

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 61**  
**Minutes of Meeting of Board of Directors**  
**October 25, 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 October 25, 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"); Cindy Englebert of Wheeler & Associates, Inc. ("W&A"); Beulah Kelly of Myrtle Cruz, Inc. ("MCI"); Anthea Moran of First Southwest Company; David Marks of Marks Richardson PC ("MRPC"); and S.J. Doehring, III, Vice President of Harris County Municipal Utility District No. 62 ("No. 62") and Bill Evans, Floyd Ball and Rick Lawler, residents of the District.

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 connection therewith, Director BeMent reported that correspondence was received from Mrs. Evans of 22323 N. Rebecca Burwell stating that her water filter reflected iron being filtered out of her water from one day usage and that there is discoloration in water delivered between the hours of 10:00 a.m. and 12:00 Noon. Ms. Secrest noted that Hays Utility will investigate the same. Director BeMent next reported that Mrs. Evans' correspondence also stated that districts in the Katy area have reported water level declines of approximately 90 feet. Ms. Secrest advised that she will have the District's water well inspection report by the next meeting.

As the next order of business, the Board considered approval of the minutes of the Board of Directors meeting held on September 27, 2011. After discussion of the minutes presented, Director Sherrill moved that the minutes of the meeting of September 27, 2011, be approved, as revised. 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 Erbert moved that the Board approve payment on the General Operating Account at Compass Bank, being check nos. 5048 through 5072, inclusive, and on the Williamsburg Water Plant General Operating Account at Compass Bank, being check nos. 3005 through 3011, inclusive, as identified in said reports. Director Lusby seconded said motion, which carried unanimously.

Director Sherrill next questioned regarding Westin Municipal Utility District (“Westin”) amount due in the amount of \$202.34. After discussion on the matter, Director Sherrill made a motion to authorize MCI to bill Westin for the balance due. Director Lusby seconded said motion, which carried unanimously.

The Board next considered the adoption of amended operating budget for fiscal year ending October 31, 2012. Ms. Kelly presented and reviewed the proposed budget for the District and the proposed budget for the Williamsburg Water Plant for fiscal year ending October 31, 2012, a copy of which is attached hereto. A discussion then followed regarding various revisions to said budgets. After discussion on the matter, Director Lusby made a motion to approve the District’s operating budget and the Williamsburg Water Plant budget for fiscal year ending October 31, 2012, as amended. Director Sherrill seconded said motion, which unanimously carried.

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 September, a copy of which is attached hereto. She reported that 92.96% of the District’s 2010 taxes had been collected through September 30, 2011. 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. 1981 through 1995, inclusive, with check nos. 1988 through 1992 being voided, as identified in said tax assessor collector’s report. Director Lusby seconded said motion, which carried unanimously.

Ms. Englebert next reported that the District has non-delinquent taxes due on \$111,639,254 in assessed valuation due to removal of the agriculture exemption for annexed land for the years 2008 through 2010. She next distributed and reviewed correspondence received from Ms. Jamileh Soufan requesting a payment plan for taxes owed for the years 2008 through 2010, a copy of which is attached hereto. She advised that Ms. Soufan has requested to make a \$1,300 deposit and seventeen (17) monthly payments totaling \$22,061.96. After discussion on the matter, Director Lusby made a motion to approve the payment plan as set out above. Director BeMent seconded said motion, which unanimously carried.

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 October 25, 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.

As the next order of business, the Board conducted a public hearing relative to the District’s proposed 2011 debt service tax rate and maintenance tax rate. Ms. Englebert advised that the proposed tax rate publication had been published in accordance with state law requirements. In connection therewith, the President announced the hearing open and invited members of the public to address the Board on the proposed 2011 debt service tax rate and maintenance tax rate. Seeing no persons interested in addressing the Board, the President then announced the hearing closed.

The Board next considered the adoption and levy of the District’s 2011 proposed debt service and maintenance tax rate. After discussion on the matter, Director BeMent moved that the Board levy a 2011 debt service tax rate of \$0.44 per \$100 of valuation and a 2011 maintenance tax rate of \$0.15 per \$100 of valuation for a total tax rate of \$0.59 per \$100

valuation, and that the attached Order Levying Taxes be adopted in connection therewith. Director Lusby seconded said motion, which carried unanimously.

Mr. Marks next presented and reviewed with the Board an Amended District Information Form in connection with the 2011 tax rate. After discussion regarding same, Director Lusby moved that said Form be approved and that the Board members present be authorized to execute same. Director Erbert seconded said motion, which unanimously carried.

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 MRPC received the draft Staff Memorandum and accepted same.

Ms. Moran entered the meeting.

The Board next considered authorizing the District's consultants to proceed with the preparation of documentation related to issuance of the District's bonds. Ms. Moran next reviewed a time table of the upcoming months, including approval of the Preliminary Official Statement at the November 22, 2011 meeting, the issue bonds at the January 10, 2012 meeting, the approval of pre-close items at the February 7, 2012 meeting and the closing of the bonds to be held on February 14, 2012. After discussion on the matter, Director Erbert made a motion to authorize the District's consultants to proceed with the preparation of documentation related to issuance of the District's bonds and approve the time table as set out above. Director Lusby seconded said motion, which unanimously carried.

The Board next considered moving the December meeting to December 20, 2011. After discussion, Director Lusby made a motion to move the December meeting to December 20, 2011. Director Lowery seconded said motion, which unanimously carried.

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 considered authorizing the engineer to prepare the plans and specifications for rehabilitation of the District's sanitary sewer system. After discussion on the matter, Director Lusby made a motion to authorize A&S to prepare the plans and specifications for rehabilitation of the District's sanitary sewer system. Director Lowery seconded said motion, which unanimously carried.

The Board next considered the status of contract with Monarch Civil Constructors, LLC for the extension of District facilities to serve the StoneArch development. In connection therewith, Mr. Ainsworth reported that the water, sewer and drainage portion of the project is substantially complete and that the contractor has not filed for a final inspection. He noted that the remaining activities include receipt of the final bac-T results and electrical power for the private lift station. He further noted that there were no pay estimates for Board concurrence this month. He advised that StoneArch has inquired regarding possible installation of an amenity package for the detention pond. A discussion then followed relative to same. After discussion, the Board concurred and requested MRPC to prepare a contract by and between the District and StoneArch relative to the proposed amenity package for the detention pond.

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 amendment of the District's Rate Order. There next followed a discussion relative to a fire line tap fee. After discussion, Director Lusby made a motion to amend the District's Rate Order to include the fire line tap fee under commercial tap, with said Rate Order to be effective as of today's date, that any and all rate orders heretofore adopted be revoked and that the attached Rate Order be passed and adopted. Director Erbert seconded said motion, which unanimously carried.

The Board next considered amendment to Agreement by and between the District and A&S. In connection therewith, Mr. Ainsworth presented and reviewed the attached proposal and advised that the amendment reflects revisions in A&S's hourly rate structure and the addition of additional labor classifications to be effective December 1, 2011. He next discussed the need for a similar amendment to the Williamsburg Water Plant General Consulting Agreement in connection with same. After discussion, Director Lusby made a motion to approve both Amendments to the General Consultant Agreement relative to the District and Williamsburg Water Plant to be effective December 1, 2011. Director Erbert seconded 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 Franz family request, A&S has not yet resolved the issue with the City of Houston regarding the variance request and are continuing discussions. Mr. Ainsworth next reported that A&S has met with a representative of Commercial Capital Investments relative to the 39 acre tract to review the property owner's options and requirements. Mr. Marks next reported that he received an email on behalf of the property owner regarding possible request for de-annexation of the tract.

The Board next considered reports regarding the status of development of property within the District. In that regard, Mr. Ainsworth reported that with respect to the SafeKick building in Westside Office Park, construction continues.

With regard to the status of the Trammell Crow proposed building, Mr. Ainsworth reported that A&S prepared and forwarded to the Developer's engineer a letter addressing two items related to the provision of domestic water, fire water and sanitary sewer service, a copy of which is attached to the engineer's report.

The Board next considered a report on the regional sewage treatment plant, including compliance with the wastewater discharge permit. In that regard, Director BeMent reviewed the capital improvement plan and noted that the District's share for 2012 is approximately \$90,000.

The Board next considered the report on the District's water, sanitary sewer and storm sewer systems for the month of September, a copy of which is attached hereto. In that regard, Ms. Secrest reported that Hays Utility found an error on the well log and sent a revised billing form to the West Harris County Regional Water Authority for correction. She noted that the District had already paid the invoice for August 2011 and that she will follow up relative to the credit due to the District in the amount of \$10,850.00, which will be applied to the District's October 2011 payment. She next reported that a service line was repaired at 22326 Wetherburn Lane. Ms. Secrest next reported that 92.48% of the water pumped during the month of September had been accounted for, 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.

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

Ms. Secrest reported that she will confirm of the upcoming water well inspections to be performed by GM Services in November.

The Board next deferred review of proposal relative to replacement of mechanical packings at Water Pant.

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. A discussion then followed relative to the service issue. After discussion regarding No. 62 homes being served by No. 61 water even after systems separated, the Board concurred to treat the water provided to No. 61 connections the same as before the systems were separated. Director BeMent noted that he will meet with representatives of No. 62 the second week in November to discuss the plan to reintegrate both systems.

The Board next considered the status of the meter replacement throughout the District. In connection therewith, Ms. Secrest reported that one meter was replaced this month from the meter change out program and ten stuck meters were replaced. She noted that no meter change outs occurred this month and that she will follow up on the two-inch meter at the clubhouse.

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. Director BeMent next discussed the proposed \$0.20 pumpage fee rate increase.

A discussion then followed relative to training procedures for the fire department. In connection therewith, Mr. Marks reported that the correspondence was sent to the West I-10 Fire Department after the last Board meeting. Mr. Lawler next addressed the Board and invited the Board to attend a meeting at Fire Station No. 4 to observe the work of the fire fighters who responded to the recent fire within the District. Mr. Lawler noted that the Department has 70 volunteers and 5 stations. A discussion then followed. After discussion, Director Lowery accepted Mr. Lawler's invite and requested Mr. Lawler to schedule a meeting to discuss the specifications of what occurred at the recent house fire in the District. The Board next expressed their disappointment with the fire department's response to the District's concerns.

Mr. Lawler exited the meeting.

A discussion then followed regarding items to be placed in the quarterly District newsletter, including an article regarding the upcoming sanitary sewer rehabilitation.

The Board next considered matters for possible placement on future agendas. In connection therewith, Mr. Marks presented and reviewed the attached correspondence received

from the U.S. Census Bureau requesting completion of a Government Units Survey. After discussion, the Board deferred taking any action on the matter.

The Board next discussed Senate Bill No. 100 (SB 100) passed by the 82nd Texas Legislature giving political subdivisions the authority to change the date of their general election for officers to the November uniform election date, and the adoption of a Resolution in connection therewith. Mr. Marks next distributed and reviewed a revised Memorandum to the Board, a copy of which is attached hereto. After discussion on the matter, Director Lusby made a motion to change the date of their general election for officers to the November uniform election date in even numbered years. Director Lowery seconded said motion, which unanimously carried.

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 OCTOBER 25, 2011

1. Sign in Sheet
2. Bookkeeping Report
3. Proposed Budget for fiscal year ending October 31, 2012
4. Tax Assessor/Collector Report
5. Jamileh Soufan correspondence
6. Delinquent Tax Report
7. Order Levying Taxes
8. Engineer's Report with related correspondence
9. Rate Order
10. Memo regarding A&S proposed contract modification
11. Operations Report with related correspondence
12. U.S. Census Bureau Survey Notice
13. Senate Bill No. 100 Memorandum