

**MINUTES OF REGULAR MEETING OF
HARRIS COUNTY IMPROVEMENT DISTRICT #1**

JUNE 23, 2010

THE STATE OF TEXAS §
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COUNTY OF HARRIS §

The Board of Directors of Harris County Improvement District #1 (the "District") held a meeting of the Board of Directors at 2:30 p.m. on the 23rd day of June, 2010 at Two Post Oak Central, 1980 Post Oak Boulevard, Suite 1580, Houston, Texas, 77056, within the boundaries of the District, and the roll was called of the members of the Board, to wit:

- David Anderson
- Patty Bender
- Todd H. Casper
- Martin Debrovner
- Steven D. Lerner
- Kendall A. Miller
- Mary Catherine Miller
- John Mooz
- John H. Nash
- Lisa Simon
- Kerr Taylor
- Ed Wulfe

and all of said directors were present except Director Nash, Sklar and Taylor, thus constituting a quorum. Also present at the meeting were Mr. John Breeding, President of Harris County Improvement District #1, Mr. Stephen Wood, Mr. Robert Taube, Ms. Delia Mizwa, Ms. Shannon Daniels, and Ms. Betsy Kirkgard of Harris County Improvement District #1.

APPROVE MINUTES OF MARCH 25, 2009 BOARD OF DIRECTORS MEETINGS

Kendall Miller, Chairman, called the meeting to order and asked the members to read the Minutes of the March 24, 2010 meeting. Director Bender

moved that the Board approve the Minutes as written. Director Lerner seconded the motion, which was approved by unanimous consent.

CONSIDER APPOINTMENT OF OFFICERS

Mr. Breeding presented the slate of Officers for 2010. There are no changes from 2009. Director Debrovner moved that the Board reappoint Director Kendall Miller as Chairman, Director Kerr Taylor as Vice-Chairman, and Director Lisa Simon as secretary. Director Mary Catherine Miller seconded the motion, which was approved by unanimous consent.

CONSIDER APPOINTMENT OF DIRECTORS

Mr. Breeding discussed the Directors whose terms were expiring, including Mary Catherine Miller, Martin Debrovner, Lisa Simon and Ed Wulfe. Director John Nash is stepping down from the Board. The Nominating Committee recommended that Jim Wilson of Crescent Real Estate Equities be appointed to fill this position. Director Mooz moved that the Board request the reappointment of Director Miller, Director Debrovner, Director Simon and Director Wolfe as well as the appointment of Mr. Wilson. Director Bender seconded the motion, which was approved by unanimous consent. The Board also thanked Director John Nash for his service to the Board.

CONSIDER APPROVAL OF A RESOLUTION REQUESTING THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY TO APPOINT DIRECTORS

Mr. Breeding advised the Board that a Resolution needed to be sent requesting the appointment and reappointment of the above mentioned Directors to the Texas Commission on Environmental Quality. Director Debrovner moved that the Resolution be approved. Director Taylor seconded the motion, which was approved by unanimous consent.

APPROVE THE QUARTERLY INVESTMENT REPORT

Ms. Daniels presented the Quarterly Investment Report showing the amount and location of the District's monies at the end of March, 2010. Director Bender moved that the Board approve the Report. Director Mary Catherine Miller seconded, which was unanimously approved.

AUTHORIZE THE FY-10 AUDIT

Mr. Breeding advised the Board that Null-Lairson, the District's auditors, are operating under a new Engagement Letter for 2010. The fee will be \$17,500. This year's audit will be scheduled to take place in August. Director Debrovner moved that the Board authorize the audit for FY-09. Director Lerner seconded the motion, which was approved by unanimous consent.

ADOPT A RESOLUTION ADOPTING AN OPERATING AND DEBT SERVICE BUDGET FOR THE 2011 FISCAL YEAR, AUTHORIZING BUDGETED EXPENDITURES AND AUTHORIZING THE PRESIDENT TO DISBURSE DISTRICT FUNDS

The Board next considered adopting a budget for the 2011 fiscal year. After a review of FY-2010 projects, Mr. Breeding presented the proposed FY-2011 Operating and Debt Service Budget which had been developed by the President and staff under the direction of the Finance Committee.

After discussion and review, Director Debrovner moved that the Board approve the Resolution Adopting an Operating and Debt Service Budget for the 2011 Fiscal Year, Authorizing Budgeted Expenditures and Authorizing the President to Disburse District Funds, a copy of which is attached hereto and shall be considered as part of these Minutes. Director Casper seconded the motion, which was approved by unanimous consent.

REVIEW THE DISTRICT'S INVESTMENT POLICY

Mr. Breeding discussed the review of and the revisions to the investment policy by the finance committee. He said that currently, there are no investments, and that the District's money is deposited in non-interest bearing accounts fully insured by the FDIC and spread among several banks. After discussion, Director Debrovner moved that the Board approve the investment policy. Director Bender seconded the motion, which passed unanimously.

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

(SEAL)

Secretary, Board of Directors