

**MINUTES OF MEETING OF BOARD OF DIRECTORS
JULY 14, 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 July 14, 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. Leroy Mensik of Severn Trent Services, Inc. (“ST”), operator for the District; Ms. Shirley McLennan of McLennan and Associates, bookkeeper for the District; Ms. Rebecca Martinez of Wheeler and Associates, tax assessor and collector for the District; Mr. Will Gutowsky of AECOM, engineer for the District; Mr. Joe Stunja of Pinehurst Trail Holdings LLC, an owner of undeveloped land in the District; Mr. James Brown of LJA Engineering, Inc., engineer for Pinehurst Trail Holdings LLC; 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 June 9, 2009, previously distributed to the Board, were presented for review and approval. 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 minutes of the meeting of June 9, 2009, as presented.

2. **Tax Collector’s Report.** Ms. Martinez presented to and reviewed with the Board the Tax Collector’s Report for June, 2009, a copy of which is attached hereto as Exhibit “B.” Ms. Martinez reported that the District had collected 99.24% of its 2008 taxes as of June 30, 2009. Upon motion by Director Wade, seconded by Director O’Hara, 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 2511 through 2522 from the Tax Account in the amounts, to the persons and for the purposes listed in such Report.

Mr. Stunja noted that Friendswood Development Company is coordinating with the District’s tax assessor and collector to resolve numerous delinquent accounts.

3. **Bookkeeper's Report.** Ms. McLennan presented to and reviewed with the Board the Bookkeeper's Report for the period ending July 14, 2009, certain statements for payment and the monthly Investment Report for activity through June 30, 2009, copies of which are attached hereto as Exhibit "C." 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 Bookkeeper's Report, to approve the Investment Report, and to authorize payment of check numbers 6543 through 6592 from the General Fund in the amounts, to the persons, and for the purposes listed in such Report.

4. **Review Operations Report and authorize repairs.** Mr. Mensik presented to and reviewed with the Board the monthly Operations Report for June, 2009, a copy of which is attached hereto as Exhibit "D."

Mr. Mensik reported that ST has provided the recent well production reports prepared by GM Services to the District's engineer. Mr. Mensik noted that, according to the reports, the District's wells are operating in satisfactory condition.

In response to a question, Mr. Mensik reported that signs have been prepared in anticipation of implementation of Stage One of the District's Drought Contingency Plan. Mr. Mensik stated that if Stage One is triggered, the signs will be posted throughout the District informing residents that the District is under "voluntary water restriction."

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 and to authorize termination of service to the delinquent accounts.

5. **Presentation of payment options for District customers (ST) and take necessary action in connection with same.** Mr. Mensik reported that Compass Bank has provided ST with the updated agreement between Compass Bank and the District for a "lock box" payment system, which would allow District customers a variety of options for bill payment. Mr. Mensik stated that such agreement should be executed by the bank and will be presented at the next Board meeting for consideration.

6. **Review Engineer's Report.** Mr. Gutowsky presented to and reviewed with the Board a spreadsheet summarizing the District's water use projections, a copy of which is attached hereto as Exhibit E." Mr. Gutowsky reported that the District's limiting factor in providing service to Pinehurst Trail Holdings LLC is the hydro-pneumatic tank capacity at the water plant. Mr. Gutowsky stated that if the District exceeds service to 2,500 connections, the District is required either construct an elevated storage tank or obtain a waiver from TCEQ from elevated storage requirements. Mr. Gutowsky reported that the District currently has approximately 2,233 connections utilizing capacity in the District's water plant facility (not including the connections being served by Harris County MUD No. 109 or the irrigation connections), which leaves the District with water capacity to serve 267 connections to serve the remaining development in the District. Mr. Gutowsky noted that approximately 83 acres remain to be developed in the District. Mr. Gutowsky noted that the recent request from Pinehurst Trail Holdings LLC is for capacity to serve 257 connections (which will provide service to 65 of the 83 acres owned by Pinehurst Trail Holdings LLC).

7. **Consider request by Pinehurst Trail Holdings LLC for capacity commitment and reimbursement agreement.** The Board reviewed a letter submitted by LJA Engineering & Surveying, Inc. on behalf of Pinehurst Trail Holdings, LLC, requesting the Board's consideration of capacity commitment to serve a proposed commercial/retail center, a copy of which is attached hereto as Exhibit "F." The President recognized Mr. Stunja, who stated that Pinehurst Trail Holdings LLC plans to develop approximately 65 acres for commercial/retail use. Mr. Stunja requested that the Board consider issuing a renewable one-year capacity commitment letter to Pinehurst Trail Holdings, LLC for the proposed development. Discussion ensued. 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 authorize issuance of a one-year renewable capacity commitment letter for Pinehurst Trail Holdings LLC to provide service to 257 connections within the 65 acres.

In response to a question, Ms. Cogburn stated that the District can draft a Sales Agreement and Lease of Facilities once it receives detailed cost information and plans for the development.

8. **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 "G."

9. **Consider adopting deductible reimbursement policy for automobile/physical damage coverage.** Director Walker suggested the District adopt a policy authorizing the District to reimburse a Director for deductibles incurred as a result of an automobile accident or physical bodily damage when the Director is conducting District business. Director Walker reviewed with the Board a letter from Texas Municipal League regarding the District Worker's Compensation insurance policy for Directors, a copy of which is attached hereto as Exhibit "H." Discussion ensued regarding setting a maximum limit for reimbursement of the deductible. 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 a deductible reimbursement policy in which a Director can be reimbursed up to \$1,000 for deductibles incurred as a result of an automobile accident or physical bodily damage when the Director is conducting District business.

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

11. **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.

* * *

The foregoing minutes were passed and approved by the Board of Directors on August 11, 2009.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)