

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors  
September 13, 2011

The Board of Directors ("Board") of Harris County Municipal Utility District No. 1 ("District") met at 1100 Louisiana Street, Suite 400, Houston, Texas, on September 13, 2011 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. David Smalling of RBC Capital Markets, Ms. Terry Woodson of Waste Management, Ms. Valerie Jones of Londonderry Homeowner's Association, Mr. Mark Roth of Mark L. Roth CPA, 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 Lakeview Land Group, LLC, 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 August 9, 2011, and upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

2. The Board then recognized Mr. David Smalling of RBC Capital Markets who presented the Preliminary Official Statement for the District's \$5,700,000 Series 2011 Unlimited Tax Bonds. The Board reviewed the Preliminary Official Statement, including the certification contained therein, and upon unanimous vote, the Board approved the Preliminary Official Statement and Notice of Sale and authorized publication of the Notice of Sale.

3. The Board then considered a resolution authorizing the financial advisor to bid on the Series 2011 Bonds, and upon unanimous vote, the resolution was approved by the Board.

4. 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.

5. The Board then considered the attached resolution adopting a general fund budget for the fiscal year ending September 30, 2012, and upon unanimous vote, the resolution was approved by the Board.

6. The Board then recognized Mr. Mark Roth who presented a proposal for performing the audit for the fiscal years ending September 30, 2011 and September 30, 2012, and upon unanimous vote, Mr. Roth was engaged to perform the audits.

7. The Board then reviewed the tax assessor-collector's report reflecting the 2010 taxes to be 98.5% 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.

8. The Board then recognized Mr. David Smalling who reviewed with the Board the 2011 certified tax value provided by the Harris County Appraisal District and presented schedules supporting the financial advisor's recommendation with respect to the District's 2011 debt service and maintenance taxes. After careful consideration, upon unanimous vote, the Board authorized publication of notice of a public hearing to be held at the next regularly scheduled Board meeting to consider a debt service tax of \$0.99 and a maintenance tax of \$0.05 for a total combined tax levy of \$1.04 per \$100 assessed valuation.

9. Mr. Mike Potter was then recognized by the Board and presented the operator's report reflecting 1,947 total connections in the District. The Board reviewed the water production and consumption data, and it appeared that 94.20% 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 reviewed a schedule of payments to the North Harris County Regional Water Authority and revenue collected from the District's customers and reviewed the run times on the District's water plant pumps. Mr. Potter advised that the resident at 25207 Oak Star Drive had requested waiver of the cut-off fee. The Board reviewed the circumstances related to the request and agreed that the request should be denied. Mr. Potter then advised that he had met with representatives of Sludge Net but had not yet received a proposal. 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.

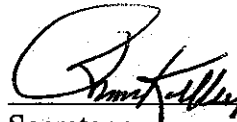
10. The Board then recognized Mr. Erik Spencer who presented the engineer's report. The Board reviewed a proposal for construction of a fence to prevent access to the Wimbledon Country drainage channel and agreed to defer consideration to a future Board meeting. The engineer reported on the design of water plant no. 3 and advised that comments had been received from the TCEQ regarding the elevated water storage waiver. Mr. Spencer reported on the status of the waste discharge permit renewal application and advised that the Klein Meadows and Saddlebrook Ranch detention ponds had been mowed by the homeowner's associations. The engineer reported on the status of the Scohil Construction Company contract for completion of The Preserve at Northampton detention pond and presented change order no. 4 and pay application no. 7 on the Clearwater Utilities contract for underground utilities. The

engineer also presented pay applications on the wastewater treatment plant construction and pollution prevention contracts. After discussion, all pay estimates and change order no. 4 were approved by the Board. After discussion by the Board, upon unanimous vote, the Board approved the engineer's report.

11. The Board then recognized Ms. Terry Woodson of Waste Management who presented a proposal for modification of the solid waste collection contract with the District. The Board reviewed various alternatives, and upon unanimous vote agreed to accept the proposal for one day of waste collection and one day of recycling, including hazardous waste collection. Ms. Woodson advised that the 96-gallon recycling containers would have to be purchased and once the schedule for purchase is determined, a revised contract can be executed and the services initiated.

12. Director Young was then recognized by the Board and advised that engagement of a constable dedicating 100% of his time to the District would cost \$91,360 per year or \$3.62 per customer, assuming 2,100 customers. The Board discussed the possible sharing of constable services with Northwest Harris County MUD 19 and agreed that the matter should be discussed further at the next Board meeting.

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

  
Secretary