

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 61**  
**Minutes of Meeting of Board of Directors**  
**September 8, 2009**

The Board of Directors of Harris County Municipal Utility District No. 61 met at 3700 Buffalo Speedway, Suite 830, Houston, Harris County, Texas, on September 8, 2009, 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, 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"); Robin Humphrey of Wheeler & Associates, Inc.; Beulah Kelly of Myrtle Cruz, Inc.; Anthea Moran of First Southwest Company; David Marks and Staci Parker of David M. Marks, P.C. ("DMM"); and Randy Lusby, Floyd Ball, Raymond Rogers, Wheeler BeMent, Barbara Horton and Bill Pryor, residents 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 meetings held on August 13, 2009 and August 19, 2009. After discussion of the minutes presented, Director Sherrill moved that the minutes of the meeting of August 13, 2009 be approved, as amended and that the minutes of the meeting of August 19, 2009 be approved, as written. Director Ornowski seconded said motion, which unanimously carried.

The Board next concurred to defer discussion relative to the status of the engineer's recommendations regarding drainage and flooding issues in the District until Mr. Ainsworth was present to report on same.

The Board next considered conducting interviews and appointment of new director to fill vacancy left by the passing of Director Miller. In that regard, Director Gorden stated that four residents have expressed their interest in serving on the Board and presented various biographies and qualification statements received from William Lowery, Barbara Horton, Wheeler BeMent and Randy Lusby, copies of which are attached hereto. Mr. Marks noted that he had spoken with Mr. Lowery and that Mr. Lowery could not attend the Board meeting today, but that he requested that his qualifications still be considered by the Board. Ms. Horton next addressed the Board and answered various questions. Mr. BeMent then addressed the Board and answered various questions. Mr. Lusby next addressed the Board and answered various questions. Mr. Rogers also addressed the Board and indicated that he would also like to be considered for appointment, and answered various questions. Mr. Marks next advised that he had received several email correspondence from District residents requesting deferral of appointment of a new director. Mr. Marks further discussed the statutory requirement to fill such vacancy within sixty days of the vacancy occurring. After discussion, Director Ornowski made a motion to proceed with the appointment of a person to fill the vacancy. Director Erbert seconded said motion, which unanimously carried. Mr. Rogers next advised the Board that he would not be interested in

serving on the Board before the year end and therefore requested that his name be withdrawn from consideration. A discussion then followed regarding the candidates' qualifications. After further discussion, Director Ornowski made a motion that Mr. Lusby be appointed to the Board of Directors. Director Erbert seconded such motion, which unanimously carried.

Mr. Ainsworth entered the Board meeting during the interviewing of candidates to serve on the Board.

The Board next considered the status of the engineer's recommendations regarding drainage and flooding issues in the District. In that regard, Mr. Ainsworth reported that the presentation to be provided to the community tonight is the same as given to the Board at the August 19, 2009, Board meeting, including updates to reflect the Board's preferred option to address the 25-year storm event of a 48" relief storm sewer and outfall, subject to availability of funding. He noted that A&S provided a copy of the power point presentation and summary to the resident attendees at last month's Board meeting. He next reported that A&S prepared correspondence to Harris County Precinct 3 requesting that Harris County address the issue of the overland flow surcharging Mason Road storm sewers entering into the Williamsburg Settlement via Earl of Dunmore.

The Board then considered comments from the public. Director Gorden advised that those in attendance could speak at this time, one at a time, for not more than five minutes each. He further advised that they would be asked to refrain from speaking during the rest of the meeting, but were welcome to submit written questions which, time permitting, the Board would attempt to address during the meeting. Mr. Ball requested that the Board provide the drainage power point presentation on the District's website. Mr. Ball next discussed his correspondence of September 2, 2009, with the Board and acknowledged that he had been provided with the documents requested in said correspondence. Mr. Ball then requested that the Board consider deferring approval of any rate increases today so that a meeting could be held within the District to discuss the same with the community prior to approval. Mr. Ball then noted that the June 11, 2009, minutes reflect the District's records retention schedule and advised that he would like to know what records were approved to be destroyed. Mr. Ball also advised that he would like a form of the Election Not to Disclose Certain Information document executed by new directors. Mr. Rogers next addressed the Board and noted that he will be in attendance at the Board meeting with the community residents tonight. Mr. Marks next reviewed various email correspondence received from District residents, including Katy Hall, Dave Ellis, Natalie Pryor, Bill Pryor, Raymond Rogers, Alan Ater and Steve Braswell, copies of which are attached hereto.

The Board next considered acceptance of a Qualification Statement, Oath of Office, Affidavit of Current Resident and Election Not to Disclose Certain Information executed by Mr. Lusby. Mr. Marks advised that the qualification statement required to be executed had been executed by Mr. Lusby. Mr. Lusby took his oath of office and Mr. Marks advised that same would be filed with the Secretary of State in a timely manner. After discussion on the matter, it was moved by Director Erbert, seconded by Director Sherrill and unanimously carried, that the Board accept said qualification statement and oath and appoint W.R. Lusby as a member of the Board of Directors of the District for the unexpired term of Raymond T. Miller. Director Lusby participated in the remainder of the meeting.

The Board next considered the election of an Assistant Secretary of the Board of Directors. After discussion, Director Ornowski made a motion to nominate Director Erbert as Assistant Secretary of the Board of Directors. Director Sherrill 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 report, investment inventory report, and bills for payment. Ms. Kelly noted that a debt service payment was made on September 1, 2009. 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. 4578 through 4597, inclusive, and on the Williamsburg Water Plant Account at Compass Bank, being check nos. 2833 through 2843, inclusive, as identified in said report. Director Ornowski seconded said motion, which carried unanimously. There next followed a discussion regarding the reimbursement from the West Harris County Regional Water Authority ("WHCRWA") in the amount of \$5,992.50 relative to overpayment of pumpage fees. Ms. Kelly stated that Ms. Jarmon would contact Mr. Marks to resolve and verify that the funds received were correctly deposited into the Water Plant account. A discussion then followed regarding the billing for the District's website. After discussion, Director Ornowski made a motion to approve and authorize payment for a one year term at a total cost of \$79.16. Director Erbert seconded said motion, which unanimously carried.

The Board next considered the adoption of the operating budget for fiscal year ending October 31, 2010. In that regard, Ms. Kelly presented a draft of the proposed budget for fiscal year ending October 31, 2010, a copy of which is attached hereto. After discussion on the matter, the Board concurred to defer taking any action on the matter until next month's Board meeting.

The Board next considered approval of the Unclaimed Property Report as of June 30, 2006, and the filing of same with the State Comptroller prior to November 1, 2009. In that regard, Ms. Kelly noted that one (1) account was required to be remitted to the State, and that she had filed the necessary report with the State Comptroller. Ms. Humphrey reported that there were no unclaimed fees, funds, etc. for the period in question. After discussion, the Board concurred to remove the item from the agenda.

The Board next concurred to defer engagement of an auditor to prepare the District's audit reports for the fiscal year ending October 31, 2009 and October 31, 2010, after noting that the District's auditor was not present at the Board meeting to discuss same.

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 August, copies of which are attached hereto. She reported that 98.80% of the District's 2008 taxes had been collected through August 31, 2009. After review and discussion of the reports presented, Director Ornowski moved that the Board approve said report and authorize payment on the Tax Account, being check nos. 1768, 1813 through 1817, 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. Humphrey next presented for the Board's review and information a written report dated August 13, 2009, 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.

As the next order of business, the Board received the Financial Advisor's recommendation concerning the establishment of the District's 2009 tax rate and the consideration of a proposal of the District's 2009 tax rate. In that regard, Ms. Moran presented a 2009 I&S Tax Rate Analysis, a copy of which is attached hereto, which included the financial advisor's recommendation that the District levy a 2009 debt service tax rate of \$0.44 and a maintenance tax rate of \$0.15 for a total combined tax rate of \$0.59, and noted that it is the same tax rate levied by the District since 2006. Ms. Humphries next reviewed the District's tax rate rollback worksheet with the Board, a copy of which is attached hereto. After discussion on the matter, Director Ornowski moved that the Board propose a 2009 debt service tax rate of \$0.44 per \$100 of assessed valuation and propose a 2009 maintenance tax rate of \$0.15 per \$100 of assessed valuation, resulting in a combined proposed 2009 tax rate of \$0.59 per \$100 of assessed valuation and that the Board authorize Ms. Humphrey to publish same. Director Erbert seconded said motion.

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 approval of plans and authorizing the advertisement for bids relative to the construction of amenity improvements to the detention pond. After discussion, the Board concurred to defer taking any action on the matter at this time.

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 scope of work is complete, but that the contract has not yet been finalized.

With regard to the status of the contract with Triple B Services, LLP ("Triple B") for detention and outfall facilities to serve the Westside Office Park, Mr. Ainsworth reported that the project is complete and that the final inspections have been completed by the Texas Commission on Environmental Quality and the Harris County Flood Control District, with the exception that the grass has not yet taken hold. He noted that there has been no change to date with regard to the status between the developer and Triple B relative to Change Order No. 4 and that payment still remains unresolved.

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 concurred to defer consideration of a report on shared facilities to be constructed to serve the Westside Office Park, after Mr. Ainsworth reported that there has been no change in status and that Harris County Municipal Utility District No. 62's attorney is still waiting to receive information from Edminster, Hinshaw, Russ and Associates to draft the joint maintenance agreement.

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 wastewater discharge permit. In that regard, Director Gorden reported that the expansion project is 98% complete and that there will be approximately 60 to 90 days until

completion. Mr. Marks next discussed his conference call with Mr. John Wallace and Mr. Staas regarding amendment of the sewage treatment plant contract and noted that a draft of the amendment is expected soon. Mr. Marks noted that the sewage treatment plant report indicates that the sewage treatment plant is in compliance relative to 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. In that regard, Mr. Marks reported that the annexation documents have been submitted to the Franz Family for execution. Director Gorden reported that he had spoken with Mr. Kevin Franz and that the annexation documents should be submitted to DMM soon. The Board concurred to defer taking any further action on the matter at this time.

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, the Board noted that there were no developers present at the Board meeting.

The Board next considered the report on the District's water, sanitary sewer and storm sewer systems for the month of August, a copy of which is attached hereto. In that regard, Ms. Secrest reported that 96.71% of the water pumped during the month of August 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. She noted that no appeals have been received.

Ms. Secrest next presented a report received from GM Services relative to the performance testing on water well no. 1, a copy of which is attached hereto. Ms. Secrest noted that the test results indicated that the pump appears to be operating in satisfactory condition.

Ms. Secrest next presented and reviewed the District's Meter Change Out, a copy of which is attached to the operation and maintenance report, and recommended that four (4) meters be replaced at a cost of \$103.00 per meter. After discussion, Director Sherrill made a motion to replace four (4) meters at a cost of \$103.00 per meter. Director Erbert seconded said motion, which unanimously carried.

Director Gorden next discussed recent problems with Hays' answering service, customer service department and toll free telephone number. Director Gorden reported that a complaint had been received from Mr. Ball and that he had also experienced problems with Hays' customer service department. Director Gorden next requested Ms. Secrest to add payment alternatives, including credit card payment option on delinquent letters and on monthly statements to notify residents again of payment options. Ms. Secrest noted that Hays has taken all necessary actions to resolve the customer service issues.

The Board next considered the review of the District's rates. In that regard, Director Ornowski distributed and reviewed a Rate Change Scenario Worksheet with the Board. He noted that the rate changes proposed on the worksheet are projected to generate approximately \$40,000 to \$45,000 per year. There next followed a discussion relative to same. After discussion, the Board concurred to defer taking any action on the matter at this time.

The Board next discussed matters relative to surface water issues and the WHCRWA. In that regard, Mr. Ainsworth noted that he had nothing new to report to the Board this month.

The Board next considered the status of the Amendment to the Strategic Partnership Agreement with the City of Houston. In that regard, Mr. Marks stated that there was no action required by the Board at this time.

The Board next considered adoption of an Order Establishing Meeting Place Inside the District at the Williamsburg Settlement Maintenance Association Clubhouse at 1602 Hoyt Lane (sometimes referred to as 1702 Hoyt Lane), Katy, Texas 77449, a copy of which is attached hereto. After consideration of the matter, it was moved by Director Sherrill, seconded by Director Ornowski, and unanimously carried that said Order be passed and adopted.

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

/s/ R.D. Sherrill

R.D. Sherrill

Secretary