

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors

October 10, 2017

The Board of Directors ("Board") of Harris County Municipal Utility District No. 1 ("District") met at 2817 W. Dallas, Houston, Harris County, Texas on October 10, 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 director 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. David Aitken and Mr. Simon Van Dyk of Blue Umbrella, Mr. Duane Iselt of Flair Builders, Mr. David Smalling of Robert W. Baird & Co., 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 September 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, 2017. After review and discussion, upon unanimous vote, the Board approved the bookkeeper's report and the checks listed thereon.

3. The Board then considered the attached Resolution Adopting an Amended Budget for the Fiscal Year Ending September 30, 2018, and upon unanimous vote, the amended budget was approved by the Board.

4. The attorney for the District then reviewed with the Board recent legislation requiring amendment of the District's investment policy. The attorney shared with the Board a memorandum related to the legislation and recommended amendment of the District's investment policy. After discussion, upon unanimous vote, the Board approved an Amended Investment Policy.

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5. 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 99.3% collected.

6. The Board acknowledged publication of Notice of a Public Hearing to consider the District's tax rate for the year 2017. The Board opened the meeting for public comment or question and, hearing none, the hearing was closed. The Board then considered the attached Order adopting the District's 2017 tax rate, and upon unanimous vote, the Order was approved and executed.

7. Mr. Mike Potter was then recognized by the Board and presented the operator's report reflecting 2,785 total connections in the District. The Board reviewed the water production and consumption data, and it appeared that 95.18% 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. 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.

8. The Board then recognized Mr. Erik Spencer who presented the engineer's report. Mr. Spencer reported that the cost estimates for work on the M109 drainage channel had been completed and surveying is underway and reported on the plans for Water Plant No. 4. The engineer presented a change order on the clearing and grubbing of Detention Pond J contract, which was approved by the Board to provide for clearing of the water plant access road. The Board also agreed to pay the change order amount directly. Mr. Spencer presented an agreement for maintenance of Detention Pond J, which was approved and executed. After discussion by the Board, upon unanimous vote, the Board approved the engineer's report.

9. The Board then considered renewal of the District's insurance coverage, and upon unanimous vote, the Board accepted proposals submitted by the District's insurance agent.

10. The attorney for the District then advised the Board that in the most recent session of the legislature, House Bill 89 and Senate Bill 252 were passed and are now effective. The attorney distributed memos regarding both bills and advised that House Bill 89 prohibits governmental entities from entering into a contract with a company for goods or services unless the contract contains verification from the company that it does not and will not boycott Israel during the term of the contract. Senate Bill 252 prohibits governmental entities from entering into a contract for general construction, and improvement, a service, a public works project, or for the purchase of supplies, materials, or equipment with a company engaged in active business operations with Sudan, Iran, or a foreign terrorist organization. The attorney instructed the District's consultants to ensure compliance with House Bill 89 in any contract handled by the consultants, and discussed with the Board the manner in which the District would comply with Senate Bill 252.

11. The Board then recognized the District's financial advisor who presented the Preliminary Official Statement and Notice of Sale for the District's Series 2017 bonds. The Board reviewed the documents, including the certification contained in the POS, and upon unanimous vote the Board approved the Preliminary Official Statement and Notice of Sale, and authorized publication thereof.

12. The Board then reviewed correspondence from Mr. Jay Miller regarding sale of an easement on Mr. Miller's property. The Board reviewed the Harris County Appraisal District's appraisal of the property and agreed to make an offer to Mr. Miller which reflects the value established by the Appraisal District. The Board also authorized the attorney to make an effort to obtain easements from two additional property owners in the area.

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


Secretary