

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1**

Minutes of Meeting of Board of Directors

December 12, 2017

The Board of Directors ("Board") of Harris County Municipal Utility District No. 1 ("District") met at 2929 Allen Parkway, Suite 2280, Houston, Harris County, Texas on December 12, 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

and the following absent:

Vaughn Vratil, Director.

Also present were Mr. Mike Potter of Hays Utility South Corporation, Mr. Cory Burton of Municipal Accounts & Consulting, Mr. Erik Spencer of Van De Wiele & Vogler, Inc., Ms. LeKeita Sanders of Environmental Allies, Mr. Mark Eyring of Roth & Eyring, PLLC, Mr. Duane Iselt of Flair Builders, Mr. Simon Van Dyke of Blue Umbrella, 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 then considered the resignation submitted by Director Vaughn Vratil, and upon unanimous vote, the resignation was accepted by the Board.

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

3. The Board then recognized Mr. Mark Eyring who presented the agreed-upon procedures report for expenditure of bond proceeds. The Board reviewed the report, and upon unanimous vote, the Board approved the auditor's report and authorized distribution of bond proceeds upon closing on December 14, 2017.

4. 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, 2018. After review and discussion, upon unanimous vote, the Board approved the bookkeeper's report and the checks listed thereon.

5. Mr. Mike Potter was then recognized by the Board and presented the operator's report reflecting 2,796 total connections in the District. The Board reviewed the water

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production and consumption data, and it appeared that 94.91% of the water pumped during the previous month had been accounted for. The operator reported on the operation of Water Plant No. 1 and No. 2 and Wastewater Treatment Plant 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 three adjustments to water bills, all of which were approved as presented. 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 Board approved the pay applications reflected in the report. Mr. Spencer reported on the status of design of Water Plant No. 4 and reviewed with the Board the status of development in the Lakes at Creekside subdivision. After discussion by the Board, upon unanimous vote, the Board approved the engineer's report.

7. The Board reviewed correspondence received from Mr. Jay Miller with respect to acquisition of an easement for the hike and bike trail. Director Young volunteered to discuss the matter further with Mr. Miller. The Board also requested that Mr. Spencer prepare legal descriptions for the acquisition of two additional easements.

8. The attorney then reported on the requirement to file information regarding the District's exercise of eminent domain powers with the State Comptroller's Office, and upon unanimous vote, the attorney was instructed to file the eminent domain report.

9. The Board then recognized representatives of Blue Umbrella who presented a proposed amendment to the District's communication agreement, as well as a proposed lease for tablet computers. The Board discussed the manner in which inquiries are received and responded to by Blue Umbrella and requested that all future inquiries be directed to the appropriate consultant for a response. The Board agreed to take under consideration the proposed amendment to the communication agreement, as well as the proposed lease.

10. The Board then recognized Ms. LeKeita Sanders of Environmental Allies who presented a report on the status of detention and drainage facilities in the District.

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

  
Secretary