

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors

July 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 July 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
Danny Brown, Director

and the following absent:

None

Also present were Mr. David Aitken of Blue Umbrella, Mr. Mike Miller of Cal Atlantic Homes, Mr. David Smalling of R. W. Baird & Co., Mr. Duane Iselt of Flair Builders, Mr. Ron Walkoviak of Ryland Homes, Officers from the Harris County Constable's Office, representatives of S.E.A.L. Security, 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 from the Harris County Constable's Office who presented the incident report from the previous month and discussed with the Board the responsibility of the Constables and activity in the District in recent months. The Board thanked the Constables for attendance at the Board meeting.

2. The Board then recognized representatives of S.E.A.L. Security who made a presentation describing the services provided by S.E.A.L. and describing the relationship of S.E.A.L. to the Harris County Sheriff's Office and the Constable's Office. The Board thanked the representatives for attendance at the meeting and the presentation.

3. The Board considered the minutes of the meeting of June 14, 2016, and upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

4. The Board acknowledged publication of Notice of Sale of Bonds and recognized the District's financial advisor who presented the attached tabulation of four bids received on the District's proposed \$9,575,000 Unlimited Tax Bonds. It appeared that the low bidder was Raymond James and Associates, Inc. with Assured Guaranty insurance and a net

interest cost of 2.367296%. The Board considered the bids, and upon unanimous vote, the Board adopted the attached order awarding sale of the bonds to Raymond James.

5. The Board then considered a Bond Order, Paying Agent/Registrar Agreement and various certificates and documents related to the issuance of the bonds, approval by the Attorney General of the state of Texas, registration by the Comptroller of Public Accounts and delivery to the purchaser, and upon unanimous vote, all documents were approved by the Board. The Board further authorized the President, Vice President and Secretary, as well as the District consultants, to take such action as is necessary to cause the bonds to be approved and delivered.

6. The Board then considered engagement of the District's auditor to perform a limited scope examination of expenditure of bond proceeds, and upon unanimous vote, the Board engaged BKD to perform the examination.

7. 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. The Board reviewed a report from Arbitrage Compliance Specialists reflecting no further action required of the District. The Board also approved application to the TCEQ for release of funds from escrow. Finally, the Board discussed its plans for development of parks and recreational facilities in the District. After review and discussion, upon unanimous vote, the Board approved the bookkeeper's report and the checks listed thereon.

8. 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 98.20% collected.

9. Mr. Mike Potter was then recognized by the Board and presented the operator's report reflecting 2,718 total connections in the District. The Board reviewed the water production and consumption data, and it appeared that 90.94% 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. The Board reviewed a request for waiver of delinquent fees on the Sodaro account and agreed that the circumstances do not justify waiver of the fees. 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.

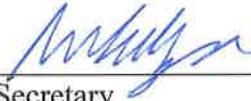
10. The Board then recognized Mr. Erik Spencer who presented the engineer's report. The engineer reported that bids would be received on the wastewater treatment plant generator no. 2 on July 22, 2016 and advised that he had requested a proposal for repair of washouts and sinkholes in the Harris County Flood Control ditch from Environmental Allies. Mr. Spencer also advised that he had met with a contractor for repair in the area of the drainage swale at 24403 Myrtle Creek Falls and that the contractor had presented a proposal to complete the repair at a cost of \$19,885. The Board discussed the matter and requested the engineer obtain

a second proposal for substantially the same scope of work. The Board authorized the engineer to prepare a cost summary for the next bond issue for review at the next Board meeting. The Board approved Pay Applications 5 and 6 on the weir wall between Ponds A and B in Lakes of Creekside Subdivision and approved transfer of the storm water quality feature in Lakes at Creekside, Section 3. After discussion by the Board, upon unanimous vote, the Board approved the engineer's report.

11. The Board then recognized Mr. David Aitken who reported on the status of the emergency alert notification system. The Board discussed the manner in which residents would register for notices and agreed that a mailer should be distributed to encourage the residents to register. The Board also discussed various matters related to the District's website.

12. The Board then discussed solid waste collection services in the District and reviewed the term of the existing contract with Waste Management. The Board agreed that it would be appropriate to solicit bids prior to the expiration date of the contract and invite four bidders, including Waste Management, to make proposals to the Board. The attorney for the District was requested to prepare the RFP to be distributed to Best Trash, Waste Management, Republic Waste and Texas Pride requesting proposals for the District's current level of service as well as the current service plus one additional day of trash pick-up.

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


Secretary