

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors
July 14, 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 July 14, 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. Danny Brown a resident of the District, Sergeant Mike Cohen of the Harris County Constable's Office, Ms. Stefanie Miller, Mr. Howard Wilhite, and Mr. Mike Potter of Hays Utility South Corporation, Mr. David Smalling of R.W. Baird & Company, 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 recognized Sergeant Mike Cohen of the Harris County Constable's Office who reviewed with the Board activity in the District and the Constable's effort to be visible in all subdivisions. The Board thanked Sergeant Cohen for his service.

2. The Board considered the minutes of the meeting of June 9, 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, 2015. 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 98.52% collected.

5. Mr. Mike Potter was then recognized by the Board and presented the operator's report reflecting 2,585 total connections in the District. The Board reviewed the water production and consumption data, and it appeared that 121.85% 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 operator advised that in a recent storm there had been a bypass at Lift Station No. 1 which had been reported to the Texas Commission on Environmental Quality. Mr. Potter provided a copy of the report to the Board for review. The Board discussed the lack of emergency power at the lift station and agreed to consider the matter further when the TarTob Commercial Services contract is considered. 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 advised that the generators for lift stations 1 and 2 have been delivered to the site by TarTob Commercial Services. The engineer also reported that gas meters had been installed and he is coordinating with the contractor and CenterPoint to get the generators in service. Mr. Spencer discussed with the Board the request from a resident to purchase a portion of the site for Water Plant No. 2, and the Board agreed that \$12,000 would be an appropriate purchase price. The engineer was requested to summarize all costs associated with the transaction and proceed only upon approval by the resident.

The engineer then advised that Environmental Allies had withdrawn its bid for mowing in the District and therefore, the Board accepted the second low bid received from Memorable Landscapes. The Board approved Change Order No. 2 and Pay Application No. 7 from the Lindsey Construction Company contract for the Lakes at Creekside detention facility and drainage channel. Mr. Spencer advised that several easements are needed for detention ponds in Lakes at Creekside, Sections 3, 4 and 5. After discussion by the Board, upon unanimous vote, the Board approved the engineer's report.

7. The Board then considered the attached Order Calling Bond Election for November 3, 2015 to be held jointly with Harris County, and upon unanimous vote, the Order was approved by the Board.

8. The Board then considered a petition for addition of 181.75 acres to the District, and upon unanimous vote, the Board approved a petition to the City of Houston requesting consent to annexation in its extraterritorial jurisdiction.

9. The Board then considered a Depository Pledge Agreement with Icon Bank, and upon unanimous vote, the agreement was approved and executed.

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


Secretary