

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors

December 11, 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 December 11, 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
Mike Brazzell, Director

and the following absent:

None.

Also present were Ms. Robin Secrest, Mr. Howard Wilhite, Mr. Don Hays and 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. Daniel Pereyra of Environmental Allies, Mr. Michael Murr of Murr, 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 considered the minutes of the meeting of November 13, 2018, and upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

2. The Board then reviewed d 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, 2019. After review and discussion, upon unanimous vote, the Board approved the bookkeeper's report and the checks listed thereon.

3. Ms. Silva then recommended the Board enter into a payroll processing agreement with Alliance Payroll, and upon unanimous vote, the Board agreed to enter into an agreement with Alliance Payroll.

4. Mr. Mike Potter was then recognized by the Board and presented the operator's report reflecting 2,895 total connections in the District. The Board reviewed the water production and consumption data, and it appeared that 91.01% of the water pumped during the previous month had been accounted for. The operator reported on the operation of Water Plant

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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 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.

5. The Board then recognized Mr. Don Hays and representatives of Hays Utility South. Mr. Hays advised that Hays had been sold to H2O Innovation USA and assured the Board that Hays would continue to operate as it has in the past, and Mr. Potter would continue to be the District's representative. Mr. Hays and Mr. Wilhite responded to certain questions and the Board congratulated Mr. Hays on the transaction.

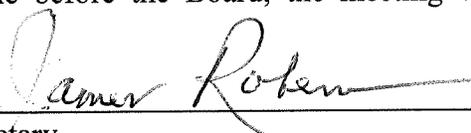
6. The Board then recognized Mr. Erik Spencer who presented the engineer's report. The Board approved Pay Application No. 1 on the Lakes at Creekside detention pond D project, and authorized award of construction contracts for the Wimbledon Falls detention pond rehabilitation and Lakes at Creekside Lift Station No. 6, both as recommended by the engineer. The Board reviewed the other matters reflected in the report. After discussion by the Board, upon unanimous vote, the Board approved the engineer's report.

7. The attorney for the District then discussed with the Board the requirement to file a report regarding the District's eminent domain authority with the State Comptroller of Public Accounts, and upon unanimous vote, the report was approved by the Board and the attorney was authorized to file the report as required by law.

8. The Board then discussed the requirement that the District adopt a Drought Contingency Plan and Water Conservation Plan and it was agreed that the matters be addressed at the January 2019 board meeting.

9. The Board then recognized Mr. Michael Murr who presented a bid tabulation for construction of a portion of the proposed hike and bike trail, and related amenities. After review, upon unanimous vote, the Board authorized award of the contract to the low bidder D.L. Meacham, Inc. as recommended by Mr. Murr.

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


Secretary