

## HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors  
November 10, 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 November 10, 2015 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 Ms. Tarasha Robinson of TarTob Commercial Services, LLC, 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.

1. The Board then considered the attached order canvassing returns of the District's November 3, 2015 bond election, and upon unanimous vote, the order was adopted by the Board.

2. The Board considered the minutes of the meeting of October 13, 2015, and upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

3. 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, 2016. After review and discussion, upon unanimous vote, the Board approved the bookkeeper's report and the checks listed thereon.

4. The Board then considered a resolution requesting the Harris County Appraisal District provide an estimate of taxable value as of November 1, 2015, and upon unanimous vote, the resolution was approved by the Board.

5. Mr. Mike Potter was then recognized by the Board and presented the operator's report reflecting 2,656 total connections in the District. The Board reviewed the water production and consumption data, and it appeared that 92.09% 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 a spill occurred at the sewer treatment plant which were reported to the Texas Commission on Environmental Quality as required by law. Mr. Potter also advised that compliance inspections had been conducted at both sewage treatment plants and advised that he would report on the operator's response to the TCEQ at the next Board meeting. 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 engineer presented pay application no. 9 and final on the TarTob Commercial Services, LLC contract for improvements at lift stations no. 1 and 2 which includes an adjustment for liquidated damages. The Board recognized Ms. Tarasha Robinson who presented a letter reflecting TarTob's position with respect to the matter. The Board considered the contractor's appeal and agreed to reduce the liquidated damages by one-half provided the contractor signs a release and accept the payment as full and final payment pursuant to the contract. Mr. Spencer reported on an additional inspection of the fence at 24403 Myrtle Creek Falls and again advised the Board that the District has no responsibility for the condition of the fence. Mr. Spencer requested authorization to proceed with design of the wastewater treatment plant generator and the Saddlebrook lift station upgrades, and the engineer was authorized to proceed as requested. The Board reviewed the other matters reflected in the report. After discussion by the Board, upon unanimous vote, the Board approved the engineer's report.

7. The Board then considered the attached amended Code of Ethics to comply with recent legislative changes, and upon unanimous vote, the Code of Ethics was approved by the Board. The attorney for the District then distributed a questionnaire regarding conflicts of interest, including a required conflicts disclosure to the Texas Ethics Commission for the consideration of each director.

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

9. The Board then entered into executive session to discuss personnel matters.

10. The Board then re-entered open session, and upon unanimous vote, the Board agreed to give notice of termination of the bookkeeping contract to McLennan & Associates to be effective December 31, 2015.

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

  
Secretary