

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 81
OF HARRIS COUNTY, TEXAS

February 23, 2017

The Board of Directors ("Board") of Harris County Municipal Utility District No. 81 of Harris County, Texas (the "District"), met in regular session, open to the public, at 805 Hidden Canyon Drive, Katy, Texas 77450, inside the boundaries of the District, on the 23rd day of February, 2017, and the roll was called of the duly constituted members of the Board of Directors, to-wit:

John Savage	President
George Goff	Vice President
Patrick Cathcart	Secretary
Donna Brown	Treasurer
Bruce Cox	Assistant Secretary

and all of said persons were present, thus constituting a quorum.

Also present were Virginia Goff and Mary Edna Ramones, residents of the District; Gregg Nady, member of the public; Rene Anandel of Wheeler and Associates, Inc.; Charlie Chapline of Municipal District Services, L.L.C. ("MDS"); Diane Doyle of McLennan & Associates, L.P. ("McLennan"); Doug Baker and Daniel Sparks of BGE, Inc. ("BGE"); Starr Johnson and Doris Vogt, District employees; and Katie Carner and Shilpa Shah of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the January 26, 2017, regular meeting. After discussion, Director Cathcart moved to approve the minutes of the January 26, 2017, regular meeting. Director Brown seconded the motion, which carried by unanimous vote.

REQUEST FOR FUNDING HARRIS COUNTY PRECINCT'S EXTENSION OF THE HIKE AND BIKE TRAIL WEST OF MASON ROAD, INCLUDING EASEMENT ACQUISITION

Mr. Nady updated the Board on the request for the Harris County extension of the hike and bike trail. He stated that Cornerstones MUD will contribute \$4,484.00 of the \$5,550.00 cost for the easement acquisition. Mr. Nady stated that he would contact the property owner regarding acquiring one remaining easement in the District and if unsuccessful, he suggests the District proceed with submitting the interlocal agreement to the County.

Ms. Carner reviewed an interlocal agreement between the District and the County regarding the acquisition of the one remaining easement for the hike and bike trail extension. Discussion ensued regarding the agreement, the trail access points, and a second interlocal agreement between the District, the County, Cimarron Municipal Utility District, and Mason Creek Utility District for the design and construction of the hike and bike trail extension. After review and discussion, Director Cathcart moved to approve the interlocal agreement for the easement acquisition, subject to final review by ABHR, and direct that the agreement be filed appropriately and retained in the District's official records. Director Goff seconded the motion, which carried by unanimous vote.

TAX ASSESSOR/COLLECTOR REPORT

Ms. Anandel reviewed the tax assessor/collector's report for the month of January, a copy of which is attached. She stated the report reflects that the District's 2017 taxes are 92.77% collected as of the end of January. After review and discussion, Director Goff moved to approve the tax assessor/collector's report and pay the tax bills. Director Cox seconded the motion, which carried by unanimous vote.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Ms. Carner presented and reviewed the Resolution Concerning Exemptions from Taxation. After discussion, Director Cathcart moved to adopt the Resolution Concerning Exemptions from Taxation, reflecting that the Board rejects any exemption for travel trailers from ad valorem taxation, grants a general residential homestead exemption of 20% of the appraised value of property, and grants a \$5,000 exemption for persons over 65 years of age and for disabled persons, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Cox seconded the motion, which passed by unanimous vote.

DISCUSS ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") WINTER CONFERENCE, APPROVE REIMBURSEMENT OF ELIGIBLE EXPENSES, AND AUTHORIZE ATTENDANCE AT SUMMER CONFERENCE

Discussion ensued regarding the winter AWBD conference in Austin. After discussion, Director Cathcart moved to approve reimbursement of eligible expenses from the AWBD winter conference and authorize attendance of the directors and office staff at the summer conference. Director Cox seconded the motion, which carried by unanimous vote.

BOOKKEEPER'S REPORT

The Board received the bookkeeper's report, a copy of which is attached. Ms. Doyle reviewed each District account and the bills to be paid, as well as a budget to actual comparison, and the debt service requirements. After discussion, Director Cox

moved to approve the bookkeeper's report and the checks presented for payment. Director Brown seconded the motion, which carried by unanimous vote.

LEGAL CONFLICT WAIVER

Ms. Carner presented a legal conflict waiver letter in connection with the District as a party to the First Amendment to the Reclaimed Water Agreement. After review and discussion, Director Cathcart moved to approve and authorize execution of the legal conflict waiver letter and direct that the letter be filed appropriately and retained in the District's official records. Director Cox seconded the motion, which carried by unanimous vote.

OPERATOR'S REPORT

Mr. Chapline reviewed a written operations report, a copy of which is attached. He reported that the District's water accountability was 94.6% for January 2017.

Mr. Chapline reviewed additional repair and maintenance items performed during the month. He then presented a list of delinquent accounts that are deemed not to be collectible and requested authorization to write off the delinquent accounts and submit same to a collection agency.

Mr. Chapline discussed preparing a survey to commercial property owners suggesting to check backflow preventers. He stated that MDS will present a report with recommendations next month.

Mr. Chapline stated a resident at 21627 Park Wick reported a sinkhole in their yard. He stated that MDS televised the sewer line and confirmed that the issue was a resident issue, not a District issue.

After review and discussion, Director Cox moved to (1) approve the operator's report; and (2) write off the delinquent accounts that are deemed not to be collectible, submit same to a collection agency, and direct that the uncollectible account list be filed appropriately and retained in the District's official records. Director Brown seconded the motion, which carried by unanimous vote.

CUSTOMER REQUESTS

Ms. Ramones objected to and requested a waiver of the \$15.00 delinquent letter fee on her February 2017 utility bill. She questioned why she received a delinquent letter for her February bill when she paid it. Ms. Vogt explained the late fee and stated that it was imposed due to a delinquent January 2017 utility bill. Discussion ensued. Following discussion, the Board concurred to deny Ms. Ramones's request.

Ms. Vogt reviewed a list of customer requests and complaints.

Ms. Vogt stated that a commercial customer paid a utility bill for 820 South Mason for several years even though their meter did not show any usage; however, the customer never requested a cancellation of service. She stated that the property manager discovered that the meter at 820 South Mason was connected to 870 South Mason and there is no property located at 820 South Mason. Ms. Vogt confirmed the account has now been terminated pursuant to the customer's request. Mr. Chapline stated that according to the customer's history ledger, an amount of \$1,444.00 was paid. Discussion ensued. After discussion, the Board concurred to authorize MDS to credit the customer \$750.00, based on the operator's recommendation.

Ms. Vogt discussed a request from Jack Hopkins at 21231 Park Bend for an update regarding his dispute over water usage last fall. Ms. Vogt stated his usage was in line with his normal usage. Following discussion, the Board concurred to take no action.

Ms. Vogt discussed a request from Jeremy Golden at 20934 Park Pine Lane regarding unusually high water usage and requesting a new meter. She stated that he had reported a leaking toilet and that he had done some power washing outside his residence. After discussion, the Board concurred to deny the request.

TERMINATION OF SERVICE

The Board next conducted a hearing regarding termination of water and sewer services. Mr. Chapline presented to the Board a list of delinquent customers. Ms. Johnson informed the Board that all of the residents on termination list were delinquent in payment of utility bills and were given written notification prior to the meeting of the opportunity to appear before the Board of Directors to explain, contest, or correct their utility service bills and show reason why utility services should not be terminated for reasons of nonpayment. She stated that Brent Cook requested an extension for payment of his delinquent account.

Following review and discussion, Director Cox moved to authorize that because none of the residents on the list were present at the meeting nor had presented any written statement on the matter, the utility service for the customers on the list should be terminated on March 1, 2017, if their utility bills are not paid in accordance with the District's Rate Order, except Brent Cook, and direct that the delinquent customer list be filed appropriately and retained in the District's official records. Director Goff seconded the motion, which passed unanimously.

ENGINEER'S REPORT

Mr. Baker presented the engineer's report, a copy of which is attached.

GROUND STORAGE TANK AND HYDRO TANK REHABILITATION AT WATER PLANT NO. 1 INCLUDING ADOPT RESOLUTION AUTHORIZING APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR USE OF SURPLUS FUNDS AND CHANGE IN SCOPE

Mr. Baker stated the booster pump will need to be replaced and the ground storage tank and hydrotank rehabilitated at an estimated cost of \$1,209,175.00. Ms. Carner reviewed a Resolution Authorizing Application to the Texas Commission on Environmental Quality (the "TCEQ") for Use of Surplus Funds and Change in Project Scope to use existing bond funds for the project. Mr. Baker presented a proposal from BGE for engineering services to prepare plans and specifications for the Water Plant No. 1 rehabilitation project for an estimated cost of \$154,085.00, a copy of which is attached to the engineer's report. After discussion, Director Goff moved to (1) adopt the Resolution Authorizing Application to the Texas Commission on Environmental Quality for Use of Surplus Funds and Change in Project Scope, and direct that Resolution be filed appropriately and retained in the District's official records; (2) approve check no. 13490 in the amount of \$100 to TCEQ for the submission of the application; and (3) approve the proposal from BGE for an estimated cost of \$154,085.00. Director Cathcart seconded the motion, which carried by unanimous vote.

GROUND STORAGE TANK AND HYDRO TANK REHABILITATION AT WATER PLANT NO. 4

Mr. Baker stated that the final inspection by the Texas Commission on Environmental Quality ("TCEQ") was held on Tuesday, December 20, 2016.

REPLACEMENT OF WELL MOTOR AND WELL ASSEMBLY AT WATER WELL NO. 4 AND PROPOSALS FOR WELL COVER AT WATER WELL NO. 4

Mr. Baker reviewed and presented Change Order No. 3 from Schier Construction Company, Inc. ("Schier") in the amount of \$86,600.00, for installation of a sound enclosure over the well motor and to paint the existing well header piping at Water Plant No. 4, a copy of which is attached to the engineer's report. After discussion, Director Goff moved to approve Change Order No. 3 from Schier in the amount of \$86,600.00, based on the engineer's recommendation. Director Cathcart seconded the motion, which carried by unanimous vote.

TELEVISIONING OF CIMARRON SUBDIVISION, SECTIONS 1 AND 2

The Board deferred discussion regarding the rehabilitation of the sanitary sewer system in Cimarron Subdivision, Sections 1 and 2.

WATER MODELING STUDY

Mr. Baker reported that BGE has resumed the water modeling study since water plant no. 4 became operational and should be able to report on the results in the next month or two.

REQUEST FOR INSTALLATION OF SIDEWALK ALONG CIMARRON PARKWAY BETWEEN MASON ROAD AND MESA TERRACE

Mr. Baker stated design of the sidewalk by Harris County is ongoing.

ELECTRONIC SIGN

Mr. Baker reported that BGE will present an updated proposal from Stanley Signature Signs next month for installing the programmable LED sign at the administrative building. Discussion ensued regarding options for signage. The Board requested a proposal for a panel-type sign.

DISCUSS INTERCONNECT WITH MEMORIAL MUNICIPAL UTILITY DISTRICT

Mr. Baker reported that MDS installed an isolation valve north of Highland Knolls.

CAPITAL IMPROVEMENT PLAN

Mr. Baker reviewed an updated Capital Improvement Plan, a copy of which is included in the engineer's report.

GEORGE BUSH PARK SANITARY FORCE MAIN

Mr. Baker reported that a preconstruction meeting was held regarding the force main project which will transfer wastewater from George Bush Park to the Cinco Regional Wastewater Treatment Plant and a notice to proceed with be issued on March 6, 2017.

Following review and discussion, Director Cathcart moved to approve the engineer's report. Director Cox seconded the motion, which carried by unanimous vote.

WEST MEMORIAL MUNICIPAL UTILITY DISTRICT ("WEST MEMORIAL") SEWAGE TREATMENT PLANT MEETING AND PROPOSED PLANT IMPROVEMENTS, INCLUDING PROPOSALS FOR ON-SITE GENERATOR

Director Cox reported on the West Memorial Sewage Treatment Plant meeting.

REVIEW OPERATION, REPAIR, AND MAINTENANCE OF ADMINISTRATIVE OFFICE BUILDING AND DISTRICT WEBSITE, INCLUDING REPORT ON TELEVISIONING OF SANITARY SEWER LINES

Ms. Vogt reported on the maintenance of the administrative building.

Director Savage stated that lights on the side of the administrative building are not working and requested that Ms. Johnson and Ms. Vogt follow up.

Ms. Vogt stated cleaning of the ducts will be completed in March.

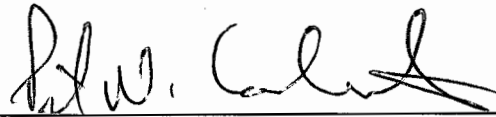
Ms. Vogt stated that NCS will start replacing the cameras in the administrative building with IP cameras next week.

Ms. Vogt reviewed information from Katy Times Newspapers in Education Department requesting funds for school sponsorship. Discussion ensued. After discussion, the Board concurred to deny the request.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY ("AUTHORITY")

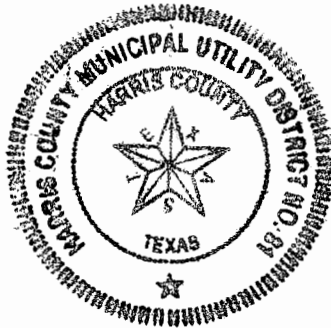
There was no discussion on this matter.

There being no further business to come before the Board, the Board concurred to adjourn the meeting.



Secretary, Board of Directors

(SEAL)



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