Tax Account to the persons, in the amounts and for the purposes listed in such report and to authorize the tax assessor and collector to move one account (JT. Co., Inc. – personal property) to the uncollectible roll.

9. **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 February, 2010, a copy of which is attached hereto as Exhibit "G." 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 Bookkeeper's Report, to approve the Investment Report, and to authorize payment of check numbers 6558 through 6603 from the General Operating Account to the persons, in the amounts, and for the purposes listed in such report.

10. **Review Operations Report and authorize repairs.** Mr. Jones presented to and reviewed with the Board the Operations Report for January, 2010, a copy of which is attached hereto as Exhibit "H." Mr. Jones reported that 96.92% of the water pumped was billed for the month ending February 16, 2010.

Mr. Jones requested permission to turn over 13 accounts in the aggregate amount of \$1,111.85 to collections and to write off two accounts in the aggregate amount of \$27.43.

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, to authorize termination of service to delinquent accounts, and to authorize ST to turn over 13 accounts to collections in the aggregate amount of \$1,111.85 and to write off two accounts in the aggregate amount of \$27.43.

11. **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 "I."

Mr. Froehlich reported that pursuant to Senate Bill 361, Pate prepared the Emergency Preparedness Plan ("EPP") and submitted 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 stated that the contracts have been routed to the contractor for completion and execution. Mr. Froehlich stated that once the contracts have been executed by the contractor, Pate will send a copy of the performance and payment bonds to F&J for review prior to Board execution of the contracts.

Mr. Froehlich reported that the four motor protection analyzers (“MPAs”) have been installed at water plant no. two and are operational. Mr. Froehlich stated that Mr. Roy Lackey met with the District’s operator this morning 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 until late February 2010. 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.

Mr. Froehlich reported that Pate recently contacted Sandra Musgrove, manager of Harris County Flood Control District’s (“HCFC”) maintenance engineering group. Mr. Froehlich reported that Ms. Musgrove stated that the repairs in connection with bank failure after Hurricane Ike is under design and she anticipates advertising for the project sometime this summer and 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 will offer assistance if necessary. Mr. Froehlich stated that the 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 the plans for Lakeshore Medical Plaza and has provided comments on same. Mr. Froehlich stated that Pate’s approval of the plans is contingent on the District’s approval and execution of Consent to Encroachment Agreement with the owner, Dr. Mash Ameri. Mr. Froehlich stated that the Lakeshore Medical Plaza’s plans include paving, lighting, irrigation, landscaping and a sign, which will encroach on the District’s 10-Foot Water Line Easement and 20-Foot Sanitary Sewer Line Easement. Mr. Froehlich stated that F&J has drafted a Consent to Encroachment Agreement for the Board’s review.

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 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.

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 Engineer’s Report.

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. **Authorize Consent to Encroachment of 10-foot Water Line Easement and 20-Foot Sanitary Sewer Line Easement (Dr. Mash Ameri).** 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 Consent to Encroachment Agreement with Dr. Mash Ameri, a copy of which is attached hereto as Exhibit "J."

16. **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.

17. **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 April 28, 2010.

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President, Board of Directors

ATTEST:

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Secretary, Board of Directors

(DISTRICT SEAL)