

## HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors

January 9, 2018

The Board of Directors ("Board") of Harris County Municipal Utility District No. 1 ("District") met at 2929 Allen Parkway, Suite 2280, Houston, Harris County, Texas on January 9, 2018 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  
James Roberson, Secretary  
Danny Brown, Director

and the following absent:

None.

Also present were Mr. Mike Potter of Hays Utility South Corporation, Ms. Cara Sliva of Municipal Accounts & Consulting, Mr. Erik Spencer of Van De Wiele & Vogler, Inc., Mr. Mark Eyring of Roth & Eyring, PLLC, Mr. Duane Iselt of Flair Builders, Mr. Michael Murr of Murr Incorporated, 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 December 12, 2017, and upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.
2. The Board then recognized Ms. Cara Sliva 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 for the fiscal year ending September 30, 2018. After review and discussion, upon unanimous vote, the Board approved the bookkeeper's report and the checks listed thereon.
3. The Board then recognized Mark Eyring of Roth & Eyring, PLLC who presented the audit report for the fiscal year ended September 30, 2017. The Board reviewed the report, including the management discussion and analysis and a management letter presented by the auditor. After review and discussion, upon unanimous vote, the Board approved the audit report and authorized the attorney to file the report with the Texas Commission on Environmental Quality as required by law.

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4. The Board then considered the attached Resolution confirming review of the District's investment policy, and upon unanimous vote, the Resolution was adopted by the Board.

5. The attorney for the District then discussed with the Board the continuing disclosure obligation under MSRB Rule 15c2-12 and the District's bond order covenants. The attorney also discussed the annual local debt report required by House Bill 1378. After discussion, upon unanimous vote, the attorney was instructed to prepare the necessary disclosure for filing with EMMA pursuant to MSRB Rule 15c2-12 and to prepare the required financial report pursuant to House Bill 1378.

6. The Board then considered a law enforcement contract with the Harris County Constable's Office, and upon unanimous vote, the contract was approved and executed.

7. The attorney for the District then advised that based on information provided by the Harris County Tax Assessor's Office, the District's 2016 taxes are 99.71% collected.

8. The Board then considered the attached Order adopting an over 65 or disabled tax exemption for the 2017 tax year, and upon unanimous vote, the Order was approved by the Board.

9. The Board then considered the requirement for a directors election to be held May 5, 2018, and upon unanimous vote, the Board adopted the attached order calling the May 5, 2018 election.

10. Mr. Mike Potter was then recognized by the Board and presented the operator's report reflecting 2,802 total connections in the District. The Board reviewed the water production and consumption data, and it appeared that 94.75% of the water pumped during the previous month had been accounted for. The operator reported on the operation of Water Plant No. 1 and No. 2 and Wastewater Treatment Plant No. 1 and No. 2 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 account list in accordance with the District's Rate Order. The Board also authorized a schedule of delinquent accounts to be written-off as uncollectible.

11. The Board then recognized Mr. Erik Spencer who presented the engineer's report. The engineer reported on the M-109 drainage channel rehabilitation project, and discussed with the Board options for fencing around Water Plant No. 4. After considering the options, the Board agreed to go with AFTEC Fence. Mr. Spencer reviewed with the Board the status of development in Lakes of Creekside subdivision, and presented a revised change order for the water plant access road. The Board considered the proposal submitted by the contractor, and upon unanimous vote, approved the change order. After discussion by the Board, upon unanimous vote, the Board approved the engineer's report.

12. The Board then recognized Michael Murr and discussed the acquisition of easements to allow for development of the proposed park and trails. After discussion, the Board agreed to proceed with Park E and agreed that easements would be acquired as needed.

13. The Board then discussed the District's contracts with Blue Umbrella, as well as the proposed equipment acquisition contract and amended communications agreement. The Board considered the services provided by Blue Umbrella and potential alternatives. After discussion, it was agreed that all contracts with Blue Umbrella be terminated and that the District seek a proposal from Mr. Don Dulin for development and maintenance of a new website.

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

  
Secretary