

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 61

Minutes of Meeting of Board of Directors

November 22, 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 November 22, 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 Bill Baird 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 ("First Southwest"); David Marks of Marks Richardson PC ("MRPC"); and Bill and Loretta Evans, 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 that regard, it was noted that no members of the public wished to speak.

As the next order of business, the Board considered approval of the minutes of the Board of Directors meeting held on October 25, 2011. After discussion of the minutes presented, Director Sherrill moved that the minutes of the meeting of October 25, 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 Sherrill moved that the Board approve payment on the General Operating Account at Compass Bank, being check nos. 5068 through 5089, inclusive, and on the Williamsburg Water Plant General Operating Account at Compass Bank, being check nos. 3011 through 3018, inclusive, as identified in said reports. Director Lowery seconded said motion, which carried unanimously.

Director Sherrill next discussed with the Board the box information reflected at the bottom of the profit and loss report. A discussion then followed regarding the District's original plan to utilize sales tax revenue and Interfin's capital contribution to pay the capital cost of the amenity features added to the detention pond, to reserve the remaining funds for future projects and to utilize new sales tax revenues for future projects, and to use operating account general revenues to pay the operating and maintenance costs of the pond. After discussion on the matter, Director Sherrill made a motion to stop monthly transfers out of reserve and review again in

September 2012, and then if transfers are necessary to balance the District's budget, to make a transfer at that time. Director BeMent 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 96.40% of the District's 2010 taxes, and 0.00% of the District's 2011 taxes had been collected through October 31, 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. 1996 through 2002, inclusive, as identified in said tax assessor collector's report. Director Lowery 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 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. Ms. Englebert noted that the Harold E. Lee account was paid in full. She next reported that Mr. Williams Burns, Jr. is refusing to pay penalty and interest on the delinquent account and noted that no billing errors or administration errors have occurred and that Mr. Burns is just simply refusing to pay. After discussion on the matter, the Board concurred to hold funds until balance is paid, provided the delinquent tax attorneys confirm doing so will not compromise ability to collect balance. Ms. Englebert next advised that Texas Tires & Sounds business is still open.

The Board next conducted a public hearing relative to taxation of tangible personal property pursuant to Section 11.253, Texas Tax Code. In connection therewith, the President announced the hearing open and invited members of the public to address the Board relative to taxation of tangible personal property pursuant to Section 11.253, Texas Tax Code. Seeing no members of the public wishing to speak, the President then announced the hearing closed.

The Board next considered the adoption of a Resolution Authorizing Taxation of Tangible Personal Property in Transit. After discussion, Director Sherrill moved that the attached Resolution Authorizing Taxation of Tangible Personal Property be adopted. Director Lusby seconded said motion, which carried unanimously.

The Board next considered the status of Bond Application Report relative to the District's proposed \$2,970,000 Unlimited Tax Bonds, Series 2012. In connection therewith, Mr. Marks reported that the Order issued by the Texas Commission on Environmental Quality ("TCEQ") approving the bond issue in the requested amount of \$2,970,000 has been received. Ms. Moran noted that the District is on schedule to issue bonds in January and she expects to receive two to four bids.

The Board next considered the engagement of disclosure counsel in connection with the issuance of the Bonds. After discussion on the matter, Director Lowery moved that the engagement of McCall, Parkhurst & Horton, LLP as the District's disclosure counsel be confirmed. Director Erbert seconded said motion, which unanimously carried.

Ms. Moran next presented and reviewed with the Board the Preliminary Official Statement and Official Notice of Sale prepared in connection with the District's Series 2012 Bonds, a copy of which is attached hereto. Following discussion on the proposed Official Notice of Sale and Preliminary Official Statement, Director Lowery moved that the offering documents

be approved and completed and that same be distributed to the various potential underwriters, rating services and insurance companies, in anticipation of a sale of the District's Bonds, and that such Preliminary Official Statement be deemed to be final for all purposes with the exception of any additional materials or information relating to subsequent material events, offering prices, interest rates, selling compensation, identity of the underwriters, aggregate principal amounts and other similar information, terms and provisions to be specified in the competitive bidding process. Director Erbert seconded said motion, which unanimously carried.

The next item considered by the Board was to authorize the District's financial advisor, First Southwest, to advertise for the sale of the District's Bonds. After discussion, Director Lowery moved that the Board authorize First Southwest to advertise for the sale of the District's Bonds with bids to be received by the Board at a meeting to be held on January 10, 2012, at 12:00 Noon, at the offices of Marks Richardson PC. The motion was seconded by Director Erbert, which unanimously carried.

The Board next considered the designation of a Paying Agent/Registrar in connection with the District's Bonds. Ms. Moran recommended that the Board consider designating Wells Fargo Bank, N.A. ("Wells Fargo") as the Paying Agent/Registrar for the Bonds. After discussion, Director Lowery moved that Wells Fargo be designated as Paying Agent/Registrar in connection with the Bonds. Director Erbert seconded said motion, which unanimously carried.

The Board next considered approval of all other actions required in connection with the sale of the District's Series 2012 Bonds. After discussion, Director Lowery made a motion that all other actions required in connection with the sale of the Series 2012 Bonds be approved, including authorizing the District's auditor to prepare a developer reimbursement audit and authorizing the District's financial advisor to apply for insurance and rating. Director Erbert 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. Baird presented a report relative to same, a copy of which is attached hereto.

The Board next deferred consideration of approval of 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 for the extension of District facilities to serve the StoneArch development. In connection therewith, Mr. Baird reported that A&S has not seen the final bac-T results and that the contractor has not filed for a final inspection. He noted that the remaining activity includes electrical power for the private lift station. He further noted that there were no pay estimates for Board concurrence this month. He stated that the developer expects to obtain initial occupancy in March of 2012 and that the units are currently 50% pre-leased.

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 requests for issuance of utility commitments. In that regard, Mr. Baird 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. Baird next reported that A&S has not had any response from the representative of Commercial Capital Investments relative to the 39 acre tract after providing them with the requested information at the meeting in October.

The Board next deferred consideration of a report on the regional sewage treatment plant, including compliance with the wastewater discharge permit.

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

With regard to the status of the Trammell Crow proposed building, Mr. Baird 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, but have not yet received a response regarding same.

Mr. Baird next reported on a possible new building in the District. He stated that Interfin has notified A&S about a 10 acre tract under contract on the northwest corner of Mason Road and Merchants Way. He noted that it is a company headquarters building of approximately 60,000 SF.

The Board next considered the report on the District's water, sanitary sewer and storm sewer systems for the month of November, a copy of which is attached hereto. In that regard, Ms. Secrest next reported that 95.61% of the water pumped during the month of October had been accounted for, 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 reported that the water well inspections were performed and that both water wells are performing well and that the static level is down approximately 6 feet.

Ms. Secrest next reported that there is a leak on the booster pump header line at the Water Plant and will need to isolate the header line to repair, which will require excavation to locate valves at an estimated cost of \$1,500.00.

Ms. Secrest next reported that the District received its credit from the West Harris County Regional Water Authority.

Ms. Secrest next reported that there is a negative amount of water to a Mini Mart and that apparently a valve at Gatswich is an issue, but that Harris County Municipal Utility District No. 62 ("No. 62") is providing water to this property. She noted that she will gather all facts and report on the status at next month's meeting.

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

The Board next considered review of a proposal relative to replacement of mechanical packings at Water Pant. Ms. Secrest reported that the mechanical seals are leaking and need to be re-packed in order to keep them from leaking, but that this type of seal always leaks a little bit. She noted that it will cost approximately \$7,000 each to replace and that there are two seals in

need of replacement. Ms. Secrest agreed to discuss the project with the No. 62 operator before the December meeting.

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. Director Bement noted that the operator representative for No. 62 recently quit, therefore this has been delayed.

The Board next considered the status of the meter replacement throughout the District. In connection therewith, Ms. Secrest reported that there were no meters replaced this month.

The Board next considered the status of surface water issues and the West Harris County Regional Water Authority ("WHCRWA"). In connection therewith, Mr. Baird stated that the WHCRWA will be raising their rates, effective January 1, 2012. He noted that the surface water rate will be \$2.15 per 1,000 gallons and the pumpage fee rate will be \$1.75 per 1,000 gallons.

A discussion then followed relative to training procedures for the fire department. In connection therewith, Mr. Lowery stated that he will meet with the Chief of Fire Station No. 4 to discuss the specifications of what occurred at the recent house fire in the District. After discussion, the Board concurred to remove the item from the agenda.

A discussion then followed regarding items to be placed in the quarterly District newsletter. Director Lusby stated that the next edition will be at the end of December.

The Board next considered approval of a Resolution Casting Ballot for the Election of a Person to the Board of Directors of the Harris County Appraisal District. After discussion, Director Lusby moved that the Board cast a vote for Glenn E. Peters, that said Resolution be adopted by the Board and District, and that the President and Secretary be authorized to execute same. Director Lowery seconded said motion, which unanimously carried.

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

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 reviewed a Resolution Changing Election Date for Board of Directors with the Board. After discussion on the matter, Director Lowery made a motion to adopt the attached Resolution Changing Election Date of Board of Directors and that the President and Secretary be authorized to execute same on behalf of the Board and District. Director Lusby 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 NOVEMBER 22, 2011

1. Sign in Sheet
2. Bookkeeping Report
3. Tax Assessor/Collector Report
4. Delinquent Tax Report
5. Resolution Authorizing Taxation of Tangible Personal Property in Transit
6. Draft Preliminary Official Statement and Official Notice of Sale
7. Engineer's Report with related correspondence
8. Operations Report with related correspondence
9. WHCRWA correspondence
10. Certificate of Ballot for Board of Directors Harris County Appraisal District
and Resolution
11. Resolution Changing Election Date for Board of Directors