

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors
April 11, 2017

The Board of Directors ("Board") of Harris County Municipal Utility District No. 1 ("District") met at 2727 Allen Parkway, Suite 1100, Houston, Texas, on April 11, 2017 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
James Roberson, Secretary
Danny Brown, Director
Vaughn Vratil, Director

and the following absent:

None

Also present were Mr. Mike Potter and Mr. Howard Wilhite of Hays Utility South Corporation, Mr. Duane Iselt of Flair Builders, Mr. Simon Van Dyk of Blue Umbrella, Mr. Michael Murr of Murr Incorporated, 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 discussed the Strategic Partnership Agreement with the City of Houston and the area annexed for limited purpose pursuant thereto in which the City's \$0.01 sales tax is levied. The Board also discussed the boundaries of Harris County Emergency Services District No. 9 and commercial areas in the vicinity of the District which are not within the SPA sales tax area. The Board requested Mr. Spencer review the map to determine if the boundaries of the SPA can be expanded, and the attorney for the District advised that he is in the process of obtaining the boundary map for Harris County ESD No. 9.

2. The Board considered the minutes of the meeting of March 14, 2017, and upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

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, 2017. 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 2016 taxes are 97.02% collected.

5. Mr. Mike Potter was then recognized by the Board and presented the operator's report reflecting 2,762 total connections in the District. The Board reviewed the water production and consumption data, and it appeared that 85.33% 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 the draft Consumer Confidence Report for review by the Board. The operator advised that Accurate Meters had been engaged to perform a leak detection test at a cost of \$14,400 and that the investigation had identified four leaks from the District's water system directly into the storm sewer system, all of which had been repaired. Mr. Potter also advised that three large meters had been found to register low and reported on testing of the water well meters. It was agreed that the water accountability figure would be reviewed at the next Board meeting to determine the impact the repairs would have on the lost water factor. Mr. Potter then presented an appeal on the Alarcon account which was denied by the Board. The Board discussed recent concerns expressed about chromium-6 in the water supply, and the operator agreed to obtain a test of the level of chromium-6 in the District's water. 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 considered the attached resolution designating a place for posting notices of Board meetings, and upon unanimous vote, the resolution was approved by the Board.

7. The Board then recognized Mr. Erik Spencer who presented the engineer's report. The Board approved pay application no. 4 on the McDonald Municipal & Industrial contract, and the engineer reported that Harris County Flood Control is repairing the sinkholes in the M109 channel. Mr. Spencer reported on the status of design of water plant no. 4 and reviewed with the Board the status of development of Lakes at Creekside Subdivision. After discussion by the Board, upon unanimous vote, the Board approved the engineer's report.

8. The Board then recognized Mr. Simon Van Dyk who presented the communications report and reported on participation in the SMS messaging system. The Board discussed the scope of Blue Umbrella's service to the District, including the need to attend future Board meetings, and Mr. Van Dyk advised that he anticipated that future invoices from Blue Umbrella would be more consistent with the original proposal and that unless something unusual happens, attendance at Board meetings would be unnecessary.

9. The Board then recognized Mr. Michael Murr who presented a conceptual master plan for development of parks generally in the area of detention facilities in the District. The Board discussed the matter and requested certain revisions. The Board then agreed to meet to inspect the current conditions of the facilities on May 2, 2017, and Mr. Murr indicated he would join the meeting and provide the updated conceptual master plan.

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


Secretary