

## HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

### Minutes of Meeting of Board of Directors August 11, 2015

The Board of Directors (“Board”) of Harris County Municipal Utility District No. 1 (“District”) met at 2727 Allen Parkway, Suite 1100, Houston, Texas, on August 11, 2015 in accordance with the duly posted notice of the meeting, with a quorum of directors present, as follows:

Doug Caldwell, Jr., President  
James Roberson, Director  
Shaun Hebert, Director

and the following absent:

Craig C. Young, Vice President  
Richard “Chip” Callegari, Secretary

Also present were Mr. Mark Eyring of Roth & Eyring, PLLC, Mr. Chuck Harris and Ms. Carrie Bruno of Icon Bank, Mr. Duane Iselt of Flair Builders, Mr. Ron Walkoviak of Lakeview Land Group, LLC, Sergeant Mike Cohen of the Harris County Constable’s Office, Mr. Mike Potter of Hays Utility South Corporation, Ms. Mary Lutz of McLennan & Associates, LP, Mr. Erik Spencer of Van De Wiele & Vogler, Inc., Mr. Ron Walkoviak of Lakeview Land Group, LLC, 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.

In the absence of the Secretary, Director James Roberson was elected Secretary Pro Tempore.

1. The Board considered the minutes of the meetings of July 14, 2015 and July 30, 2015, and upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

2. The Board then recognized Ms. Mary Lutz 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, 2015. Ms. Lutz also distributed a draft budget for the fiscal year ending September 30, 2016 for consideration at the next Board meeting. After review and discussion, upon unanimous vote, the Board approved the bookkeeper’s report and the checks listed thereon.

3. The Board recognized Mr. Mark Eyring who presented a proposal for performing the District’s audit for the fiscal years ending September 30, 2015 and September 30, 2016. The Board considered the matter, and upon unanimous vote, engaged Roth & Eyring for the two-year period.

4. The attorney for the District then presented correspondence received from Mr. Mike Sullivan, the Harris County Tax Assessor, with respect to the fee for collecting the District's taxes for the 2016 tax year.

5. Mr. Mike Potter was then recognized by the Board and presented the operator's report reflecting 2,605 total connections in the District. The Board reviewed the water production and consumption data, and it appeared that 93.8% 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 operator also reviewed with the Board the North Harris County Regional Water Authority water production and billing report. The Board considered a request for a credit on the Shannon Ledoux account, and upon unanimous vote agreed that a \$125.00 credit would be appropriate. 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.

6. The Board then recognized Mr. Erik Spencer who presented the engineer's report. The Board discussed the TarTob Commercial Services contract and agreed that should the contractor not complete the remaining punch list items within 14 days of notice provided by the District's engineer, the District would request Hays Utility Service to complete the items. The Board approved the pay applications reflected in the report, as well as a proposal from Today's Integration for security systems at lift stations no. 1 and no. 2 and the Lakes at Creekside. The Board approved change order no. 1 on the water line interconnect with Northampton MUD contract. Mr. Spencer advised that he had reviewed the bid tabulation for the weir wall at detention ponds A and B and Lakes at Creekside Subdivision and found the unit cost prices to be reasonable. After discussion by the Board, upon unanimous vote, the Board approved the engineer's report.

7. The Board then considered a Depository Pledge Agreement and Letter of Credit Agreement with Icon Bank, both of which were approved and executed. The attorney for the District was requested to contact the District's financial advisor for a recommendation with respect to the investment of funds in the bank.

8. The Board then reviewed an email received from Director Chip Callegari advising that his company, TNG, represents Harris County MUD 82 and that Mr. Don Hays of Hays Utility Service, the District's operator, is a director of MUD 82. The Board acknowledged the potential for a conflict of interest and agreed that should a conflict appear to exist Mr. Callegari would be required to abstain from any discussion and voting on the matter.

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

  
Secretary *Pro Tem*