

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors
August 9, 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 August 9, 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

and the following absent:

Danny Brown, Director

Also present were Mr. Mark Eyring of Roth & Eyring, PLLC, Mr. Daniel Pereyra of Environmental Allies, Mr. Simon Van Dyk of Blue Umbrella, Mr. Mike Miller of Cal Atlantic Homes, Ms. Shanna Lopez of Waste Management, 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 considered the minutes of the meeting of July 12, 2016, and upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

2. The Board then recognized Mr. Mark Eyring who presented the auditor's limited scope examination of expenditure of bond proceeds. The Board reviewed the report, and upon unanimous vote, the audit report was approved and the Board authorized distribution of bond proceeds following closing scheduled for August 11, 2016.

3. 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. Mr. Burton also reviewed with the Board the Municipal Risk Management Group report regarding arbitrage review and presented proposals from Arbitrage Compliance Specialists for additional review of two bond issues. After discussion, upon unanimous vote, the proposals were accepted by the Board. After review and discussion, upon unanimous vote, the Board approved the bookkeeper's report and the checks listed thereon.

4. The Board then acknowledged engagement of Roth & Eyring, PLLC for performance of the fiscal year September 30, 2015 and September 30, 2016 audits and executed an engagement letter reflecting the same.

5. 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.

6. 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 92.12% 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 reviewed with the Board the run times on pumps at the water plants and discussed with the Board the Drought Contingency Plan and implementation thereof. 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.

7. The Board then recognized Mr. Erik Spencer who presented the engineer's report. The Board reviewed a bid tabulation for the wastewater treatment plant no. 2 generator, and upon unanimous vote, authorized award of the contract to the low bidder, McDonald Municipal & Industrial, in the amount of \$254,469. The engineer advised that two bids had been received for improvements at 24403 Myrtle Creek Falls, and after discussion, upon unanimous vote, the Board accepted the proposal received from Baha Construction in the amount of \$22,000. Mr. Spencer presented a preliminary cost summary for the District's next bond application and reviewed with the Board development in each subdivision in the District. After discussion by the Board, upon unanimous vote, the Board approved the engineer's report.

8. The Board then recognized Mr. Daniel Pereyra of Environmental Allies who reviewed with the Board the status of maintenance of District drainage channels. The Board discussed the sink hole in the Harris County Flood Control channel and agreed that the matter should be referred to the county for repair.

9. The Board then recognized Mr. Simon VanDyk of Blue Umbrella who presented a General Services Agreement and generally discussed with the Board the services being provided by Blue Umbrella and additional matters that the Board may want to address. The Board agreed to consider the General Services Agreement with a monthly limitation on the expenditure.

10. The Board then acknowledged solicitation of proposals from four waste haulers including Waste Management, the current contractor. It appeared that three proposals had been received including proposals from Waste Management, Texas Pride and Best Trash. The Board discussed the proposals and requested attendance by a representative of Texas Pride and Best Trash at the next Board meeting.

11. The Board then discussed the provision of law enforcement services in the District, and after discussion it was agreed that an additional Constable should be added to the current contract with the Harris County Constable's Office.

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

A handwritten signature in black ink, appearing to be "M. W. [unclear]", written over a horizontal line.

Secretary