

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors
June 9, 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 June 9, 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. John Elder and Mr. Scott Fordham of Acclaim Energy Advisors, Lieutenant Ronnie Glaze and Sergeant Mike Cohen of the Harris County Constable's Office, Mr. and Mrs. Scott Smith, 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 Lieutenant Ronnie Glaze and Sergeant Mike Cohen from the Harris County Constable's Office, and Lieutenant Glaze advised that Sergeant Cohen would be the contact person for services provided within the District's boundaries. The Constables reported on activity in the District and responded to certain questions and indicated that other officers patrolling the area would appear at future Board meetings to introduce themselves.

2. The Board then recognized Mr. John Elder and Mr. Scott Fordham of Acclaim Energy Advisors who presented proposals for extending the District's electric power supply contract. The Board considered the proposals and agreed to accept a contract for 36 months from MP2 and further authorized the Vice President of the Board to execute the contract when available.

3. The Board then recognized Mr. and Mrs. Scott Smith who requested the District consider selling a portion of the site at water plant no. 2. The Board discussed various issues with the District's attorney, engineer and operator and agreed that the portion of the site should be sold at a cost to be determined by the Board provided an easement is conveyed to the District establishing the District's right to enter the site to repair and maintain the existing water

line, including the property owners' responsibility for relocation and repair of the fence and all improvements in the area. The attorney for the District was requested to prepare the necessary documents.

4. The Board considered the minutes of the meeting of May 12, 2015, and upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

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

6. Mr. Mike Potter was then recognized by the Board and presented the operator's report reflecting 2,674 total connections in the District. The Board reviewed the water production and consumption data, and it appeared that 102% 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 discussed the billing and collection of the Regional Water Authority fees, and Mr. Potter advised that his office plans to meet with the District's bookkeeper to provide a reconciliation of the same. The attorney for the District then discussed with the Board the critical load submission required by the District, and the operator confirmed that his office will file the necessary information and continue to file annually on the District's behalf. 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. The Board also authorized a schedule of delinquent accounts to be written off as uncollectible.

7. The Board then recognized Mr. Erik Spencer who presented the engineer's report. The engineer presented the feasibility analysis of annexation of 181.75 acres, and the Board agreed that a bond election should be called for November, 2015 to authorize additional bonds to provide for complete development of the property. The Board approved the pay applications reflected in the report, and the Board discussed the installation of the generators for lift stations no. 1 and no. 2. After discussion, it was agreed that the engineer, operator and contractor should establish the responsibility for operating the temporary generators on site and that the permanent generators should be installed without delay. The Board reviewed proposals for mowing reserves owned by the District, and upon unanimous vote, the Board accepted the proposal of Environmental Allies with a bid in the amount of \$39,809.13 per year. The Board reviewed the status of inspection of the Wimbledon Falls, Section 7 underground utilities and the Preserve at Northampton. The Board also reviewed the status of construction at Lakes at Creekside Subdivision. After discussion by the Board, upon unanimous vote, the Board approved the engineer's report.

8. The Board then reviewed a report received from Arbitrage Compliance Specialists with respect to two District bond issues and reflecting no additional action required by the Board.

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



Secretary