

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 61

Minutes of Meeting of Board of Directors

July 26, 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 July 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:

Wheeler BeMent, President
R.D. Sherrill, 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"); Cathy Wheeler and Cindy Englebert of Wheeler & Associates, Inc. ("W&A"); Beulah Kelly of Myrtle Cruz, Inc. ("MCI"); Kara Richardson of Marks Richardson PC ("MRPC"); Cherie Cross and Scott Ripperger of Environmental Allies; Kenn Young of SludgeNet; Avik Bonnerjee of B&A Municipal Tax Services, LLC ("B&A"); and Bill and Loretta Evans and Suzanne Sherrill, 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. Young distributed promotional pamphlets to the Board regarding his company SludgeNet, a sludge hauler providing services to the greater Houston area. Director BeMent informed Mr. Young that the District participates in a regional sewer plant operation managed by its own Board of Directors, but that he could provide appropriate contact information to Mr. Young regarding same. Mr. Young exited the meeting at this time.

As the next order of business, the Board considered approval of the minutes of the Board of Directors meeting held on June 28, 2011. After discussion of the minutes presented, Director Lowery moved that the minutes of the meeting of June 28, 2011, be approved, as written. Director Erbert seconded said motion, which unanimously carried.

The Board next considered a presentation from Environmental Allies ("EA") relative to detention pond maintenance services. In connection therewith, Ms. Cross and Mr. Ripperger distributed the attached packet and reviewed the same with the Board. Ms. Cross advised that EA can save the District up to 30% in costs to maintain the District's detention pond area. After discussion on the matter, Director BeMent noted that the District currently has a contract in place until the beginning of 2012, but that Ms. Cross contact the District around the time of expiration of the current contract to present EA's proposal again.

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 General Operating Account at

Compass Bank, being check nos. 4993 through 5013, inclusive, and on the Williamsburg Water Plant General Operating Account at Compass Bank, being check nos. 2986 through 2992, inclusive, as identified in said reports. Director Lowery seconded said motion, which carried unanimously.

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 June, a copy of which is attached hereto. She reported that 98.79% of the District's 2010 taxes had been collected through June 30, 2011. She stated that there was unclaimed property in the amount of \$103.50 and that W&A would file a report with the State Comptroller relative to same prior to the deadline. She next advised that she is working with the Harris County Appraisal District to include the District's acreage annexed in years 2009 and 2010 in the District's values. After review and discussion of the reports presented, Director Lowery moved that the Board approve said report and authorize payment on the Tax Account, being check nos. 1957 through 1962, 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 July 26, 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 proposals for providing Tax Assessor/Collector Services. In connection therewith, Mr. Bonnerjee addressed the Board and distributed his proposal for the Board's consideration, a copy of which is attached hereto. He next reviewed his company's services and proposed fees. A discussion then followed relative to same. After discussion on the matter, Director BeMent thanked Mr. Bonnerjee for his proposal and stated that the Board was not interested in switching services for Tax Assessor/Collector at this time.

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 contract with Monarch Civil Constructors, LLC ("Monarch") for the extension of District facilities to serve the StoneArch development. In connection therewith, Mr. Ainsworth reported that work began the first week of June and that the water, sewer and drainage portion of the project will be substantially completed by the July meeting. A discussion then followed relative to the testing and start up of the private lift station. Mr. Ainsworth next presented Pay Estimate No. 2 in the amount of \$20,837.59, a copy of which is attached hereto, and recommended that the Board concur in the payment of same by the developer. After discussion, Director Sherrill made a motion to concur in the payment of Pay Estimate No. 2 in the amount of \$20,837.59 to Monarch by the developer, as set out above. Director Lusby seconded said motion, which unanimously carried.

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 installation of a fire hydrant by Weston MUD on the Academy property located on the east side of Mason Road. In that regard, Mr. Ainsworth reported that the connection, lead and fire hydrant have been installed and is in service. He noted that several construction issues arose during the construction process but have been resolved and personnel was on site. He further noted that once A&S receives the as-built drawings from the contractor, the District maps will be updated to reflect the added facility.

The Board next considered review and approval of Bond Application Report relative to the Series 2011 Bonds. In connection therewith, Ms. Richardson distributed a revised No Growth Cash Flow Analysis prepared by the District's financial advisor, a copy of which is attached hereto, and reviewed the same with the Board. A discussion then followed relative to the bond call provisions, and Ms. Richardson stated that she would discuss same with Ms. Moran. After discussion on the matter, the Board deferred taking any action until later in the meeting.

The Board next considered requests for issuance of utility commitments. In that regard, Mr. Ainsworth reported that with respect to the Franz family request, A&S has not yet received a response from the City of Houston regarding the variance request. He noted that the City moved its review and permit personnel into a new building in June and all activities have slowed down considerably. Mr. Ainsworth next reported that with respect to the request for service to a Laundromat to be located in the commercial strip center on Mason Road, he has no update to report to the Board this month as A&S has not received plans from the applicant.

The Board considered reports regarding the status of development of property within the District. In that regard, Mr. Ainsworth reported that the Safekick building construction continues. He next reported that Harris County filed a suit against the Franz Road Office Park due to the drainage issues with the development.

The Board next considered review and approval of the Bond Application Report relative to the District's proposed \$2,970,000 Unlimited Tax Bonds, Series 2011, including the adoption of an Order Authorizing Application to the TCEQ for Approval of Project and Bonds. In connection therewith, Mr. Ainsworth presented and reviewed the bond application report with the Board and consultants. He noted that all comments have been addressed and incorporated within the report. After discussion on the matter, Director Sherrill moved that the attached Bond Application Report along with the Order authorizing the filing with the TCEQ of an application by the District for the approval of the District's proposed \$2,970,000 Unlimited Tax Bonds, Series 2011, its plans and project be approved, and that MRPC be authorized to submit same to the TCEQ. Director Erbert seconded said motion, which unanimously carried.

The Board next considered a report on the regional sewage treatment plant, including compliance with the wastewater discharge permit. In that regard, Director BeMent reported that the plant was out of compliance with the permit due to a motor blow out, but that same has since been repaired and is now back in compliance.

The Board next considered the report on the District's water, sanitary sewer and storm sewer systems for the month of June, a copy of which is attached hereto. In that regard, Ms. Secrest reported that 93.08% of the water pumped during the month of June 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 the District's Drought Plans and reviewed the same with the Board, a copy of which is attached to the operations report. A discussion then followed relative to same.

Mr. Ainsworth next queried Ms. Secrest regarding whether the District had experienced any water main breaks during the month due to the dry conditions. Ms. Secrest reported that she was not aware of any water main breaks within the District.

Mr. and Mrs. Evans next advised the Board of chlorine smells in their water. Ms. Secrest requested the residents to contact Hays Utility to report any smells or issues with the water as soon as any abnormal water conditions are noted so that they can better identify the source of any problems. After discussion, the Board requested Ms. Secrest to include a note on the next water bill advising residents to contact Hays Utility to report on water issues.

The Board next considered the status of the meter replacement throughout the District. In connection therewith, Ms. Secrest reported that four new meters were replaced during the month at an approximate cost of \$304.00, and that all but seven of the approved 32 meters have been installed.

The Board next considered a report on the investigation of the District's water accountability. In connection therewith, Directors BeMent and Sherrill stated that they both met with representatives of Harris County Municipal Utility District No. 62 ("No. 62") and recommended that the districts rejoin systems in September. Directors BeMent and Sherrill next recommended that representatives of the District meet with representatives of No. 62 along with the operators for both districts, with the intention that the operators for both districts mutually develop and agree upon an accountability plan to maintain high water accountability. After discussion on the matter, Director Lowery made a motion to authorize two representatives from the District to meet with representatives of No. 62, along with the respective operators from each District to develop policies and procedures for maintaining high water accountability in connection with opening the two distribution systems. Director Erbert seconded said motion, which unanimously carried.

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 next considered 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. In connection therewith, Ms. Richardson reported that the attorney for No. 63 advised Mr. Marks that No. 63 has approved reimbursement to the District for the drainage easement and requested Mr. Marks to prepare a receipt and release prior to No. 63 sending such reimbursement. After discussion, Director Lusby made a motion to authorize MRPC to prepare a receipt for No. 63 relative to the reimbursement of the drainage easement. Director Lowery seconded said motion, which unanimously carried. Ms. Richardson next reported that with respect to No. 5, that No. 5's attorney has requested a letter stating that the District is agreeable to receiving payment when No. 5 sells its next bond issue or when No. 5 has surplus funds to reimburse the District. After further discussion on the matter, Director Lusby

made a motion to authorize MRPC to prepare correspondence to No. 5 requesting No. 5 to confirm the terms and conditions for reimbursement by written correspondence to the District. Director Lowery seconded said motion, which unanimously carried.

A discussion then followed relative to preparation of correspondence regarding training procedures for the fire department. In connection therewith, Director Lowery advised that he will contact Mr. Marks regarding same.

A discussion then followed regarding items to be placed in the quarterly District newsletter. Director BeMent volunteered to write an article on fire safety during drought conditions, and Director Lusby requested that MRPC write an article on the Districts relationship with the West Harris County Regional Water Authority.

The Board next considered matters for possible placement on future agendas. In that regard, the Board concurred to keep discussion relative to training procedures for the fire department on the agenda.

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 JULY 26, 2011

1. Sign in Sheet
2. Environmental Allies packet
3. Bookkeeping Report
4. Tax Assessor/Collector Report
5. Delinquent Tax Report
6. B&A Municipal Tax Services, LLC packet
7. No Growth Cash Flow Analysis
8. Order Authorizing Application to the TCEQ for Approval of Project and Bonds
9. Engineer's Report with related correspondence
10. Operations Report with related correspondence