

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 61
Minutes of Meeting of Board of Directors
August 23, 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 August 23, 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; Cindy Englebort of Wheeler & Associates, Inc.; Beulah Kelly of Myrtle Cruz, Inc.; David Marks of Marks Richardson PC ("MRPC"); and Bill Evans and Floyd Ball, District residents.

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

As the first order of business, the Board deferred comments from members of the public, as no members of the public signed up to address the Board.

As the next order of business, the Board considered approval of the minutes of the Board of Directors meeting held on July 26, 2011. After discussion of the minutes presented, Director Sherrill moved that the minutes of the meeting of July 26 2011, be approved, as written. Director Lowery 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 Sherrill moved that the Board approve payment on the General Operating Account at Compass Bank, being check nos. 5009 through 5033, inclusive, on the Williamsburg Water Plant General Operating Account at Compass Bank, being check nos. 2992 through 2999, inclusive, and one wire transfer, as identified in said reports. Director Lusby seconded said motion, which carried unanimously.

Ms. Kelly next distributed a draft of the District's operating budget for fiscal year ending October 31, 2012, a copy of which is attached hereto, for the Board's review. 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 collection of taxes. In that regard, Ms. Englebort presented a report and the delinquent tax roll for the month of July, a copy of which is attached hereto. She reported that 98.80% of the District's 2010 taxes had been collected through July 31, 2011. After review and discussion of the reports presented, Director Erbert moved that the Board approve said report and authorize payment on the Tax Account, being check nos. 1963 through

1972, inclusive, as identified in said tax assessor collector's report. Director Lowery seconded said motion, which carried unanimously.

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 is substantially complete. He noted that the contractor has not filed for a final inspection and that the remaining activities include the final inspection and documentation required to support the final invoice and release of certificate of completion. Mr. Ainsworth next presented Pay Estimate Nos. 3 and 4 in the amount of \$27,777.61 and \$13,718.95, copies of which are attached hereto, and recommended that the Board concur in the payment of same by the developer. After discussion, Director BeMent made a motion to concur in the payment of Pay Estimate Nos. 3 and 4 in the amount of \$27,777.61 and \$13,718.95 to Monarch by the developer, as set out above. Director Lowery 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 Bond Application Report relative to the District's proposed \$2,970,000 Unlimited Tax Bonds, Series 2011. In connection therewith, Mr. Marks reported that the Report will be filed with the TCEQ this week.

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 reported that the applicant advised A&S that the owner has decided to place the business at another location. He next presented correspondence received from Cobb Fendley, on behalf of TC Houston Industrial Development, Inc., requesting water and wastewater capacity to serve a 21.77 acre tract as Unrestricted Reserve "A" of Westside Office Park Section One, a copy of which is attached hereto. Mr. Marks next discussed his telephone conferences with Mr. Wallace, attorney for Harris County MUD No. 62 ("No. 62"), relative to allocations for No. 62 and the District. After discussion on the matter, the Board concurred that Mr. Marks and Mr. Ainsworth should respond to the request and continue discussions with No. 62's attorney.

The Board next considered reports regarding the status of development of property within the District. In that regard, Mr. Ainsworth reported that the Safekick building construction continues and that the building slab has been installed. He next reported that A&S has had limited conversations with representatives of Trammel Crow regarding a building located on the

tract which is bisected by the District's and No. 62's boundary between Ravello and Westside Parkway. He next reported that A&S has not had any additional discussions with Harris County Permits regarding the drainage issues with the Franz Road Office Park development. After discussion, the Board concurred that this item should be removed from the agenda and that Mr. Ainsworth should no longer report on same.

The Board next considered a report on the regional sewage treatment plant, including compliance with the wastewater discharge permit. In that regard, Director Erbert reported that the blowers have been repaired and are ready to be installed and that the chlorine conversion is complete. He noted that a new budget will be adopted in October, including the addition of \$200,000 to re-level the weirs.

The Board next considered the report on the District's water, sanitary sewer and storm sewer systems for the month of July, a copy of which is attached hereto. In that regard, Ms. Secrest reported that 92.46% of the water pumped during the month of July had been accounted for. She next reported that that all bacteria samples were negative and that the District's facilities had been operated in compliance with their respective permits during the month.

Ms. Secrest next presented and reviewed a request received from Billy M. Cooke of 22410 N. Rebecca Burwell requesting a billing adjustment due to a water leak, a copy of which is attached to the operator's report. After discussion, Director Lusby made a motion to deny Mr. Cooke's request. Director BeMent seconded said motion, which unanimously carried.

Ms. Secrest next presented and reviewed a request received from Albert J. Tenorio of 22403 Wetherburn Lane requesting an adjustment to bill due to a water leak and high usage during the month of June, a copy of which is attached to the operator's report. Ms. Secrest noted that the meter readings have been verified and are correct. After discussion on the matter, Director Lusby made a motion to deny Mr. Tenorio's request. Director BeMent seconded said motion, which unanimously carried.

In connection with the status of the ground storage tank, Ms. Secrest reported that the status is unchanged.

Ms. Secrest next reported that a backflow preventer on a two inch line was stolen at Earl of Dunmore and that the customer has been notified. After discussion, the Board requested Ms. Secrest send a letter to District's commercial customers recommending that each take precautionary measures to protect the brass fittings.

The Board next considered the status of the meter replacement throughout the District. In connection therewith, Ms. Secrest reported that nine meters were left to change out and no new meters have been replaced.

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 August 23, 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 a report on meeting with representatives of No. 62 and both district's operators to develop policies and procedures for maintaining high water accountability in connection with opening the two distribution systems. In connection therewith, Director BeMent reported that the meeting will be held next Tuesday.

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, Mr. Marks reported the attorney for No. 63 advised that No. 63 has approved reimbursement to the District for the drainage easement and that No. 63 has requested that a receipt and release be prepared prior to No. 63 sending such reimbursement. He next advised that such receipt has been prepared and presented the same to Director BeMent for execution on behalf of the Board and District. After discussion on the matter, the Board concurred that Director BeMent should execute such receipt on behalf of the Board and District. Mr. Marks next reported that with respect to No. 5, correspondence has been prepared and submitted to No. 5's attorney to confirm the terms and conditions for reimbursement to the District.

A discussion then followed relative to preparation of correspondence relative to training procedures for the fire department. In connection therewith, Director Lowery queried the Board regarding whether the Board prefers to take the matter on as a municipal utility district issue. Mr. Ball next advised that the Homeowners Association ("HOA") has not received any complaints, but that the HOA would be willing to work with the District if there is an issue. The Board next discussed whether the District's Board is an appropriate body to challenge the fire department training. The Board then asked Mr. Ball if the HOA would consider tackling the issue. Mr. Ball advised that the HOA would welcome input if Director Lowery would provide the information to the Board of Directors of the HOA. Director Lowery next agreed to provide the information to the HOA and that he will prepare correspondence for the District to send.

A discussion then followed regarding items to be placed in the quarterly District newsletter. Director Lusby stated that he is working on the next newsletter.

The Board next considered matters for possible placement on future agendas.

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 AUGUST 23, 2011

1. Sign in Sheet
2. Bookkeeping Report
3. Proposed Budget for fiscal year ending October 31, 2012
4. Tax Assessor/Collector Report
5. Engineer's Report with related correspondence
6. Cobb Fendley
7. Operations Report with related correspondence
8. Delinquent Tax Report