

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors
September 8, 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 September 8, 2015 in accordance with the duly posted notice of the meeting, with a quorum of directors present, as follows:

Doug Caldwell, Jr., President
James Roberson, Director
Shaun Hebert, Director

and the following absent:

Craig C. Young, Vice President
Richard "Chip" Callegari, Secretary

Also present were Mr. Don Hays, Ms. Robin Secrest, Ms. Trisha Innis, and Mr. Mike Potter of Hays Utility South Corporation, Ms. Mary Lutz of McLennan & Associates, LP, Mr. Erik Spencer of Van De Wiele & Vogler, Inc., Mr. David Smalling of R.W. Baird & Company, Sergeant Mike Cohen of the Harris County Constable's Office, Mr. Duane Iselt of Flair Builders, and Mr. James D. Bonham, attorney for the District.

The Vice President called the meeting to order and declared it open for such business as might properly come before it.

In the absence of the Secretary, Director James Roberson was elected Secretary Pro Tempore.

1. The Board considered the minutes of the meeting of August 11, 2015, and upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

2. 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. The Board discussed the Depository Pledge Agreement with Icon Bank, and upon unanimous vote, instructed the bookkeeper to transfer \$1 million from the general fund to a money market fund at Icon Bank. After review and discussion, upon unanimous vote, the Board approved the bookkeeper's report and the checks listed thereon.

3. The Board then considered the attached resolution adopting a general fund budget for the fiscal year ending September 30, 2016, and upon unanimous vote, the resolution was approved by the Board.

4. The Board then recognized the District's financial advisor, Mr. David Smalling, who presented a recommendation with respect to the District's 2015 debt service and

maintenance tax rates. The Board discussed the matter, and upon unanimous vote, authorized publication of notice of a public hearing to be held at the next Board meeting to consider a 2015 tax rate of \$0.92 per \$100 assessed valuation.

5. Mr. Mike Potter was then recognized by the Board and presented the operator's report reflecting 2,612 total connections in the District. The Board reviewed the water production and consumption data, and it appeared that 94.68% 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 provided an accounting of the Regional Water Authority receipts and expenses and advised that Hays Utility had completed the electrical work which the contractor, TarTob Commercial Services, had failed to complete under its contract. The operator requested authorization to replace the rebar at the drain at the detention pond for the sewer treatment plant, and upon unanimous vote, the operator was so authorized. 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 representatives of Hays Utility Service and AVR who discussed with the Board on-line bill payment services available to the District. The Board discussed the services and associated costs and authorized the operator to engage AVR to provide automated billing services.

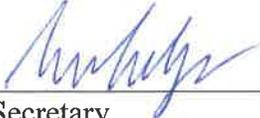
7. The Board then recognized Mr. Erik Spencer who presented the engineer's report. The Board approved the pay estimates reflected in the report and discussed the installation of the security system at lift station no. 1 and no. 2. It was agreed that a meeting should be scheduled with the Harris County Constable at the site so the Constable is aware of the District's security system. Mr. Spencer reported on the status of utilities construction in Wimbledon Falls, the Preserve at North Hampton, and Lakes at Creekside subdivisions. After discussion by the Board, upon unanimous vote, the Board approved the engineer's report.

8. The Board then considered a contract with Harris County to handle the November 3, 2015 bond election, and upon unanimous vote, the agreement was approved by the Board.

9. The Board then considered a proposal from Arbitrage Compliance Specialists for review of one bond issue, and upon unanimous vote, the proposal was approved by the Board.

10. The Board then recognized Mr. Mike Cohen of the Harris County Constable's Office who provided the Constable's law enforcement report for the previous month. The Board thanked the Constable and advised that his presence is more important in the District than at the Board meetings, although he is welcome to visit periodically.

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


Secretary