

**MINUTES OF MEETING OF BOARD OF DIRECTORS
OCTOBER 11, 2011**

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 Rosemont Assisted Living Center, 6450 Kings Park Way, Humble, Texas, 77346, at 6:00 p.m. on October 11, 2011, 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. Judy Osborn of McLennan and Associates, bookkeeper for the District; Ms. Brandy Woods of Wheeler & Associates, tax assessor and collector for the District; Ms. Anthea Moran of First Southwest Company, financial advisor for the District; Mr. Jerry Berry and Mrs. Becky Berry, residents of the District; and Ms. Carla Christensen, paralegal, of Fulbright & Jaworski L.L.P. (“F&J”), attorneys for the District.

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 “B,” the following business was transacted:

1. **Minutes.** Proposed minutes of the meeting of the Board held September 13, 2011, 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 September 13, 2011, as presented.

2. **Public Hearing on proposed tax rate.** The President opened the hearing on the proposed 2011 tax rate. There were no comments from the public on the tax rate.

3. **Adopt Order Setting Tax Rate and Levying Tax For 2011.** The Board reviewed the Order Setting Tax Rate and Levying Tax for 2011, a copy of which is attached hereto as Exhibit “B.” 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 Setting Tax Rate and Levying Tax for 2011, thereby levying a tax rate of \$0.45 per \$100 assessed valuation (\$0.39 for debt service and \$0.06 for operations and maintenance).

4. Approve Amended District Information Form and authorize filing of same.

Ms. Christensen stated that an Amended District Information Form will need to be filed in the Harris County Real Property Records since the tax rate has changed. 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 approve and authorize execution and filing of the Amended District Information Form, a copy of which is attached hereto as Exhibit "C," in the Harris County Real Property Records.

5. Discuss and take necessary action in connection with cash defeasance.

The President recognized Ms. Moran, who reviewed with the Board the cash defeasance analysis, a copy of which is attached hereto as Exhibit "D." Discussion ensued regarding using General Operating Funds to retire \$1,100,000 principal amount of outstanding bonds. 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 adopt a Resolution Approving the Redemption of \$1,100,000 of the Unlimited Tax Bonds, Series 2003 (with stated maturity of September 1, 2022, 2023, and 2024) and to authorize necessary action in connection with same.

6. Ratify approval of Agreement with ES&S for rental of election equipment.

Ms. Christensen noted that at the last meeting the Board approved the Agreement for the Rental of Equipment and Sale of Services with ES&S for electronic voting machines for the May 2012 Director elections, but such item was not on the agenda. 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 ratify the approval and execution of the Agreement for the Rental of Equipment and Sale of Services with ES&S.

7. Tax Collector's Report.

Ms. Woods presented to and reviewed with the Board the Tax Collector's Report for September, 2011, a copy of which is attached hereto as Exhibit "E." Ms. Woods noted that the District had collected 99.8% of its 2010 taxes as of September 30, 2011. Upon motion by Director Walker, seconded by Director Jordan, 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 2723 through 2729 from the Tax Account in the amounts, to the persons and for the purposes listed in such Report.

8. Discuss and take necessary action in connection with taxation of Goods-in-Transit that are Otherwise Exempt from Taxation.

Ms. Woods noted that Senate Bill 1 provides for an exemption of newly defined goods-in-transit beginning with the 2012 tax year. Ms. Woods stated that a taxing unit may exercise a local option to tax goods-in-transit that are otherwise exempt if a public hearing is held, and the governing body thereafter passes an order to tax such property. Ms. Woods noted that the public hearing and the official action taken to tax the property for 2012 and subsequent years must occur no sooner than October 1, 2011 and no later than December 31, 2011. Ms. Woods stated that the District does not currently have any property that qualifies for this taxation. It was the consensus of the Board to not take any action in connection with the taxation of Goods-in-Transit.

9. Bookkeeper's Report.

Ms. Osborn presented to and reviewed with the Board the Bookkeeper's Report for the period ending October 11, 2011, certain statements for payment, and the monthly Investment Report for activity through September 30, 2011, copies of which are attached hereto as Exhibit "F." Director Spitzmiller stated that the check to Deggs Service

Enterprise should be voided because the work at water plant no. two has not been completed. 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 accept the Bookkeeper's Report, to approve the Investment Report, and to authorize payment of check numbers 7618 through 7644 (except check no. 7629) from the General Fund in the amounts, to the persons, and for the purposes listed in such Report.

10. **Approve Annual Report on Financial Information and Operating Data.** Ms. Christensen presented to the Board the Annual Report of Financial Information and Operating Data, a copy of which is attached hereto as Exhibit "G." Ms. Christensen stated that the District is required to update the District's operating and financial information on an annual basis under the orders for its post-1995 bond issues. 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 Annual Report of Financial Information and Operating Data and to authorize the filing of such report with the Municipal Securities Rulemaking Board.

11. **Review Operations Report and authorize repairs.** Mr. Mensik presented to and reviewed with the Board the monthly Operations Report for September, 2011, a copy of which is attached hereto as Exhibit "H."

Mr. Mensik reported that the District's wells will be tested later this week to determine the submergence levels. Discussion ensued regarding the continuing drought conditions.

Director Spitzmiller stated that the standard "after hours" fee of \$40.00 is still not being charged. Director Spitzmiller stated that there are varying "after hours" charges throughout the Operations Report. Mr. Mensik stated that he will ensure that the standard "after hours" fees are charged.

Upon motion by Director Walker, seconded by Director O'Hara, 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 delinquent accounts.

12. **Review Asset Management Report.** Mr. Mensik reported that the report is complete and a copy of the report has been provided to Director Walker.

13. **Review Engineer's Report.** The President reported that the engineer has nothing to report at this time.

Director Spitzmiller reported that he received a letter from the Community Improvement Association ("CIA") inquiring whether the District is able to provide water and sanitary sewer service to 15 lots owned by the CIA. Director Spitzmiller reported that the District's engineer is in the process of obtaining the original engineering plans to confirm that the District has water and sewer lines to serve such properties.

14. **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 "I."

15. **Public Comments.** There were no comments from the public at this time.
16. **Other matters.** There were no other matters to come before the Board.

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 November 8, 2011.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)