

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 61
Minutes of Meeting of Board of Directors
May 24, 2011

The Board of Directors of Harris County Municipal Utility District No. 61 met at the Williamsburg Settlement Clubhouse, 1602 Hoyt Lane, Katy, Harris County, Texas 77449, on April 26, 2011, 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:

R.D. Sherrill, President
Wheeler BeMent, Vice-President
W.R. Lusby, Secretary
Richard Erbert, Assistant Secretary
Billy Lowery, Director

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

Also present were Jim Ainsworth of A&S Engineers, Inc. ("A&S"); Robin Secrest of Hays Utility South Corporation ("Hays Utility"); Cindy Englebort of Wheeler & Associates, Inc.; Beulah Kelly of Myrtle Cruz, Inc. ("MCI"); Anthea Moran of First Southwest Company; David Marks of Marks Richardson PC ("MRPC"); and Floyd Ball, Loretta Evans, Dean Koffeschilley and Mel Lorenz, District residents.

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

As the first order of business, the Board considered comments from members of the public. In that regard, Mr. Ball read portions of annexation documents and Ms. Evans stated that she is opposed to the sale of bonds to reimburse developers in the District.

As the next order of business, the Board considered approval of the minutes of the Board of Directors meetings held on April 26, 2011 and May 5, 2011. After discussion of the minutes presented, Director BeMent moved that the minutes of the meetings of April 26, 2011 and May 5, 2011, be approved, as written. Director Erbert seconded said motion, which unanimously carried.

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 BeMent moved that the Board approve payment on the General Operating Account at Compass Bank, being check nos. 4952 through 4973, inclusive, and on the Williamsburg Water Plant General Operating Account at Compass Bank, being check nos. 2975 through 2980, inclusive, as identified in said reports. Director Lusby seconded said motion, which carried unanimously.

The Board queried the bookkeeper relative to the billing for electricity at the Franz Road lift station. Ms. Kelly advised that she would research the matter and report back to the Board at its next meeting.

The Board next considered the status of collection of taxes. In that regard, Ms. Englebert presented a report and the delinquent tax roll for the month of April, a copy of which is attached hereto. She reported that 98.28% of the District's 2010 taxes had been collected through April 30, 2011. After review and discussion of the reports presented, Director Lusby moved that the Board approve said report and authorize payment on the Tax Account, being check nos. 1948 through 1953, inclusive, as identified in said tax assessor collector's report. Director Sherrill seconded said motion, which carried unanimously.

There was next a discussion regarding the status of the District's delinquent tax accounts. Ms. Englebert presented for the Board's review and information a written report dated May 24, 2011, 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 hereto.

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 relative to same, a copy of which is attached hereto.

The Board next deferred authorizing the engineer to prepare the plans and specifications for rehabilitation of the District's sanitary sewer system.

The Board next considered the status of its contract with Monarch Civil Constructors for the extension of District facilities to serve the StoneArch development. In that regard, Mr. Ainsworth reported that the bonds and insurance are in legal review. He also stated that the developer has requested that clearing and grubbing be deleted from the contract to expedite the project as Monarch has had some issues with mobilization for the project. The Board concurred to take no action.

The Board next deferred the acceptance of site and/or easement conveyances for facilities constructed or to be constructed for the District.

The Board next considered the status of the waterline relocation and installation of a new valve relative to the Harris County Precinct 3 drainage modifications to Mason Road in connection with the storm water flow into the District. In connection therewith, Mr. Ainsworth reported that the operator has completed its work and Centerpoint and Harris County have been notified. He also noted that Centerpoint damaged a private sprinkler line.

The Board next considered the status of installation of a fire hydrant on the District's water line on the Academy property on the west side of Mason Road by Weston MUD. In connection therewith, Mr. Ainsworth reported that he had received the approved plan for the fire hydrant connection and extension and has requested a minimum 72 hour notice of any work on the line.

The Board next considered recommendations of board committee regarding issuance of bonds relative to sanitary sewer rehabilitation projects and developer reimbursement. In that regard, Mr. Ball requested that the District defer paying the developer until the developer has added sufficient value to support the portion of the debt that is attributable to such reimbursement.

Ms. Moran next distributed and reviewed with the Board a handout. The Board discussed District projects and possible reimbursement of Westside Ventures for portion of reimbursements earned by virtue of value added. After further discussion, Director Erbert moved that the Board authorize the issuance of bonds to pay sanitary sewer repairs in the amount of \$1,760,000, and to reimburse Westside Ventures in the amount of \$899,609 for a total bond issuance of approximately \$2,900,000. The motion died for lack of a second. After discussion, Director BeMent moved that the Board authorize bonds to pay sanitary sewer repairs in the approximate total amount of \$1,760,000 and authorize the District's consultants to prepare the Bond Application Report and related documents relative thereto. Director Lowery second said motion, which unanimously carried.

The Board next considered requests for issuance of utility commitments. In that regard, Mr. Ainsworth reported that with respect to the Laundromat to be located in the commercial strip center on Mason Road, he evaluated the system and has determined that sufficient capacity exists to serve the business. Ms. Secrest noted that Hays will be installing a separate 2" tap to serve the business as well as grease and lint traps. Mr. Ainsworth next reported relative to the request for water and sewer service from the Franz family, that A&S has a package to review with the Attorney regarding the City of Houston variance to not require a subdivision plat for an interim service so that a future re-plat of the tract will not be required.

The Board next considered a report on the regional sewage treatment plant, including compliance with the wastewater discharge permit. In that regard, Director BeMent advised that he had nothing new to report.

The Board next deferred the status of development of property within the District after noting no developers were present at the meeting.

The Board next considered the report on the District's water, sanitary sewer and storm sewer systems for the month of April, a copy of which is attached hereto. In that regard, Ms. Secrest reported that 91.40% of the water pumped during the month of April had been accounted for. She next reported that that all bacteria samples were negative and that there were no appeals received. Ms. Secrest next reported that the District's facilities had been operated in compliance with their respective permits during the month.

Ms. Secrest next presented correspondence from Wendy Gaudette requesting a credit due to a water leak in her home. A copy of said correspondence is attached hereto. The Board requested that the operator verify the reads and concurred to defer the matter until the next Board meeting.

The Board next considered the approval of the attached Consumer Confidence Report ("CCR") and authorizing the distribution of same to District residents. After discussion on the matter, Director Sherrill moved that said CCR be approved and distributed to consumers in the District, subject to final approval by MRPC. Director BeMent seconded said motion, which carried unanimously.

The Board next considered a report on the investigation of the District's water accountability. In that regard, Ms. Secrest reported that the operator for Harris County Municipal Utility District No. 62 has been turning on and off the interconnect valves and she is not sure

why the valves were opened or for how long. She noted that she has contacted the operator for Harris County M.U.D. No. 62 and is awaiting additional information.

The Board next considered the status of the meter replacement throughout the District. In connection therewith, Ms. Secrest reported that there are five ¾” meters with over 1.8 million gallons, plus three 2” meters that need to be changed out. A High Read – Old Meter Report is attached hereto. After discussion, Director BeMent moved that the operator be authorized to replace all five meters. Director Lowery seconded said motion, which unanimously carried. The Board noted that it had previously authorized all ¾” meters to be changed out after they reach 1.8 million gallons.

The Board next considered the status of surface water issues and the West Harris County Regional Water Authority. In connection therewith, Mr. Ainsworth stated he had nothing new to report.

The Board deferred consideration of the status of requests to Harris County Municipal Utility District No. 63 (“No. 63”) and West Harris County Municipal Utility District No. 5 (“No. 5”) for reimbursement for drainage easement.

Director Lusby next reported that the District has been awarded the Gold Standard Award by the Comptroller for its financial disclosure and transparency after receiving the highest point total of any municipal utility district in the State.

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

/s/ W.R. Lusby

W.R. Lusby
Secretary

ATTACHMENTS TO MINUTES OF BOARD OF DIRECTORS
MEETING OF MAY 24, 2011

1. Sign in Sheet
2. Bookkeeping Report
3. Tax Assessor/Collector Report
4. Delinquent Tax Report
5. Engineer's Report with related correspondence
6. Operations Report with related correspondence