

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors
January 12, 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 January 12, 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
Shaun Hebert, Director

and the following absent:

None

Also present were Mr. Mike Potter of Hays Utility South Corporation, Mr. Cory Burton of Municipal Accounts & Consulting, LP, Mr. David Smalling of R. W. Baird & Co., Mr. Mark Eyring of Roth & Eyring, PLLC, Ms. Mary Lutz of McLennan & Associates, LP, 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 December 8, 2015, 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 then recognized Mr. Mark Eyring who presented the audit report for the fiscal year ended September 30, 2015. The Board reviewed the report, including the management discussion and analysis and a management letter, and upon unanimous vote, the Board approved the audit report and authorized filing with the Texas Commission on Environmental Quality as required by law.
4. The Board then considered the attached resolution confirming review of the District's investment policy, and upon unanimous vote, the resolution was approved by the Board.

5. The Board then considered the attached order adopting an over 65 or disabled homestead exemption for the 2016 tax year. The Board discussed the matter, and upon unanimous vote, the order was adopted as presented.

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

7. Mr. Mike Potter was then recognized by the Board and presented the operator's report reflecting 2,665 total connections in the District. The Board reviewed the water production and consumption data, and it appeared that 89.64% 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. Mr. Potter advised that an eight-inch water meter at the apartments is not registering properly and will be repaired. The Board discussed the North Harris County Regional Water Authority report and admonished the operator to seek any assistance needed from the District's bookkeeper and auditor to insure that the report accurately reflects the District's pumpage fee expense and revenues. 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. The engineer presented a proposal from Cruz-Tec for repair of an 18-inch sanitary sewer line, and the Board agreed to accept the proposal on the condition that the contractor provide an executed TEC Form 1295. The Board reviewed the status of development in Wimbledon Falls, the Preserve at Northampton, and Lakes at Creekside Subdivisions and the engineer reported that the District's bond application had been submitted to the Texas Commission on Environmental Quality and declared administratively complete. After discussion by the Board, upon unanimous vote, the Board approved the engineer's report.

9. The Board then recognized the District's financial advisor, Mr. David Smalling, who presented two bids for purchase of the District's Series 2016 Refunding Bonds. It appeared the low bidder was Branch Banking & Trust with an interest rate of 2.51%, and upon unanimous vote, the Board awarded sale of the bonds to BB&T and executed a purchase letter with BB&T as well as a Bond Order and other documents required to obtain approval from the Attorney General of the State of Texas and registration by the Comptroller of Public Accounts.

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


Secretary