

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 61
Minutes of Meeting of Board of Directors
January 14, 2010

The Board of Directors of Harris County Municipal Utility District No. 61 met at 3700 Buffalo Speedway, Suite 830, Houston, Harris County, Texas, on January 14, 2010, in accordance with the duly posted notice of meeting, and the roll was called of the duly constituted officers and members of said Board of Directors, as follows:

Dennis Gorden, President
Joseph B. Ornowski, Vice-President
R. D. Sherrill, Secretary
Richard Erbert, Assistant Secretary
W.R. Lusby, Director

and all of said persons were present, thus constituting a quorum.

Also present were Jim Ainsworth of A&S Engineers, Inc. ("A&S"); Don Hays and Robin Secrest of Hays Utility South Corporation ("Hays Utility"); Robin Humphrey of Wheeler & Associates, Inc.; Beulah Kelly of Myrtle Cruz, Inc.; Rick Lawler of E.M.A. Solutions, LP; David Marks and Staci Parker of Marks Richardson PC ("MRPC"); and Dave Ellis, resident of the District.

The President called the meeting to order and declared it open for business.

The Board first considered approval of the minutes of the Board of Directors meeting held on December 10, 2009. After discussion of the minutes presented, Director Sherrill moved that the minutes of the meeting of December 10, 2009, be approved, as amended. Director Ornowski seconded said motion, which unanimously carried.

The Board next considered comments from the public. Mr. Ellis inquired regarding the details relative to the upcoming Directors Election to be held in May. Mr. Marks next reported that correspondence had been received from Mr. Ball, dated January 4, 2010, regarding an open records request for District documents and requesting information in connection with the Directors Election, a copy of which is attached hereto. Mr. Marks noted that, at the request of the Board, an item calling the Directors Election would be placed on the February agenda for the Board's consideration.

The Board next considered the financial and investment reports and invoices presented for payment. In that regard, Ms. Kelly distributed the attached bookkeeping reports, investment inventory reports, and bills for payment. After review and discussion of the reports presented, Director Sherrill moved that the Board approve payment on the Operating Fund Account at Compass Bank, being check nos. 4628, 4645 through 4668, inclusive, and on the Williamsburg Water Plant Account at Compass Bank, being check nos. 2864 through 2873, inclusive, as identified in said reports. Director Erbert seconded said motion, which carried unanimously.

The Board next considered the status of collection of taxes. In that regard, Ms. Humphrey presented a report and the delinquent tax roll for the month of December, a copy of which is attached hereto. She reported that 40.87% of the District's 2009 taxes had been collected and that 99.23% of the District's 2008 taxes had been collected through December 31,

2009. After review and discussion of the reports presented, Director Sherrill moved that the Board approve said report and authorize payment on the Tax Account, being check nos. 1835 through 1846, inclusive, and two (2) wire transfers, as identified in said tax assessor collector's report. Director Erbert seconded said motion, which carried unanimously.

There was next a discussion regarding the status of the District's delinquent tax accounts. Ms. Humphrey presented for the Board's review and information a written report dated January 14, 2010, which had been prepared by the District's delinquent tax attorney, Perdue, Brandon, Fielder, Collins & Mott, L.L.P., a copy of which is attached to the tax assessor-collector's report.

Mr. Marks next outlined for the Board the various tax exemptions available for the District, including the exemptions provided for by Article VIII, Section 1-b of the Texas Constitution, and Sections 11.13 and 11.184 of the Property Tax Code. After discussion on the matter, Director Ornowski made a motion that the exemption of individuals who are under a disability or over sixty-five years of age be increased to \$30,000. The motion then failed for a lack of a second. After further discussion on the matter, Director Ornowski moved that 1) the District grant an exemption of \$25,000 of the appraised value of residence homesteads for persons under a disability or sixty-five years of age or older from ad valorem taxes levied by the District during the calendar year 2010, 2) that a 20% residential homestead exemption be granted for the year 2010, 3) that the exemption for charitable organizations not be granted for the year 2010, and 4) that the attached Resolution relative to same be approved and adopted by the Board and District. Director Sherrill seconded said motion, which carried unanimously.

The Board next concurred to defer review of proposals of a design contract for landscaping of the detention pond site until later in the Board meeting.

The Board next considered authorizing the design, advertisement for bids and/or award of construction contracts, status of construction contracts previously awarded and acceptance of sites and easements. In that regard, Mr. Ainsworth presented a report and related correspondence relative to same, copies of which are attached hereto.

The Board next considered review of bids and award of contract for Phase 1 of construction of amenity improvements to the detention pond. Mr. Ainsworth reported that the project has been broken into two activities which include the make up water well and the electrical and fountain installations. He stated that the water well project will be solicited, as the estimated cost is under \$50,000, and that cost proposals will be presented for the Board's consideration at the February Board meeting. He next stated that the electrical service and fountain installation package, which is estimated above \$50,000, will be advertised and that bids will be received and a recommendation will be presented at the March Board meeting. Mr. Ainsworth noted that on January 9, 2010, Director Ornowski, Mr. Baird of A&S and Lake Management Services reviewed the location of the water well and discussed options related to the fountain type and placement. A discussion then followed. After discussion, the Board concurred to defer taking any action on the matter until next month's Board meeting.

The Board next concurred to defer approval of the plans and authorizing advertisement for bids for landscaping of the detention pond site until next month's Board meeting.

With regard to the status of the contract with Hurtado Construction Company for water, sanitary sewer and drainage facilities to serve Westside Office Park, Mr. Ainsworth reported that the project has not been finalized at this time, that the Harris County Flood Control final inspection was held on December 29, 2009, a follow-up final inspection will be held on January 15, 2010, and that he expects that the project will be closed shortly. He noted that no pay estimates have been received for this period.

The Board next concurred to defer acceptance of site and/or easement conveyances for facilities constructed or to be constructed for the District, after Mr. Ainsworth noted that there was no action required by the Board at this time.

The Board next considered the status of request to Harris County Precinct 3 to make drainage modifications to Mason Road in connection with the storm water flow into the District. Mr. Ainsworth reported that he has spoken with Mr. Schilhab of Precinct 3 and advised Mr. Schilhab of the Board's progress.

The Board next considered approval of a proposed Service Contract between Champions Hydro-Lawn, Inc. and the District relative to maintenance of the detention pond site. Mr. Marks reported regarding the status of same and his recent discussions with Mr. Waller. After discussion on the matter, Director Ornowski made a motion to authorize A&S to prepare the specifications for the period April 1, 2010 through December 31, 2012 and solicit proposals for same. Director Lusby seconded said motion, which unanimously carried.

The Board next considered the approval of proposal of Lake Management Services, L.P. relative to maintenance of the water feature in the detention pond. A discussion then followed regarding same. After discussion, the Board concurred to defer taking any action on the matter until next month's Board meeting.

The Board next considered the status of the resident survey relating to possible drainage improvements. Ms. Secrest presented the attached survey and reviewed the results with the Board. She reported that 84 residents were in favor of moving forward with the costs of the drainage improvements and that 79 residents were not in favor of the drainage modifications. There next followed a lengthy discussion regarding how to proceed, whether to call a bond election and enforcement of the existing provision in the District's Rate Order prohibiting dumping into the storm sewer system. After discussion, Director Gorden recommended authorizing the District's operator to install "illegal to dump" decals on the inlets and then to send notice to the residents regarding enforcement of illegal dumping into the District's storm sewer system. After further discussion on the matter, Director Lusby made a motion to authorize Hays Utility to install "illegal to dump" decals on the inlets and authorize MRPC to prepare a notice to send to the residents notifying of enforcement to any illegal dumping into the District's storm sewer system. Director Ornowski seconded said motion, which unanimously carried. The Board next concurred that no action would be taken relative to calling a bond election at this time.

The Board next considered a report on shared facilities to be constructed to serve the Westside Office Park. In that regard, Mr. Ainsworth reported that A&S has evaluated the documentation received from Harris County Municipal Utility District No. 62's engineer and expects to resolve A&S' comments by the February Board meeting. After discussion, the Board concurred to defer taking any action on the matter until next month's Board meeting.

The Board next considered a report regarding the status of inspection of the ground storage tank. Mr. Ainsworth reported that the tank was inspected on December 19, 2009, by Swain & Associates, Inc. and that an interim approach to address the tank deficiencies would cost approximately \$15,000 and involve replacement of only the damaged panels, bolts and gaskets. He advised that A&S does not believe it's economically feasible to dismantle the tank and replace the gaskets and bolts as it is A&S' opinion that a new welded tank would be the best long term solution. He stated that it would cost approximately \$130,000 to install a new bolted tank, approximately \$80,000 to disassemble the existing tank, replace the gaskets, and reconstruct the existing tank and approximately \$300,000 to install a new welded tank. A discussion then followed. After discussion, Director Lusby made a motion to authorize Directors Gorden and Ornowski to inspect the tank and proceed with the interim repairs, not to exceed \$25,000, if they determine that such work will prolong the life of the tank. Director Sherrill seconded said motion, which unanimously carried.

The Board next considered the review of proposals of "No Trespassing" signage to be posted within the detention pond facility. Mr. Ainsworth reported that A&S has reviewed the proposed signage and locations with Director Ornowski and presented an Exhibit with the proposed sign locations to the Board for consideration, a copy of which is attached hereto. A discussion then followed regarding the verbiage to be reflected on the signs. After discussion, Director Sherrill made a motion to authorize the installation of the signage without the words "no trespassing" and instead to read "no unauthorized vehicles allowed." Director Lusby seconded said motion, which unanimously carried.

The Board next considered authorizing preparation of an Emergency Preparedness Plan. Mr. Ainsworth reported that a template has been prepared and that an information request has been submitted to the District's operator requesting the required information needed. He noted that the report will be filed with the Texas Commission on Environmental Quality before the March 1, 2010 deadline. After discussion on the matter, Director Ornowski made a motion to authorize A&S to prepare the Emergency Preparedness Plan for the District. Director Erbert seconded said motion, which unanimously carried.

The Board next concurred to defer consideration of a proposal for preparation of an Asset Management Plan until next month's Board meeting.

The Board next considered review of proposals of design contract for landscaping of the detention pond site. Mr. Ainsworth reported that two (2) proposals were received from Clark Condon Associates with a cost of \$16,100 and David H. Stanger with a cost of \$14,670, copies of which are attached hereto. A discussion then followed. After discussion, Director Gorden made a motion to approve the proposal submitted by David H. Stanger at a cost of \$14,670. Director Sherrill seconded said motion, which unanimously carried.

The Board next considered a report on the regional sewage treatment plant, including the status of expansion of the wastewater treatment plant, the status of lease payments and compliance with the wastewater discharge permit. In that regard, Director Gorden reported that the expansion project should be complete by February or March. Mr. Marks noted that the lease payments are current and that the District is in compliance with the wastewater discharge permit.

The Board next considered the status of the proposed annexation of a 19.042 acre tract of land into the District by Raymond Louis Franz and Emma L. Franz Investments, Ltd., including adoption of Order Adding Land, approval and execution of Fourth Amended and Restated

District Information Form with Map Attached, approval of Declaration of Covenants, Conditions and Restrictions and approval and execution of Waiver Agreement. Mr. Marks reported that the application was approved by the City of Houston and that the District is now ready to move forward to complete the annexation process. After discussion on the matter, Director Ornowski moved i) that the Order Adding Land into the District relative to the annexation of 19.042 acres of land be passed and adopted, that same be recorded in the Official Records of Real Property of Harris County, and when so recorded and returned by the County Clerk, that a copy of the same be attached to these minutes and made a part hereof; ii) that the Fourth Amended and Restated District Information Form with Map Attached be approved and that the Board members present be authorized to execute same, and that the attorneys record same in the Official Records of Real Property of Harris County, in accordance with applicable state law; iii) that the Declaration of Covenants, Conditions and Restrictions with Raymond Louis Franz and Emma L. Franz Investments, Ltd. be approved and that the President be authorized to execute same on behalf of the Board and District; and iv) that the Waiver Agreement with Raymond Louis Franz and Emma L. Franz Investments, Ltd. be approved and that the President be authorized to execute and the Secretary attest to same on behalf of the Board and District. Director Sherrill seconded said motion, which unanimously carried.

The Board next considered the issuance of utility commitments. In that regard, Mr. Ainsworth reported that no new requests had been received.

The Board next considered the status of development of property within the District. In that regard, Mr. Lawler noted that he nothing new to report to the Board this month.

The Board next considered the report on the District's water, sanitary sewer and storm sewer systems for the month of January, a copy of which is attached hereto. In that regard, Ms. Secrest reported that 96.70% of the water pumped during the month of December had been accounted for.

Ms. Secrest next reported that the District's facilities had been operated in compliance with their respective permits during the month and that all bacteria samples were negative.

There next followed a discussion regarding the District's estimated water production while a meter was out for service. After discussion, Mr. Hays concurred to revisit the calculations, if appropriate, revise the estimated production amounts and report to the Board at the February meeting.

Ms. Secrest next reported that a water main leak was repaired at 22110 Vobe Court and that the homeowner has requested two sections of the driveway be replaced. She next presented various pictures for the Board's review, copies of which are attached to the operations report. After discussion on the matter, Director Sherrill made a motion to authorize Hays Utility to repair the driveway to the first joint (all of section one). Director Lusby seconded said motion, which unanimously carried.

Mr. Hays next reported that there was a problem with the transducer at the Water Plant on the ground storage tank, that the transducer has been replaced and that the District's interconnect with West Harris County Municipal Utility District No. 2 was opened.

The Board next considered authorizing Hays Utility to provide required information to districts receiving water through emergency interconnect relative to Consumer Confidence Reports. After discussion on the matter, Director Ornowski moved that the operator be authorized to provide the required information to districts receiving water through emergency interconnect relative to Consumer Confidence Reports. Director Sherrill seconded said motion, which unanimously carried.

The Board next discussed matters relative to surface water issues and the West Harris County Regional Water Authority. Mr. Ainsworth noted that he had nothing new to report to the Board this month.

The Board next considered the attorney's report including confirmation of name change of David M. Marks, P.C. to Marks Richardson PC, effective January 1, 2010. Mr. Marks reported that Kara Richardson has become a shareholder in the firm.

The Board next considered matters for possible placement on future agendas. In that regard, Mr. Marks presented and reviewed correspondence received from West Harris County Emergency Medical Service, dated December 7, 2009, and correspondence received from West I-10 Fire Department, dated January 4, 2010, regarding the notification of voluntary EMS change, copies of which are attached hereto. The Board concurred to take no action relative to same.

Director Lusby next requested that an item regarding discussion of content of District website and additional District information and documents the Board wants to post on the District's website be added to the February agenda for Board consideration.

There being no further business to come before the Board, the meeting was adjourned.

/s/ R.D. Sherrill

R.D. Sherrill

Secretary