

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors  
February 9, 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 February 9, 2010 in accordance with the duly posted notice of the meeting, with a quorum of directors present, as follows:

Doug Caldwell, President  
Craig C. Young, Vice President  
Raymond Kelley, Secretary  
Gus Gustafson, Director

and the following absent:

Greg Vratil, Director

Also present were Mr. Mike Potter of Hays Utility Service, Mr. Duncan Lamme of RBC Capital Markets, Ms. Vickey Sullivan of Equi-Tax, Inc., Ms. Mary Ann Mihills of McLennan & Associates, LP, Mr. Erik Spencer of Van De Wiele & Vogler, Inc., Mr. Ron Walkoviak of Development Consultants 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 January 12, 2010, 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. After review and discussion, upon unanimous vote, the Board approved the bookkeeper's report and the checks listed thereon.

3. The Board then reviewed the tax assessor-collector's report reflecting the 2008 taxes to be 78.7% 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.

4. The Board then considered the attached order levying an additional 20% penalty on 2009 taxes which remain delinquent on July 1, 2010 and confirming engagement of a delinquent tax attorney, and upon unanimous vote, the order was approved and executed.

5. The Board then considered the attached Order for Election of Directors to be held May 8, 2010, and upon unanimous vote, the Order was approved by the Board.

6. The Board then discussed the possible requirement for filing a Voting Rights Submission to the U. S. Justice Department and authorized the attorney to prepare the filing should it become necessary.

7. The Board then considered a proposed contract with Harris County for conducting a joint election, and upon unanimous vote, the Board authorized execution of a contract should the election be necessary.

8. Mr. Mike Potter was then recognized by the Board and presented the operator's report reflecting 1,732 total connections in the District. The Board reviewed the water production and consumption data, and it appeared that 91% 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 Board discussed the status of payment of the deposit by the apartment complex and requested the operator confirm that the apartment is making payments as agreed. The Board discussed the potential benefit for installing the electronic meters in the District, and Mr. Potter agreed to obtain information regarding the same and provide an analysis to determine if the project would be beneficial. Mr. Potter reported that 20 American Darling fire hydrants had been repaired at no cost to the District as a result of a defect in the fire hydrants. The operator advised that there is a software upgrade required by the District's Red Flag program and proposed a one-time charge of \$0.75 per customer for performing the upgrade. After discussion by the Board, it was agreed that the charge would be acceptable. The Board then reviewed an appeal from a District customer as a result of excessive water use and agreed that the appeal 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 Board approved pay application no. 6 on the contract for installation of a natural gas generator at water plant no. 2. The Board discussed the status of the Wimbledon Country drainage project and Mr. Spencer advised that plans had been approved for the project. The Board authorized award of the construction contract to Rebel Construction in the amount of \$857,018 upon receipt of final approved plans. The Board discussed scheduling a meeting with the residents of Wimbledon Country subdivision to review the project and it was agreed that the meeting be scheduled following notice to proceed. The engineer reported on the status of the sanitary sewer rehabilitation in Traditions, Section 1 and reviewed with the Board the status of utility construction in the various subdivisions in the District. The engineer requested authorization to advertise for bids for Preserve at Northampton (formerly Willow Court Estates) for the detention, underground utilities, wastewater treatment plant and pollution prevention contract. Mr. Walkoviak reported on the developer's intent to proceed with the development, and upon unanimous vote, the engineer was authorized to advertise for bids for the projects. The Board then discussed the requirement for an Emergency Preparedness Plan and the engineer was instructed to submit the plan to the TCEQ as required by law. After discussion by the Board, upon unanimous vote, the Board approved the engineer's report.

10. The Board then considered a request for consent to assignment of the SV Farms reimbursement agreement to Woodforest National Bank, and upon unanimous vote, the consent was approved.

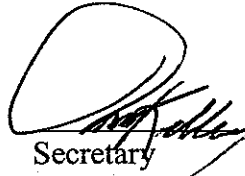
11. The Board then discussed a proposal for increase in the coverage of the fidelity bond covering the bookkeeper, and after discussion it was agreed that no increase would be necessary.

12. The Board then recognized the District's financial advisor who reviewed with the Board the Preliminary Official Statement for the Series 2010 refunding bonds, and after discussion, upon unanimous vote, the Board approve the Preliminary Official Statement and completion of the final Official Statement upon sale of the bonds.

13. The Board then discussed the procedure for sale and delivery of the Series 2010 Refunding Bonds and designated Director Doug Caldwell as an authorized representative of the District to commit to sale of the refunding bonds provided there is a present value savings of 3% or better. The Board also authorized any and all actions and documents necessary, including a Bond Purchase Agreement, Paying Agent/ Registrar Agreement, Escrow Agreement and other related documents to allow the bonds to be sold, approved by the Attorney General, registered by the Comptroller of Public Accounts, and delivered to the purchaser.

14. The Board then considered the terms of a proposed Bond Order for the Series 2010 Refunding Bonds, and upon unanimous vote, the Bond Order was approved by the Board subject to completion following sale of the bonds.

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

  
Secretary