

MINUTES OF MEETING OF BOARD OF DIRECTORS  
JANUARY 26, 2011

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 26, 2011, 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  
Daniel Andresen, Assistant Secretary

**Persons Attending.** All members of the Board were present except Directors Bezdek and Andresen. Also attending all or parts of the meeting were Ms. Stacy Wagner of Wheeler & Associates, tax assessor and collector for the District; 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 ("Pate"), engineer 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 22, 2010, copies of which were previously distributed to the Board. 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 minutes of the meeting of December 22, 2010, as presented.

2. **Accept resignation of Director Andresen.** The Board reviewed Director Andresen's letter of resignation dated December 15, 2010, a copy of which is attached hereto as Exhibit "B." 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 accept Director Andresen's letter of resignation.

3. **Accept qualifications and appoint new Director.** This item was tabled until the next Board meeting.

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

5. **Authorize 20% penalty for delinquent tax accounts.** 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 adopt the Resolution Authorizing Additional Penalty on Delinquent Taxes remaining delinquent on April 1, 2011 for personal property and remaining delinquent on July 1, 2011 for other property, a copy of which is attached hereto as Exhibit "C."

6. **Review Bookkeeper's Report and authorize payment of bills.** Ms. Conley presented to and reviewed with the Board the Bookkeeper's Report and the Investment Report for the month of December, 2010, a copy of which is attached hereto as Exhibit "D." 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 Bookkeeper's Report, to approve the Investment Report, and to authorize payment of check numbers 6851 through 6904 from the General Operating Account to the persons, in the amounts, and for the purposes listed in such report.

7. **Review Operations Report and authorize repairs.** Mr. Jones presented to and reviewed with the Board the Operations Report for December, 2010, a copy of which is attached hereto as Exhibit "E" Mr. Jones reported that 91.40% of the water pumped was billed for the month ending December 16, 2010.

Mr. Jones reported that the 250 HP well motor at water well no. one failed. Mr. Harris reported that he is coordinated with the operator to evaluate the best type of motor replacement, which would also provide a reduction in vulnerability to wind blown rain and to increase the motor efficiency. Mr. Harris stated that there are three types of motors available for the replacement: 1) a WP1 standard motor (\$22,000) or a WP1 premium efficiency motor (\$23,000), 2) a WP2 motor with platform housing (\$44,000), or 3) a TEFC (totally enclosed fan-cooled) motor (\$44,000). Mr. Harris stated that it would cost approximately \$2,000 to bake the motor prior to installation, which would allow for additional motor protection. In response to questions from the Board, Mr. Harris stated that he will inquire on the following matters: 1) whether there is a limit on the number of times a motor can be baked, 2) whether baking initially or after a number of years provides more protection, 3) whether baking the motor voids the motor warranty, and 4) the cost for renting a pump motor while the existing motor is being replaced. Extensive 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 authorize the well motor be replaced with a WP1 motor with premium efficiency at a cost of approximately \$23,000 and to authorize Director Walker to coordinate with Mr. Harris regarding whether to have the new motor baked for an additional cost of approximately \$2,000.

Mr. Jones requested permission to turn over 17 accounts in the aggregate amount of \$1,239.77 to collections and to write off nine accounts in the aggregate amount of \$109.93.

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 Operations Report, to authorize ST to turn over 17 accounts to collections in the aggregate amount of \$1,239.77 and to write off nine accounts in the aggregate amount of \$109.93, and to authorize termination of service to delinquent accounts..

8. **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 "H."

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 contractor installed the generator and has completed the power and control wiring. Mr. Harris stated that Pate will schedule a final inspection. Mr. Harris reported that the removal and salvage/disposal of the old diesel engine drive for the well and booster pump were included in the generator bid, but the old diesel storage tank was not. Mr. Harris stated that Pate recommends approval and payment of Pay Estimate Nos. Two and Three in the amounts of \$97,504.20 and \$33,081.48, respectively.

Discussion ensued regarding an offer from Harris County Fresh Water Supply District No. 58 to purchase the old diesel storage tank from the District. It was the consensus of the Board to retain the old storage tank on site for additional storage purposes.

Mr. Harris reported that four motor protection analyzers were previously installed at Water Plant No. Two and power quality recorders were installed at Water Plant No. One. Mr. Harris stated that Mr. Lackey did not detect any power quality issues. Mr. Harris reviewed with the Board the written report with the results, a copy of which is attached to the Engineer's Report. Discussion ensued.

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 development, which has been postponed.

Mr. Harris reported that Pate previously contacted Harris County Flood Control District's ("HCFCD") maintenance engineering group. Mr. Harris reported that a HCFCD representative stated that the plans for the repairs in connection with bank failure after Hurricane Ike are almost complete, but that the Army Corp of Engineers needs to be notified of the permit. Ms. Harris stated that the HCFCD anticipates advertising and receiving bids for the project sometime early in 2001 with construction to commence by May 2011.

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 Engineer's Report and to approve and authorize payment of Pay Estimate Nos. Two and Three in the amounts of \$97,504.20 and \$33,081.48, respectively, in connection with the Water Plant No. One emergency power generator.

9. **Discuss and take necessary action in connection with assessment of tap fee to Northeast Baptist Church.** Mr. Harris presented to and reviewed with the Board the calculation of the "tax exempt entity" tap fee for the Northeast Baptist Church, a copy of which

is attached to the Engineers' Report. Discussion ensued. Mr. Harris reported that the tap fee is \$10,945 based on a calculation of two equivalent single family connections ("ESFC"). Mr. Harris stated that the church intends to utilize its private well for irrigation purposes only. Discussion ensued regarding the continued use of the private well. Mr. Harris noted that the church expects its congregation to grow in the future and its facilities will expand at such time. Mr. Harris recommended that the District periodically review the church's annual average metered water usage and invoice any future additional usage in excess of the two ESFC based on \$5,472.50 per ESFC. 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 authorize F&J to draft an agreement with Northeast Baptist Church to reflect the terms as discussed by the Board.

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.** Mr. Harris reported that there is nothing new to report on in connection with the proposed construction of a gas station, convenience store and fast food restaurant on 1.15 acres on West Lake Houston Parkway at Aerobic Drive.

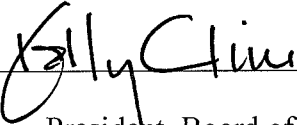
13. **Review Tax Collector's Report and authorize payment of certain bills.** Ms. Wagner presented to and reviewed with the Board the Tax Assessor and Collector's Report for the month of December, 2010 and the delinquent tax attorney report, copies of which are attached hereto as Exhibit "G." Ms. Wagner noted that 49.88% of the District's 2010 taxes had been collected as of December 31, 2010. 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 Tax Assessor and Collector's Report, and to authorize payment of check numbers 3340 through 3343 from the Tax Account to the persons, in the amounts and for the purposes listed in such report.

14. **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 23, 2011.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors

(DISTRICT SEAL)

