

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors

September 10, 2019

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 September 10, 2019, 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 Mr. Mike Potter of Hays Utility South Corporation, Ms. Cara Sliva and Mr. Cory Burton of Municipal Accounts & Consulting, Mr. Erik Spencer of Van De Wiele & Vogler, Inc., Mr. Mark Eyring of Roth & Eyring, Mr. Duane Iselt of Flair Builders, Ms. Treacy Ware of Off Cinco, Mr. Michael Murr of Murr, Inc., Ms. Janet Stallings of Princeton Place HOA, 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 \$2,340,000 Series 2019 Unlimited Tax Bonds. The Board recognized the District’s financial advisor who 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 Hilltop Securities with BAM insurance and a net interest cost of 2.542769%. The Board considered the bids, and upon unanimous vote, the Board adopted the attached Order awarding sale of the Bonds to Hilltop Securities.

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 Mark Eyring to perform the limited scope examination of developer reimbursement from bond proceeds, and upon unanimous vote, Mr. Eyring was engaged to perform the examination.

4. The Board considered the minutes of the meetings of August 13, 2019 and August 19, 2019, and upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

5. 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, 2019. After review and discussion, upon unanimous vote, the Board approved the bookkeeper's report and the checks listed thereon.

6. The Board then considered the attached resolution adopting a general fund budget for the fiscal year ending September 30, 2020, and upon unanimous vote, the resolution was approved by the Board.

7. The Board then considered engagement of an auditor to perform the audit for the fiscal year ending September 30, 2019, and upon unanimous vote, Mr. Eyring was engaged to perform the audit.

8. The attorney for the District then advised that based on information provided by the Harris County Tax Assessor's Office, the District's 2018 taxes are 99.2% collected.

9. The Board then recognized Mr. David Smalling, the District's financial advisor, who presented a cash flow analysis and recommendation with respect to the District's 2019 tax rate. The Board reviewed the analysis and recommendation and after discussion, upon unanimous vote, the Board authorized publication of a Notice of a Public Hearing to be held at the next regularly scheduled Board meeting to consider a 2019 debt service tax of \$0.53 and a maintenance tax of \$0.215, for a total tax rate of \$0.745 per \$100 assessed valuation.

10. Mr. Mike Potter was then recognized by the Board and presented the operator's report reflecting 2,950 total connections in the District. The Board reviewed the water production and consumption data, and it appeared that 93.9% 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 also reviewed the billing and collections data which appears in the report. Mr. Potter advised that Mr. McCoy, a customer in the District, had filed a complaint with the Public Utility Commission following termination of service following the return of a check written on insufficient funds. Mr. Potter advised that he had discussed the matter with the PUC and will resolve any outstanding issues. 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.

11. The Board then recognized Mr. Erik Spencer who presented the engineer's report. The Board approved Change Order No. 2 on the M109 drainage channel rehabilitation project and Pay Application No. 11 on the Water Plant No. 4 project. The Board discussed the

Princeton Place detention pond storm water quality feature replacement and Kuykendahl waterline relocation. The Board discussed the status of development of Lakes at Creekside subdivision and Mr. Spencer reported that a correction deed and easement will need to be filed on detention pond K. After discussion by the Board, upon unanimous vote, the Board approved the engineer's report.

12. The Board then recognized Mr. Michael Murr who reviewed with the Board the status of construction of the trail improvements in the area of the Princeton Place detention facility. The Board discussed the matter and authorized Mr. Murr to begin preliminary design of park C. The Board also agreed to consider signage to be installed along the trail.

13. The Board then recognized Mr. Cory Burton who discussed with the Board aggregation of a number of municipal utility districts to contract for electric power. The Board discussed the matter and designated Mr. Cory Burton as the District's representative to negotiate a contract with the understating that the contract will be considered only if the power cost is \$0.3875 or less.

14. The Board then recognized Ms. Treacy Ware who presented a proposal from Off Cinco for development of a website for the District as well as emergency notices by text or email. The Board discussed the matter and agreed to proceed with a basic website and text only notifications as well District related email addressees for the Directors. After discussion, the Board instructed the attorney to give notice of termination to Mr. Don Dulin of the agreement with Mr. Dulin.

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


Secretary