

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors

November 14, 2017

The Board of Directors ("Board") of Harris County Municipal Utility District No. 1 ("District") met at 2817 W. Dallas, Houston, Harris County, Texas on November 14, 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 of Hays Utility South Corporation, Ms. Cara Sliva of Municipal Accounts & Consulting, Mr. Erik Spencer of Van De Wiele & Vogler, Inc., Mr. Duane Iselt of Flair Builders, Mr. David Smalling of Robert W. Baird & Co., 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 acknowledged publication of Notice of Sale of the District's \$9,690,000 Series 2017 Bonds. The Board recognized the District's financial advisor who advised that Moody's had assigned a rating of BAA to the Bonds. The financial advisor presented a tabulation of four bids received for purchase of the Bonds and a recommendation for award of sale of the Bonds. It appeared that the low bidder was Bernardi Securities, Inc. with Assured Guarantee insurance and a net interest cost of 3.205648%. The Board considered the bids, and upon unanimous vote, the Board adopted the attached Order awarding sale of the Bonds to Bernardi Securities, Inc.

2. The Board then considered a Bond Order including form of Bond, Paying Agent/Registrar Agreement, Official Statement and various certificates and documents related to the issuance of the Bonds, approval by the Attorney General of the State of Texas, registration by the Comptroller of Public Accounts and delivery to the purchaser, and upon unanimous vote, all documents were approved by the Board. The Board further authorized the President, Vice President and Secretary, as well as the District consultants, to take such action as is necessary to cause the Bonds to be approved and delivered.

3. The Board then considered engagement of Roth & Eyring to perform the limited scope examination of expenditure of bond proceeds, and upon unanimous vote, the auditor was engaged to perform the review.

4. The Board considered the minutes of the meeting of October 10, 2017, and upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

5. The Board then recognized Ms. Cara Sliva 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.

6. 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 99.4% collected.

7. Mr. Mike Potter was then recognized by the Board and presented the operator's report reflecting 2,788 total connections in the District. The Board reviewed the water production and consumption data, and it appeared that 95.31% 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 two waste discharge permit violations during the reporting period. Mr. Potter advised that the mechanical step screen at the sewage treatment plant had failed and reviewed with the Board the cost of repair or replacement. After discussion, upon unanimous vote, the Board agreed to replace the equipment at a cost of \$31,000. 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.

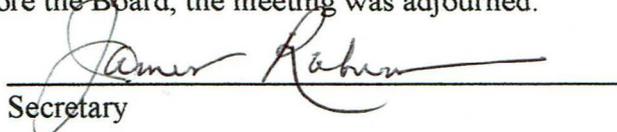
8. The Board then recognized Mr. Erik Spencer who presented the engineer's report. Mr. Spencer reviewed each project which appears in the report and the Board approved Pay Application No. 1 on the clearing and grubbing contract for Detention Pond J in Lakes at Creekside subdivision. Mr. Spencer advised that the attorney had reviewed the proposed interlocal agreement with Harris County for maintenance of the M109 channel, but the cost estimate had not been developed yet. After discussion by the Board, upon unanimous vote, the Board approved the engineer's report.

9. The Board then considered the attached Order designating an office and meeting place outside the boundaries of the District, and upon unanimous vote, the Order was approved by the Board.

10. The Board then considered renewal of the District's insurance coverage, and upon unanimous vote, the Board accepted proposals submitted by the District's insurance agent.

11. The Board then discussed leasing laptops to replace the current laptops from Blue Umbrella. After discussion, it was agreed that any director in need of a laptop is authorized to lease a laptop on a three year contract.

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


Secretary