

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors
December 13, 2016

The Board of Directors ("Board") of Harris County Municipal Utility District No. 1 ("District") met at 2727 Allen Parkway, Suite 1100, Houston, Texas, on December 13, 2016 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
Richard "Chip" Callegari, Secretary
James Roberson, Director
Danny Brown, Director

and the following absent:

None

Also present were Mr. David Smalling of R. W. Baird & Co., Mr. Kevin Atkinson of Texas Pride, Mr. Jim Mercer of J. H. Merger Engineering, Mr. N. Bowen Cox of Prime Management, Inc., Mr. Travis Overstreet of Prime Shopping Center Development, Inc., Mr. Duane Iselt of Flair Builders, Mr. Daniel Pereyra of Environmental Allies, Mr. Simon Van Dyk and Mr. David Aitken of Blue Umbrella, Mr. Mike Potter of Hays Utility South Corporation, Mr. Cory Burton of Municipal Accounts & Consulting, Mr. Erik Spencer of Van De Wiele & Vogler, 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 November 8, 2016, and upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

2. The Board then recognized Mr. Cory Burton 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, 2016. After review and discussion, upon unanimous vote, the Board approved the bookkeeper's report and the checks listed thereon.

3. The Board recognized representatives of Prime Management, Inc. who requested a utility commitment for a 1.948-acre tract in Unrestricted Reserve B of Augusta Meadows Apartments Subdivision, on which a restaurant and retail center is proposed. The Board discussed the matter with the District's engineer, and upon unanimous vote, the utility commitment was approved by the Board.

4. Mr. Mike Potter was then recognized by the Board and presented the operator's report reflecting 2,739 total connections in the District. The Board reviewed the water production and consumption data, and it appeared that 92.8% of the water pumped during the previous month had been accounted for. The operator reported on the operation of water plants no. 1 and no. 2 and wastewater treatment plants 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.

5. The Board then recognized Mr. Erik Spencer who presented the engineer's report. Mr. Spencer reported on the status of delivery of the generator to wastewater treatment plant no. 2 and the status of plans for the Saddlebrook lift station upgrades. The Board discussed the drainage channel and swale maintenance, and Mr. Spencer advised that Harris County Flood Control had failed to repair the sinkholes in the drainage channel. The Board discussed the matter and expressed its concern about the safety of the condition of the channel and agreed that it would be appropriate for the attorney to write a letter on the Board's behalf advising the County of the unsafe condition. Mr. Spencer reported that a proposal had been received from Landscape Images of Texas to trim trees and shrubs along the remainder of the District's swales and that a revised proposal had been submitted to address three of the most serious areas for a cost of \$25,000. The Board discussed the matter and agreed that a proposal should also be solicited from Environmental Allies. The Board discussed Bond Application No. 15 and agreed that the bond application should be presented for approval at the next Board meeting. The engineer reported on the status of conveyance of water plant no. 4 and extension of power to the site and reported on the status of plans for construction of detention ponds D, E and G for Lakes at Creekside Subdivision. The Board discussed the matter, and upon unanimous vote, authorized advertisement for bids for the detention ponds upon receipt of final plan approval. After discussion by the Board, upon unanimous vote, the Board approved the engineer's report.

6. The Board then recognized Mr. David Smalling who advised that as a result of increasing interest rates, the proposed refunding is no longer beneficial to the District.

7. The Board then recognized representatives of Blue Umbrella who reported on the status of registration by the residents to the messaging service and discussed with the Board various other matters, including the quality of the laptops used by the directors. After discussion, it was agreed that the Board continue to use the computers but request Blue Umbrella to make certain modifications to improve functionality.

8. The Board then recognized Mr. Kevin Atkinson of Texas Pride who reported on the schedule for distributing garbage bins in the District and the proposed method of notifying the District's residents of the schedule for use of the new bins, as well as the collection schedule and other relevant matters. The Board discussed the matter and agreed that the new customer letter should be attached to the new bins, as well as a separate notice regarding the initiation of service with the new bins. The Board also agreed that all of the information should also be posted on the District's website and a separate notice letter sent to the customers.

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


Secretary