

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors  
May 11, 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 May 11, 2010 in accordance with the duly posted notice of the meeting, with a quorum of directors present, as follows:

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

and the following absent:

None

Also present were Mr. Mike Potter of Hays Utility Service, 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 attached order declaring the results of the May 8, 2010 directors election, and upon unanimous vote, the order was approved by the Board. The newly elected incumbents each executed an Oath of Office, Statement of Qualifications and Directors Statement.

2. The Board considered the minutes of the meeting of April 13, 2010, and upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

3. 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.

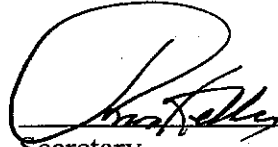
4. The Board then reviewed the tax assessor-collector's report reflecting the 2008 taxes to be 95.1% collected. The Board reviewed a schedule of delinquent taxes and a schedule of disbursements from the tax account. Upon motion duly made, seconded and unanimously carried, the Board approved the tax assessor-collector's report and the checks drawn on the tax account.

5. Mr. Mike Potter was then recognized by the Board and presented the operator's report reflecting 1,785 total connections in the District. The Board reviewed the water production and consumption data, and it appeared that 94.23% 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. Mr. Potter advised that certain water taps in Saddlebrook Village and Saddlebrook Ranch require excessive excavation and shoring at excessive cost to the District's operator. Therefore, Mr. Potter requested that the operator's contract be amended to increase the fee for 3/4 -inch and 1-inch water taps by \$200. The Board agreed to consider the contract amendment which would be limited to excessively deep water line taps at the next Board meeting. Mr. Potter then presented a proposed Consumer Confidence Report to be included in the June, 2010 water bills, and upon unanimous vote, the Board approved the Consumer Confidence Report. 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. Mr. Potter then presented a schedule of residential water accounts which are considered uncollectible, and after discussion by the Board, upon unanimous vote, the accounts were written off and the operator was authorized to refer the accounts to a collection agency.

6. The Board then recognized Mr. Erik Spencer who presented the engineer's report. Mr. Spencer reviewed with the Board various issues related to the Wimbledon Country drainage construction project, including the status of tree removal and the effort to preserve as many trees as possible. Mr. Spencer also reported on the required encroachment to one lot in Wimbledon Country subdivision and the required revision to the plans as a result of the need for an inlet on North Riding Drive. The engineer also reported on communication with CenterPoint Energy regarding power pole guy wires in the channel. The Board reviewed the appraisal for the 2.4 acres in Londonderry Reserve B which may be acquired for a landscape buffer, and it was agreed to defer the matter pending advice by Mr. Michael Murr of the anticipated cost of landscaping the area, as well as landscaping in the area of the Wimbledon Country Clubhouse. Mr. Spencer presented a proposal from Alsay, Inc. for replacement of the pump at water plant no. 1 at a cost of \$45,244, and the Board agreed to proceed with the project and pay the costs thereof from surplus capital projects funds in accordance with the rules of the Texas Commission on Environmental Quality. The Board also discussed repair or replacement of water plant no. 1 and agreed to defer the matter pending testing for benzene in the water. The Board reviewed a proposal from B5 Construction Company for 65 feet of aluminum handrail at the wastewater treatment plant disinfection basin, and upon unanimous vote, the proposal was accepted in the amount of \$3,500. Mr. Spencer reviewed with the Board the status of various projects in the District and requested authorization to advertise for bids for the underground utilities to serve The Preserve at Northampton, Section 1, as well as wastewater treatment plant no. 2. After discussion by the Board, the engineer was authorized to advertise for bids for both projects. After discussion by the Board, upon unanimous vote, the Board approved the engineer's report.

7. Director Vratil then discussed with the Board the status of development of the District's website and requested review by the Board members.

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



A handwritten signature in black ink, appearing to read "Kristy Kelly", is written over a horizontal line.

Secretary