

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors

May 8, 2018

The Board of Directors ("Board") of Harris County Municipal Utility District No. 1 ("District") met at 2727 Allen Parkway, Suite 1100, Houston, Harris County, Texas on May 8, 2018 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:

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. Mike Brazzell a resident of the District, representatives of CST Brands, Inc., Mr. Austin Haynes, P.E., 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 recognized representatives of CST Brands, Inc., the owner of a Corner Store outside the boundaries of the District, as well as Mr. Austin Haynes, the project engineer. The Board was requested to consider annexing the convenience store and providing water and sanitary sewer service. The Board discussed the matter and agreed to annex the property subject to terms to be agreed upon, including the following:

the landowner pays all costs of annexation;
the landowner pays all costs of water and sewer extensions;
the discharge to the sanitary sewer system is limited to normal domestic wastewater (not industrial waste);
the property must be platted; and
the property must be excluded from any applicable Certificate of Convenience and Necessity.

The District would provide temporary water and sewer service upon completion of construction of the facilities, all of which must be properly bid in accordance with state law. The temporary water and sewer service would extend for 180 days and would terminate if the property is not annexed within that period.

2. The Board then considered the attached Order appointing Mr. Mike Brazzell to fill the vacancy on the Board, and upon unanimous vote, the Order was approved.

3. The Board considered the minutes of the meeting of April 10, 2018 and upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

4. The Board then reviewed 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 2,825 total connections in the District. The Board reviewed the water production and consumption data, and it appeared that 93.71% 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. The Board discussed the water interconnect with Northwest Harris County MUD No. 19, and requested the operator propose to MUD 19 that rather than repayment of water in-kind that MUD 19 pay the District \$1.00 per 1,000 gallons of water provided, plus the North Harris County Regional Water Authority Fee. Mr. Potter reviewed with the Board three appeals from District customers, and after discussion of the circumstances of each appeal, the Board agreed to bill Mr. Clay Czeulsniak using the first tier of billing, plus the North Harris County Regional Water Authority fee. The Board agreed to waive the disconnect fee on Ms. Amanda Kimball's account, and agreed to waive all fees on the Keith Mathews account provided he pay for all water provided through the meter. 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 engineer reviewed with the Board the repair of the sanitary sewer manhole at Lift Station No. 1, being conducted by Wright Solutions, with a bid in the amount of \$64,890. The engineer advised that he anticipates an additional cost for replacement of iron ductile pipe, which is corroded. The engineer reported that the resident adjacent to Water Plant No. 1 is interested in purchasing the property, and the Board agreed to request a proposal from the resident. The Board discussed the status of construction of Water Plant No. 4, as well as activity in Lakes at Creekside subdivision. After discussion by the Board, upon unanimous vote, the Board approved the engineer's report.

7. The Board acknowledge a certification by the District's President regarding election of directors by cancelation of the May 5, 2018 directors election. The directors executed oaths of office, statement of directors, and letters of representation, and the Board acknowledged the directors qualifications to continue to serve.

8. The Board then discussed the election of officers and agreed that the current officers should continue in their present offices.

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


Secretary