

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors
June 8, 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 June 8, 2010 in accordance with the duly posted notice of the meeting, with a quorum of directors present, as follows:

Doug Caldwell, Jr., President
Raymond Kelley, Secretary
Gus Gustafson, Director

and the following absent:

Craig C. Young, Vice President
Greg Vratil, Director

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. Michael Murr of Murr, 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 May 11, 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 96.1% collected. The Board reviewed a schedule of delinquent taxes and a schedule of disbursements from the tax account. The tax assessor reviewed with the Board the 2010 preliminary tax value provided by the Harris County Appraisal District. 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. Mr. Mike Potter was then recognized by the Board and presented the operator's report reflecting 1,822 total connections in the District. The Board reviewed the water production and consumption data, and it appeared that 95.76% 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 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.

5. The Board then considered revision to the District's Rate Order, including increasing the deposit for customers who have water service terminated for failure to pay delinquent water bills and an increase to cover the losses incurred by the District in the pass-through of the North Harris County Regional Water Authority fees. After discussion by the Board, the attached amended Rate Order was adopted effective June 8, 2010.

6. The Board then recognized Mr. Erik Spencer who presented the engineer's report. The engineer presented pay application no. 1 on the Rebel Contractors contract, as well as change orders no. 1 and 2 on the contract. The Board approved the pay application and the change orders and authorized execution of a contract with CenterPoint Energy to remove guy wires from the drainage channel. The Board also requested that CenterPoint abandon the guy wire easements related to the facilities. The Board discussed the proposed Londonderry Reserve B landscape buffer and agreed to defer the matter to a future Board meeting. The engineer reported on repairs at water plant no. 1 and advised that the benzene testing should be completed in the near future. The Board discussed alternatives for constructing a new water well at a site to be identified or drilling a new well at the site for water plant no. 1. Mr. Spencer reported on the status of development of the various subdivisions in the District, and upon unanimous vote, the Board authorized advertisement for bids for underground utilities to serve Saddlebrook Village, Section 2. After discussion by the Board, upon unanimous vote, the Board approved the engineer's report.

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


Secretary