

## HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors  
May 12, 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 May 12, 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. Karen Sears of Acclaim Energy Advisors, Mr. Dennis Tiff of Environmental Allies, Mr. Duane Iselt of Flair Builders, Ms. Shalisa Abonyi of CCMC, Mr. Mike Potter of Hays Utility Service, 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 considered the minutes of the meeting of April 14, 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. The Board reviewed the budgeted and actual revenues and expenses related to the North Harris County Regional Water Authority and requested the operator investigate the matter to determine if the budget comparison is a reflection of actual results. After review and discussion, upon unanimous vote, the Board approved the bookkeeper's report and the checks listed thereon.

3. Mr. Mike Potter was then recognized by the Board and presented the operator's report reflecting 2,565 total connections in the District. The Board reviewed the water production and consumption data, and it appeared that 92.51% of the water pumped during the previous month had been accounted for. The Board discussed the water accountability figure and the potential cause for what appears to be an increased loss of water. 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 MJ Enterprises for removal of trees on property owned by the District, and upon unanimous vote, the Board authorized the trees to be removed and disposed of. 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.

4. The Board then recognized Mr. Erik Spencer who presented the engineer's report. The Board approved each pay application reflected in the report, as well as change order no. 1 on the Lakes at Creekside detention project. The engineer reported that the amount of bonds currently authorized by the District voters is inadequate to complete the development of the proposed 181-acre annexation tract. The Board discussed the matter and agreed to consider a bond election to be held in November, 2015. Mr. Spencer reviewed with the Board the agreement with Memorable Landscaping for mowing various properties throughout the District, and after review it was agreed that all mowing projects should be divided into major and minor projects and that the minor projects should be subject to a new request for proposal from several qualified mowing contractors. The Board reviewed the status of development in Wimbledon Falls, the Preserve at Northampton, and Creekside subdivisions, and Mr. Spencer reported that there had been no further activity on the proposed Klein ISD 22-acre school site. After discussion by the Board, upon unanimous vote, the Board approved the engineer's report.

5. The Board then considered the attached resolution authorizing an application to the Texas Commission on Environmental Quality for the issuance of bonds and related documents, and upon unanimous vote, the bond application was approved by the Board.

6. The Board then recognized Ms. Karen Sears of Acclaim Energy who advised that it would be advantageous to the District to solicit a proposal for extending the District's power contract, and upon unanimous vote, the Board agreed to request a proposal to be considered at the next Board meeting.

7. The attorney for the District then advised that the contract with Blue Umbrella is fully executed, and the contract with AO Design has been terminated.

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

  
Secretary