

**MINUTES OF MEETING OF BOARD OF DIRECTORS
SEPTEMBER 13, 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 Fulbright & Jaworski L.L.P., 1301 McKinney, 51st Floor, Houston, Texas, 77010, at 11:30 a.m. on September 13, 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. Shirley McLennan of McLennan and Associates, bookkeeper for the District; Ms. Stacey Wagner and 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. Noel Barfoot of McCall Gibson Swedlund & Barfoot, 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.

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 August 9, 2011, previously distributed to the Board, were presented for review and approval. 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 approve the minutes of the meeting of August 9, 2011, as presented.

2. **Discuss and take necessary action in connection with next meeting date, time and location.** The Board agreed to hold the next Board meeting in the District on Tuesday, October 11, 2011 at 6 p.m. at the Rosemont Assisted Living Center.

Director Spitzmiller reported that the District’s Tax Assessor and Collector has agreed to have a direct phone line at their office for District tax payers.

3. **Approve audit for fiscal year ending May 31, 2011.** Mr. Barfoot presented to and reviewed with the Board McCall Gibson Swedlund & Barfoot, PLLC’s audit management letter and the draft of the audit for fiscal year ending May 31, 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 approve the audit for fiscal year ending May 31, 2011.

4. **Bookkeeper's Report.** Ms. McLennan presented to and reviewed with the Board the Bookkeeper's Report for the period ending September 13, 2011, certain statements for payment, and the monthly Investment Report for activity through August 31, 2011, copies of which are attached hereto as Exhibit "C." 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 accept the Bookkeeper's Report, to approve the Investment Report, and to authorize payment of check numbers 7578 through 7617 from the General Fund in the amounts, to the persons, and for the purposes listed in such Report.

5. **Adopt Order Designating Officer to Calculate and Publish Tax Rate for 2011.** The President recognized Ms. Moran, who presented to and reviewed with the Board a cash flow analysis and a cash defeasance analysis, copies of which are attached hereto as Exhibit "D." Ms. Moran reviewed the District's outstanding bonds and stated that the District has sufficient General Operating Funds to pay off up to \$1,100,000 in outstanding bonds. Ms. Moran noted that the Board could also reduce its debt service tax rate by \$0.01 if the Board decides to pay off some of the outstanding bonds. The Board reviewed the Order Designating Officer to Calculate and Publish Tax Rate for 2011, a copy of which is attached hereto as Exhibit "E." 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 Designating Officer to Calculate and Publish Tax Rate for 2011, thereby authorizing the District's tax assessor and collector to publish the proposed tax rate of \$0.45 per \$100 assessed valuation (\$0.39 for debt service and \$0.06 for operations and maintenance). It was the consensus of the Board to take action in connection with the cash defeasance at the next Board meeting.

6. **Adopt Resolution Adopting Amended and Restated Code of Ethics, Fees & Expense Policy, Investment Policy, Policies and Procedures For Selection and Review of Consultants, Policies Concerning the Use of Management Information Including the Formation of an Audit Committee, Appointing Investment Officers, and Certain Other Matters.** The Board reviewed the Resolution Adopting an Amended and Restated Code of Ethics, Fees & Expense Policy, Investment Policy, Policies and Procedures For Selection and Review of Consultants, Policies Concerning the Use of Management Information Including the Formation of an Audit Committee, Appointing Investment Officers, and Certain Other Matters, a copy of which is attached hereto as Exhibit "F." Ms. Cogburn noted that the changes made to the Authority's Investment Policy were made in accordance with changes in the Public Funds Investment Act. Discussion ensued regarding Section B of Exhibit 1 of the Investment Policy and whether the District should be able to have Certificates of Deposit ("CD") or deposits in excess of \$500,000 at any one financial institution. It was the consensus of the Board to revise Section B of Exhibit 1 of the Investment Policy by increasing the amount of CDs or deposits that can be held at any one financial institution to \$1,000,000. 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 Resolution Adopting an Amended and Restated Code of Ethics, Fees & Expense Policy, Investment Policy, Policies and Procedures For Selection and Review of Consultants, Policies Concerning the Use of Management Information Including the Formation of an Audit Committee, Appointing Investment Officers, and Certain Other Matters.

The Board acknowledged that they currently have a Certificate of Deposit at Sterling Bank in excess of \$1,000,000, and directed the bookkeeper to diversify such funds once such Certificate of Deposit matures on December 12, 2011.

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

Mr. Mensik requested permission to turn over five accounts in the aggregate amount of \$369.55 to collections and to write off one account in the amount of \$16.83.

In response to a question from Director Spitzmiller, Mr. Mensik stated that he will determine why the resident at 6411 Senda Court was not charged the standard "after hours" turn-on fee (\$40.00).

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 Operations Report, to authorize termination of service to delinquent accounts, and to authorize ST to turn over five accounts in the aggregate amount of \$369.55 to collections and to write off one account in the amount of \$16.83.

8. **Discuss and take necessary action in connection with adding extra protection to water plan no. two and two lift stations.** Mr. Mensik stated that Deggs Service Enterprise submitted a proposal to fabricate and install cross beams over the generator and electrical panels at a cost of \$6,227.00. 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 authorize Deggs Service Enterprise to fabricate and install cross beams over the generator and electrical panels at a cost of \$6,227.00.

9. **Review Asset Management Report.** Mr. Mensik stated that the report should be complete in a few days.

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

11. **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."

12. **Tax Collector's Report.** Ms. Wagner presented to and reviewed with the Board a summary of the duties performed by Wheeler & Associates for the District, a copy of which is attached hereto as Exhibit "J."

Ms. Wagner presented to and reviewed with the Board the Tax Collector's Report for August, 2011, a copy of which is attached hereto as Exhibit "K." Ms. Wagner noted that the District had collected 99.75% of its 2010 taxes as of August 31, 2011. 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 accept the Tax Collector's Report and to authorize payment of

check numbers 2718 through 2722 from the Tax Account in the amounts, to the persons and for the purposes listed in such Report.

13. **Review and take necessary action in connection with Tax Assessor and Collector's Contract with Wheeler & Associates.** It was the consensus of the Board to review Tax Assessor and Collector's proposals at a future Board meeting.

14. **Public Comments.** There were no comments from the public at this time.

15. **Other matters.** Ms. Cogburn presented to and reviewed with the Board an Agreement for the Rental of Equipment and Sale of Services with ES&S for electronic voting machines for the May 2012 Director elections, if necessary, a copy of which is attached hereto as Exhibit "L." Ms. Cogburn noted that the District would not be responsible for any fees to ES&S if the District notifies, in writing, ES&S 30 days prior to April 1, 2012 of cancellation of the election. 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 and authorize execution of the Agreement for the Rental of Equipment and Sale of Services with ES&S.

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 October 11, 2011.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)