

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors
March 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 March 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 Mr. Garrett Berg of Harris County Precinct 4, Mr. Duane Iselt of Flair Builders, Mr. Mike Potter of Hays Utility Service, 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 recognized Mr. Garrett Berg of the Harris County Precinct 4 Office of Commissioner Jack Cagle who introduced himself and reviewed with the Board the activities of the Commissioner's office. Mr. Berg encouraged the directors to direct inquiries to Commissioner Cagle's office and pledged to support the District and directors as appropriate. The Board thanked Mr. Berg for his attendance.

2. The Board considered the minutes of the meetings of February 10, 2015 and February 25, 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 9/30/15. After review and discussion, upon unanimous vote, the Board approved the bookkeeper's report and the checks listed thereon.

4. The attorney for the District then advised that based on information provided by the Harris County Tax Assessor's Office, the District's 2014 taxes are 96.51% collected.

5. Mr. Mike Potter was then recognized by the Board and presented the operator's report reflecting 2,546 total connections in the District. The Board reviewed the water production and consumption data, and it appeared that 92.88% 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 presented a proposal from K3BMI for hauling sludge in the District. The Board discussed the current sludge hauler and reviewed the proposed rate, and upon unanimous vote, K3BMI was hired to haul sludge as proposed. 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 approved the pay applications which appear in the report, and Mr. Spencer reported that he is proceeding with annexation of additional acreage for Flair Builders. The Board reviewed the status of construction in the Preserve at Northampton and Lakes at Creekside and advised that he had heard nothing further from Klein ISD on the 22-acre site. After discussion by the Board, upon unanimous vote, the Board approved the engineer's report.

7. The Board then considered proposals to serve as the District's financial advisor, and after careful consideration and discussion, upon unanimous vote, the Board agreed to terminate the current contract with RBC Capital Markets and engage Robert W. Baird & Company to serve as financial advisor subject to execution of an acceptable contract.

8. The Board then reviewed correspondence received from the general manager of Fresh Water Supply District 61, and after discussion regarding the activity of the North Harris County Regional Water Authority and the Water Users Coalition, the matter was deferred for further consideration.

9. Director Young then distributed a report from the Harris County Constable's Office regarding law enforcement services in the District.

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



Secretary