

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors
October 11, 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 October 11, 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
James Roberson, Director
Danny Brown, Director

and the following absent:

Richard "Chip" Callegari, Secretary

Also present were Officers from the Harris County Constable's Office, Mr. David Smalling of R. W. Baird & Co., Mr. Simon Van Dyk 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 recognized Officers of the Harris County Constable's Office who reported on the schedule for the addition of one additional deputy and provided the statistics for the preceding month. The Constables reported on the arrest of several repeat offenders, and the Board acknowledged that the statistics appear to reflect less serious criminal activity in the District.

2. The Board then recognized Mr. and Mrs. Ridell who presented an appeal on a high water bill. The Board reviewed the circumstances, as well as the account history and agreed to adjust the Ridell's bill to the lowest tiered water rate plus the North Harris County Regional Water Authority fee.

3. The Board considered the minutes of the meeting of September 13, 2016, and upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

4. 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. After review and discussion, upon unanimous vote, the Board approved the bookkeeper's report and the checks listed thereon.

5. The attorney for the District then advised that based on information provided by the Harris County Tax Assessor's Office, the District's 2015 taxes are 99% collected. The Board then adopted a resolution requesting the Harris County Appraisal District provide an estimate of taxable value as of December 15, 2016.

6. The Board acknowledged publication of notice of a public hearing to consider a \$0.80 tax rate for the year 2016. 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 2016 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 2,727 total connections in the District. The Board reviewed the water production and consumption data, and it appeared that 93.62% 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.

8. The Board then recognized Mr. Erik Spencer who presented the engineer's report. The Board considered a request for the allocation of two equivalent single-family connections of capacity to a retail center next to Aldi on Kuykendahl Road, and upon unanimous vote, the utility commitment was approved by the Board. Mr. Spencer reported on the installation of the generator at wastewater treatment plant no. 2 and the trimming of trees and shrubs along the Seber swale. The engineer reported on the status of preparation of the engineering report for the District's anticipated bond application and discussed with the Board the settlement of the sidewalk and driveway at 8703 Hostler. The engineer advised that the sidewalk settled over a sanitary line and the driveway settled over a storm sewer line. The Board agreed that the sidewalk is the District's responsibility and authorized the operator to proceed with repair. The Board reviewed activity in Lakes at Creekside Subdivision and approved pay application no. 1 for the underground utility contract to serve Lakes at Creekside, Section 3. After discussion by the Board, upon unanimous vote, the Board approved the engineer's report.

9. The Board then considered an order annexing 181.75 acres of land into the District. The Board acknowledged consent by the City of Houston, and upon unanimous vote, the order was adopted by the Board.

10. The Board then considered proposals from AquaSurance for renewal of the District's insurance coverage, and upon unanimous vote, the proposals were accepted as presented.

11. The Board then recognized Mr. David Smalling who reviewed with the Board a potential refunding of a portion of the District's outstanding debt. The Board discussed the matter and agreed to consider the financing further at the next Board meeting.

12. The Board then recognized Mr. Simon Van Dyk who reported on the status of subscriptions to the District's notification system and reviewed with the Board a draft of a mailer to be sent out to the residents regarding the District's website. The Board suggested certain changes to the mailer and discussed notification regarding a change in the garbage collection contractor and collection schedule.

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



Secretary