

**MINUTES OF MEETING OF BOARD OF DIRECTORS
JANUARY 20, 2009**

THE STATE OF TEXAS §
COUNTY OF HARRIS §
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 151 §

The Board of Directors (the “Board”) of Harris County Municipal Utility District No. 151 (the “District”) met in regular session, open to the public, at Fulbright & Jaworski L.L.P., 1301 McKinney, 51st Floor, Houston, Texas, 77010, at 11:30 a.m on January 20, 2009, whereupon the roll was called of the members of the Board, to-wit:

Kent F. Spitzmiller, President
Bill Walker, Vice President
William “Lisle” Wade, Secretary
Herman Jordan, Treasurer
Kim O’Hara, Assistant Secretary

Persons Attending. All members of the Board were present. Also attending all or parts of the meeting were Mr. Larry Jones of Severn Trent Services, Inc. (“ST”), operator for the District; Mr. Ryan Fortner of Wheeler & Associates, tax assessor and collector for the District; Ms. Shirley McLennan of McLennan and Associates, bookkeeper for the District; Ms. Melinda Garza of AECOM, engineer for the District; Mr. Joseph Ellis of McCall Gibson & Company, 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. There were no members of the public in attendance at the meeting.

Call to Order. The meeting was called 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.** Proposed minutes of the meeting of the Board held December 9, 2008, previously distributed to the Board, were presented for review and approval. Upon motion by Director Jordan, seconded by Director Wade, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting of December 9, 2008, as presented.

2. **Approve audit for fiscal year ended September 30, 2008.** Mr. Ellis presented to and reviewed with the Board a draft of the audit for fiscal year ended September 30, 2008, a copy of which is attached hereto as Exhibit “B.” Upon motion by Director Wade, seconded by Director Jordan, 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, 2008, subject to a two-week review period, and to authorize the filing thereof with the TCEQ.

3. **Tax Collector’s Report.** Mr. Fortner presented to and reviewed with the Board the Tax Collector’s Report for December, 2008 and the delinquent list, copies of which are attached hereto as Exhibit “C.” Mr. Fortner noted that the District had collected 36.54% of its 2008 taxes as of December 31, 2008. Upon motion by Director Wade, seconded by Director Walker, after full discussion and the question being put to the Board, the Board voted

unanimously to accept the Tax Collector's Report and to authorize payment of check numbers 2458 through 2463 from the Tax Account in the amounts, to the persons and for the purposes listed in such Report.

4. **Adopt Order Authorizing Exemptions from Taxation.** Ms. Cogburn presented to and reviewed with the Board the Order Adopting Exemption from Taxation for Individuals Who are Disabled or are 65 Years of Age or Older, a copy of which is attached hereto as Exhibit "D." It was the consensus of the Board to maintain the exemption amount at \$40,000. Upon motion by Director Jordan, seconded by Director Wade, after full discussion and the question being put to the Board, the Board voted unanimously to Adopt the Order Authorizing Exemption from Taxation for Individuals Who are Disabled or are 65 Years of Age or Older, thereby authorizing such exemption in the amount of \$40,000 of appraised value.

5. **Authorize 20% penalty for delinquent tax accounts.** Upon motion by Director Wade, seconded by Director Jordan, 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, 2009 for personal property and remaining delinquent on July 1, 2009 for other property, a copy of which is attached hereto as Exhibit "E."

6. **Bookkeeper's Report.** Ms. McLennan presented to and reviewed with the Board the Bookkeeper's Report for the period ending January 20, 2009, certain statements for payment and the monthly Investment Report for activity through December 31, 2008, copies of which are attached hereto as Exhibit "F." Upon motion by Director Jordan, seconded by Director O'Hara, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Bookkeeper's Report, to approve the Investment Report, and to authorize payment of check numbers 6311 through 6344 from the General Fund in the amounts, to the persons, and for the purposes listed in such Report.

Ms. McLennan reported that the District's capital projects and debt service checking accounts are currently at Chase Bank. Ms. McLennan noted that Chase Bank has started to assess substantial fees on such accounts. Discussion ensued. It was the consensus of the Board that the checking accounts be transferred to Sterling Bank.

Discussion ensued regarding the District's recent billing sent to Harris County MUD No. 132 ("No. 132") for shared lift station no. four expenses from 2005 through 2008. Ms. McLennan reported that No. 132 has been billed for its pro-rata share of the operating costs (75.58% percent of the total costs) for 2005, 2006, 2007 and 2008. Ms. McLennan stated that the total amount invoiced to No. 132 is \$93,171.06. Ms. McLennan noted that the invoice includes the installation of a generator at the lift station. Ms. McLennan noted that while researching this matter she discovered that the District entered into an agreement with No. 132 for lift station no. three in 1998, but had not yet billed No. 132 for any of the lift station's operating costs or the generator cost. It was noted that construction was of lift station no. three was completed in 2000. Discussion ensued. Ms. Garza presented to and reviewed with the Board a summary of the generator costs, a copy of which is attached hereto as Exhibit "G." Ms. McLennan stated that she is in the process of preparing an invoice to No. 132 which will include No. 132's pro-rata share of the operating costs (71.6%) from 2000 through 2008 and the generator costs for lift station no. three. Ms. Cogburn suggested that the District's engineer and

bookkeeper coordinate with No. 132's engineer and bookkeeper to prepare a summary of all of the shared facilities and associated costs to be billed on an annual basis.

7. **Review Operations Report and authorize repairs.** Mr. Jones presented to and reviewed with the Board the monthly Operations Report for December, a copy of which is attached hereto as Exhibit "H."

Mr. Jones requested permission to send to collections one account in the amount of \$76.73.

Upon motion by Director Wade, seconded by Director Jordan, 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 the delinquent accounts, and to authorize ST to send to collections one account in the amount of \$76.73.

8. **Review and approve rate increase request from ST for equipment, turn-ons and turn-offs, and pulled meters.** Discussion ensued regarding ST's rate increase request. It was the consensus of the Board to consider amending the District's Rate Order at the next meeting in connection with increasing the turn-on and turn-off charges and pulled meters charges, but not the equipment rate increases.

9. **Review Engineer's Report.** Ms. Garza presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "I."

Ms. Garza reported that AECOM has received the plans from Anytime Fitness. Ms. Garza stated that AECOM has reviewed the plans and offers no objection to the project, subject to the contractor utilizing the plans dated December 30, 2008 and that the contractor/developer comply with the provisions of the District's Rate Order.

Ms. Garza reported that a public hearing was held by The Houston Planning Commission regarding the request for a partial re-plat by Atascoca Oaks Estates, a copy of the picture with the public hearing sign posting is attached hereto as Exhibit "J." Ms. Garza noted that the developer is planning on re-platting the tract to include 14 lots and two reserves. Ms. Garza noted that the original plat called for 20 lots with three reserves. Ms. Garza stated that the City of Houston is still reviewing the proposed re-plat. Ms. Garza noted that if the City of Houston approves the re-plat the developer will need to submit the revised plans to the District for review and approval.

10. **Discuss and take necessary action in connection with West Harris County Regional Water Authority (the "Authority") regarding optional capital advance and reimbursement procedure.** Ms. Christensen stated that the Authority is offering the District the option to make a Capital Contribution to the Authority in lieu of issuing bonds. No action was taken.

11. **Renew District Insurance (expires 2/20/09).** The Board reviewed the insurance renewal proposal from Harco Insurance Services, a copy of such summary is attached hereto as Exhibit "K." Upon motion made by Director Wade, seconded by Director O'Hara, after full discussion and the question being put to the Board, the Board voted unanimously (Director Walker abstaining) to renew the District's Insurance with Harco Insurance Services/TML.

12. **Status report on District website.** Director Spitzmiller reviewed with the Board a summary of information relating to the usage of the website for the last month, a copy of which is attached hereto as Exhibit "L."

13. **Public Comments.** There were no members of the public in attendance.

14. **Executive Session pursuant to Section 551.071, Texas Government Code, as amended, to discuss litigation.** At 12:35 p.m., the Board convened in executive session pursuant to Section 551.071, Texas Government Code, as amended, to discuss litigation.

The Board reconvened in open session at 12:45 p.m.

15. **Authorize engagement of Olson & Olson.** Upon motion made by Director Wade, seconded by Director Jordan, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the engagement of Olson & Olson to defend the District in the lawsuit brought by Big State Excavation, Inc., subject to the District's agent's receipt of required service.

16. **Other matters.** Director Spitzmiller stated that he has arranged for a contractor to remove a dead tree (due to Hurricane Ike) which is leaning on the District's water plant fence at a cost of approximately \$100. Discussion ensued.

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 foregoing minutes were passed and approved by the Board of Directors on February 10, 2009.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)