

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors
January 12, 2010

The Board of Directors ("Board") of Harris County Municipal Utility District No. 1 ("District") met at 1100 Louisiana Street, Suite 400, Houston, Texas, on January 12, 2010 in accordance with the duly posted notice of the meeting, with a quorum of directors present, as follows:

Craig C. Young, Vice President
Raymond Kelley, Secretary
Greg Vratil, Director
Gus Gustafson, Director

and the following absent:

Doug Caldwell, President

Also present were Mr. Howard Wilhite of Hays Utility Service, Mr. Mark Eyring of Mark L. Roth, CPA, Ms. Vickey Sullivan of Equi-Tax, Inc., Ms. Mary Ann Mihills of McLennan & Associates, LP, Mr. Erik Spencer of Van De Wiele & Vogler, Inc., and Mr. James D. Bonham, attorney for the District.

The President called the meeting to order and declared it open for such business as might properly come before it.

1. The Board considered the minutes of the meeting of December 18, 2009, and upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

2. The Board then recognized Ms. Mary Ann Mihills who presented the attached bookkeeper's report. The Board considered invoices presented by the bookkeeper and reviewed a schedule of District investments. The Board also reviewed the general fund budget comparison of actual versus budgeted revenues and expenditures. The bookkeeper reported \$13,350 in tap revenue had been received during the previous month. After review and discussion, upon unanimous vote, the Board approved the bookkeeper's report and the checks listed thereon.

3. The Board recognized Mr. Mark Eyring who presented the audit report for the fiscal year ended September 30, 2009, including the management discussion and analysis. The auditor also presented a management letter and recommended the Board increase the consultants' fidelity bond which covers the bookkeeper to address weaknesses in the internal controls in the bookkeeper's office. After discussion by the Board, upon unanimous vote, the Board approved the audit report and authorized the attorney to file the report as required by law. The Board also requested the attorney obtain quotes for increased limits on the fidelity bond.

4. The Board then considered the attached order confirming review of the District's investment policy, and upon unanimous vote, the order was approved by the Board.

5. The attorney for the District then discussed with the Board the District's continuing disclosure obligation under the District's bond order covenants and MSRB Rule 15c2-12. After discussion, the attorney was instructed to prepare the necessary filing.

6. The Board then reviewed the tax assessor-collector's report reflecting the 2008 taxes to be 97.5% collected. The Board reviewed a schedule of delinquent taxes and a schedule of disbursements from the tax account. Upon motion duly made, seconded and unanimously carried, the Board approved the tax assessor-collector's report and the checks drawn on the tax account.

7. The Board then considered the attached order adopting an over 65 or disabled homestead exemption, and upon unanimous vote, the order was approved by the Board.

8. Mr. Howard Wilhite was then recognized by the Board and presented the operator's report reflecting 1,721 total connections in the District. The Board reviewed the water production and consumption data, and it appeared that 95.68% of the water pumped during the previous month had been accounted for. The operator reported on the operation of water plant no. 1, water plant no. 2 and the wastewater treatment plant and advised that there were no waste discharge permit violations during the reporting period. The operator reported a water main break in The Preserve subdivision and presented a request for concrete repair by a District resident in the area of repair of a service line break. The Board reviewed the matter and agreed that the request should be denied. The Board also reviewed the billing and collections data which appears in the report. Upon motion duly made, seconded and unanimously carried, the Board approved the operator's report and authorized termination of services to all customers appearing on the delinquent list.

9. The Board then recognized Mr. Erik Spencer who presented the engineer's report. The engineer presented a bid tabulation for the Wimbledon Country drainage improvements, and it appeared the low bidder is Rebel Construction in the amount of \$857,018. The Board discussed the matter and authorized award of the contract to Rebel Construction upon receipt of final approved plans. The Board reviewed the pay applications which appear in the engineer's report and approved both pay applications. The Board then addressed each item which appears in the written report. After discussion by the Board, upon unanimous vote, the Board approved the engineer's report.

10. The Board then discussed the requirement to prepare an Emergency Preparedness Plan and submit to the Texas Commission on Environmental Quality and the Board instructed the District's engineer and operator to prepare the plan.

11. The Board then considered an application to the Texas Commission on Environmental Quality for release of funds from escrow, and upon unanimous vote, the application was approved by the Board.

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

A handwritten signature in black ink, consisting of a large, stylized initial 'C' followed by several smaller, less distinct characters.

Secretary