

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors
May 9, 2017

The Board of Directors ("Board") of Harris County Municipal Utility District No. 1 ("District") met at 2727 Allen Parkway, Suite 1100, Houston, Texas, on May 9, 2017 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
Vaughn Vratil, Director

and the following absent:

None

Also present were Mr. Michael Murr of Murr Incorporated, Mr. Duane Iselt of Flair Builders, Ms. Amanda Beasley and Mr. Simon Van Dyk of Blue Umbrella, Mr. Mike Potter and Mr. Howard Wilhite 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 meetings of April 11, 2017 and May 2, 2017, 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, 2017. The Board considered a proposed contract with the General Land Office pursuant to a pooling arrangement with Municipal Accounts, and upon unanimous vote, the Board accepted a proposal for the purchase of electric power to expire in April, 2024. After review and discussion, upon unanimous vote, the Board approved the bookkeeper's report and the checks listed thereon.

3. 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 97.73% collected.

4. Mr. Mike Potter was then recognized by the Board and presented the operator's report reflecting 2,769 total connections in the District. The Board reviewed the water production and consumption data, and it appeared that 72.85% 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 operator advised that there had been a water main break on the interconnect line on the Northwest Harris County MUD 19 side of the valve and that in the process a second valve within the District had been opened. The second valve had inadvertently remained open resulting in substantial loss of water through the interconnect. Mr. Potter reported that he had discussed the matter with Northwest MUD 19 Board which agreed to repay the water "in kind" sometime during the calendar year. The Board discussed the need to test the interconnect valve and locate all valves which may contribute to the delivery of water to Northwest MUD 19. Mr. Potter then reported that the chromium -6 testing had been performed as requested by the Board and that all water wells are within acceptable limits. 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. The engineer reported on the status of the generator installation at wastewater treatment plant no. 2 and the Saddlebrook lift station improvements. Mr. Spencer reported that he had met with Harris County Flood Control District who advised that the County is responsible for maintenance of two sections in the M-109 channel. The Board discussed the matter and asked the engineer to propose to the County that the District perform maintenance on the two segments provided the county agrees to pay the cost of maintenance. Mr. Spencer presented a report from Envirodyne Laboratories with respect to odor generated by wastewater treatment plant no. 1. The Board reviewed the report and agreed to continue to consider options for reducing the odor. The Board approved pay application no. 1 on the Lakes at Creekside detention ponds D, E and G construction and authorized clearing in Lakes at Creekside, Section 3. The Board also approved a submerged storm sewer agreement in Lakes at Creekside, Section 4. Mr. Spencer discussed with the Board the District's Strategic Partnership Agreement boundary in relation to the Harris County Emergency Services District No. 7 boundary. Director Young inquired regarding a portion of the commercial development in the District which is not part of the SPA, and the attorney for the District agreed to investigate the matter further with the City of Houston. After discussion by the Board, upon unanimous vote, the Board approved the engineer's report.

6. The Board then recognized Mr. Simon Van Dyk who discussed with the Board the search function of the District's website and reviewed the communications report. Mr. Van Dyk advised that he had reviewed the Blue Umbrella billing and found that the District had been double-billed for certain services. Mr. Van Dyk also advised that the monthly fixed fee for Blue Umbrella is \$419 a month and generally indicated that he would request specific approval from the Board prior to exceeding the monthly fee.

7. The Board then recognized Mr. Michael Murr who reviewed with the Board alternatives for the development of parks and trails in the District, and each director

advised Mr. Murr of his respective priorities. Mr. Murr agreed to develop a refined plan reflecting the priorities.

8. The Board then discussed the activity of the Harris County Constables in the District, and Mr. Duane Iselt reported vandalism and theft in the Lakes at Creekside subdivision, including the clubhouse. Mr. Iselt advised that the Constables had responded to reports of unlawful activity in the area.

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


Secretary