

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

May 28, 2020

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 81 (the "District") met in regular session by teleconference, with access by telephone available to the public, pursuant to Texas Government Code Section 551.125 and Governor Greg Abbott's emergency disaster declaration dated March 13, 2020, on the 28th day of May, 2020, and the roll was called of the members of the Board being present by telephone:

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 attending the teleconference were Stephen Eustis and Samantha Jones of Robert W. Baird & Company, Inc. ("Baird"); Ryan Fortner of Wheeler & Associates, Inc.; Charlie Chapline of Municipal District Services, L.L.C. ("MDS"); Mary Lutz of McLennan & Associates, L.P. ("McLennan"); Doug Baker and Kate Hallaway of BGE, Inc. ("BGE"); Starr Johnson and Doris Vogt, District employees; and Katie Carner and Kim Cannon-Griffin of Allen Boone Humphries Robinson LLP ("ABHR").

Ms. Carner reviewed certain recommended protocols for conducting the District's meeting via teleconference. She announced that the meeting was being recorded and that consultant reports presented at the meeting were posted online and available to the public in the form of an "agenda packet" prior to the start of the meeting at www.districtdirectory.org/agendapackets/hcmud81.

PUBLIC COMMENT

Director Savage offered any members of the public attending the meeting by telephone the opportunity to make public comment. There being no members of the public requesting to make public comment, Director Savage moved to the next agenda item.

MINUTES

The Board considered approving the minutes of the April 23, 2020, regular meeting. After discussion, Director Cathcart moved to approve the minutes of the April

23, 2020, regular meeting. Director Cox seconded the motion. A roll call of the Board was taken and the motion passed by unanimous vote, with all directors voting "yea."

SERIES 2020 UNLIMITED TAX REFUNDING BONDS

APPROVE PRELIMINARY OFFICIAL STATEMENT FOR THE DISTRICT'S SERIES 2020 UNLIMITED TAX BONDS ("SERIES 2020 BONDS")

Mr. Eustis reviewed the Preliminary Official Statement for the Series 2020 Bonds.

ENGAGE RATING COMPANY TO PERFORM CREDIT RATING ANALYSIS FOR SERIES 2020 UNLIMITED TAX REFUNDING BONDS

The Board considered engaging Standard and Poor's rating company to perform a credit rating analysis for the District's Series 2020 Bonds. Mr. Eustis stated that the District currently has a rating from previous Bonds. He recommended the Board engage Standard and Poor's for a credit rating for the Series 2020 Bonds.

APPOINT PAYING AGENT/REGISTRAR

The Board considered appointing a paying agent/registrar for the Series 2020 Bonds. Mr. Eustis recommended the Board appoint the Bank of New York Mellon Trust Company as the paying agent/registrar for the Series 2020 Bonds.

AUTHORIZE ADVERTISEMENT FOR SALE OF THE SERIES 2020 BONDS AND SCHEDULE BOND SALE

The Board then considered advertisement for sale of the Series 2020 Bonds and discussed an appropriate bond sale date. Mr. Eustis recommend the Series 2020 Bond sale date be scheduled on June 25, 2020, the next regular Board meeting.

ENGAGE AUDITOR TO PREPARE DEVELOPER REIMBURSEMENT REPORT

There was no discussion on this matter.

Following discussion, Director Goff moved to (1) approve the Preliminary Official Statement and Official Notice of Sale, subject to final review; (2) engage Standard and Poor's rating company to perform a credit rating for the District's Series 2020 Bonds; (3) appoint Bank of New York Mellon Trust Company as paying agent/registrar; and (4) authorize advertisement for bids for the Series 2020 Bonds and schedule the bond sale for June 25, 2020. Director Cox seconded the motion. A roll call of the Board was taken and the motion passed by unanimous vote, with all directors voting "yea."

TAX ASSESSOR/COLLECTOR REPORT

Mr. Fortner reviewed the tax assessor/collector's report for the month of April, a copy of which is attached. He stated the report reflects that the District's 2019 taxes were 94.22% collected as of the end of April. After discussion, Director Brown moved to approve the tax assessor/collector's report and pay the bills from the tax account. Director Cox seconded the motion. A roll call of the Board was taken and the motion passed unanimously, with all directors voting "yea."

Mr. Fortner stated the sales tax audit of District businesses has begun and a final report will be presented at the next Board meeting. He stated the preliminary review indicated there is minimal business loss in the District thus far.

Mr. Fortner reviewed the delinquent tax report, a copy of which is attached to the tax assessor's report.

BOOKKEEPER'S REPORT

The Board reviewed the bookkeeper's report, a copy of which is attached. Ms. Lutz reviewed each District account and the bills to be paid, as well as a budget to actual comparison.

Ms. Lutz presented two additional checks, check nos. 16178 and 16179 in the amounts of \$200.00 each, payable to Alfred Sanchez and Estela Ponce for building rental refunds.

After discussion, Director Brown moved to approve the bookkeeper's report and the checks presented for payment, including the additional checks. Director Cox seconded the motion. A roll call of the Board was taken and the motion passed unanimously, with all directors voting "yea."

APPROVE ANNUAL REPORT AND AUTHORIZE FILING OF SAME IN ACCORDANCE WITH THE DISTRICT'S CONTINUING DISCLOSURE OF INFORMATION AGREEMENT AND AS REQUIRED BY SEC RULE 15C2-12

The Board considered authorizing preparation and filing of the District's Annual Report in accordance with Securities and Exchange Commission Rule 15c2-12. Ms. Carner explained that the District's bond resolutions require the District update certain financial information about the District on an annual basis. After discussion, Director Cox moved to approve and authorize filing of the Annual Report. Director Cathcart seconded the motion. A roll call of the Board was taken and the motion passed unanimously, with all directors voting "yea."

ANNUAL REVIEW OF PROCEDURES FOR CONTINUING DISCLOSURE COMPLIANCE

The Board reviewed the Procedures for Continuing Disclosure Compliance and concurred that no changes are needed at this time.

DISCUSS RENEWAL OF DISTRICT'S INSURANCE POLICIES

The Board reviewed a proposal from McDonald & Wessendorff Insurance ("McDonald") for renewal of the District's insurance policies. Following review and discussion, Director Brown moved to accept the proposal from McDonald for renewal of the District's insurance policies and direct that the proposal be filed appropriately and retained in the District's official records. Director Cox seconded the motion. A roll call of the Board was taken and the motion passed unanimously, with all directors voting "yea."

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 81.8% for April 2020. Mr. Chapline discussed the lower than usual accountability for the month and stated due to the COVID-19 epidemic safety precautions were taken and there were no in person meter readings for last months billing period. He stated a four month average usage calculation was used for this billing period.

Mr. Chapline reviewed additional repair and maintenance items performed during the month.

CUSTOMER REQUESTS

Mr. Chapline updated the Board on the investigation of the commercial account located at 910 South Mason, which previously had experienced higher than normal usage. He stated the meter was tested and no leaks were found.

Mr. Chapline stated a commercial entity located at 1001 South Mason requested a capacity reservation to fill a proposed 50,000-gallon fire suppression tank on site. He stated that MDS and BGE had no objections to the request. After discussion, the Board concurred to authorize the capacity reservation, as requested.

REPORT ON REVIEW AND PROPOSED ABANDONMENT OF INTERCONNECTS

There was no discussion on this matter.

REVIEW CRITICAL LOAD SPREADSHEET FOR DISTRICT'S FACILITIES AND AUTHORIZE ANNUAL FILING

The Board reviewed the District's Critical Load Spreadsheet. Mr. Chapline noted that the District's bookkeeper, engineer, and operator have reviewed and approved the Critical Load Spreadsheet.

After review and discussion, Director Cathcart moved to (1) approve the operator's report; and (2) authorize the annual filing of the Critical Load Spreadsheet and direct that the Critical Load Spreadsheet be filed appropriately and retained in the District's official records. Director Brown seconded the motion. A roll call of the Board was taken and the motion passed unanimously, with all directors voting "yea."

DISCUSS DELINQUENT FEES AND PENALTIES AND TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS

Mr. Chapline presented to the Board a list of delinquent customers and reported the residents on the termination list were delinquent in payment of their water and sewer bills and were given written notification, in accordance with the District's Rate Order, prior to the meeting of the opportunity to appear before the Board to explain, contest, or correct their bills and to show why utility services should not be terminated for reason of non-payment. Discussion ensued regarding payment plans for delinquent customers. Following review and discussion, Director Cathcart moved to (1) suspend termination of water and sewer service to delinquent customers and waive late fees and penalties due to the COVID-19 pandemic, and direct that the delinquent customer list be filed appropriately and retained in the District's official records; and (2) authorize MDS to enter into reasonable payment plans with delinquent customers, on the customer's request. The motion was seconded by Director Brown. A roll call of the Board was taken and the motion passed unanimously, with all directors voting "yea."

The Board discussed the delinquent letters sent to notify residents of delinquent accounts. The Board concurred to authorize MDS to send out termination letters to delinquent customers in preparation for next months Board meeting to authorize termination.

AUTHORIZE PREPARATION OF QUARTERLY NEWSLETTER

The Board discussed topics to be included in the third quarter newsletter. After discussion, Director Goff moved to authorize preparation of the District quarterly newsletter to include articles on utility bill penalties and fees, engineering project updates, water conservation, hike and bike trail construction update and hurricane preparedness. Director Cox seconded the motion. A roll call of the Board was taken and the motion passed unanimously, with all directors voting "yea."

ENGINEER'S REPORT

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

WATER PLANT NO. 4 NATURAL GAS GENERATOR AND MOTOR CONTROL CENTER ("MCC") REPLACEMENT

Mr. Baker stated the contractor for the natural gas generator and MCC replacement at water plant no. 4 is McDonald Municipal and Industrial ("McDonald"). He stated the total project amount is \$778,469.00. He requested approval of Pay Estimate No. 3 in the amount of \$516,473.55, payable to McDonald.

DRINKING WATER QUALITY, INCLUDING WATER PLANT NO. 4 WATER WELL NO. 4 PROFILING AND PROPOSALS FOR REPAIR

Mr. Baker stated that C & C Water Services, LLC. ("C & C") is the contractor for the water plant water well no. 4 televising and profiling.

Mr. Baker updated the Board and stated the three screens have been cleaned and water sampling showed reduced levels of arsenic. He presented and reviewed a revised proposal from C & C in the amount of \$194,343.00 for required well repairs.

TELEVISIONING OF MEMORIAL PARKWAY, SECTIONS 1 AND 2, SANITARY SEWER

Mr. Baker stated Chief Solutions, Inc. ("CS") is the contractor for this project. He stated the total project amount is \$69,174.80 and the videos are currently under review. Mr. Baker stated 90% of the sewer lines have been surveyed, and no significant issues have been identified thus far.

WEST MEMORIAL MANHOLE SURVEY

Mr. Baker stated CS is the contractor for this project. He stated the total project amount is \$21,680.00 and CS has mobilized to begin the work. Mr. Baker stated the video is currently under review and noted the majority of the manholes will not require any rehabilitation.

OTHER ENGINEERING MATTERS

Mr. Baker stated there is corrosion on the elevated tank at water plant no. 3 that needs to be repaired. He reviewed a bid from Preventative Services in the amount of \$14,500.00. Mr. Baker recommended that the Board award the contract to Preventative Services in the amount of \$14,500.00. The Board concurred that, in its judgment, Preventative Services was a responsible bidder who would be most advantageous to the District and would result in the best

and most economical completion of the project. He then requested authorization for BGE to inspect the inside of the elevated tanks. After discussion, Director Goff moved to (1) approve the bid from Preventive Services in the amount of \$14,500.00 and award a contract to said bidder to repair the corrosion on the elevated tank at the water plant; and (2) authorize BGE to inspect the inside of the tank, as discussed. Director Cox seconded the motion. A roll call of the Board was taken and the motion passed unanimously, with all directors voting "yea."

Mr. Baker discussed the ground storage tanks in the District and recommended that the tanks be equipped with alternate fill lines. He estimated the cost to install the fill lines on all ground storage tanks in the District is approximately \$355,536.36.

He then discussed the ground storage tank at water treatment plant no. 4 and recommended a fill line be installed while the tank is currently out of service. He reviewed a bid in the amount of \$21,500.00 from Preventative Services to install a fill line. After discussion, Director Goff moved to approve the proposal in the amount of \$21,500.00 from Preventative Services for the installation of the fill line on the storage tank at water treatment plant no. 4. Director Cox seconded the motion. A roll call of the Board was taken and the motion passed unanimously, with all directors voting "yea."

CAPITAL IMPROVEMENT PLAN

Mr. Baker reviewed an updated capital improvement plan ("CIP"), a copy of which is attached to the engineer's report.

Following review and discussion, and based on the engineer's recommendation, Director Brown moved to (1) approve the engineer's report; (2) approve the revised proposal from C & C in the amount of \$194,343.00 for the water plant no. 4 well repairs; and (3) approve Pay Estimate No. 3 in the amount of \$516,473.55, payable to McDonald. Director Cox seconded the motion. A roll call of the Board was taken and the motion passed unanimously, with all directors voting "yea."

WEST MEMORIAL MUNICIPAL UTILITY DISTRICT ("WEST MEMORIAL") SEWAGE TREATMENT PLANT MEETING AND PROPOSED PLANT IMPROVEMENTS

Director Cox updated the Board on the West Memorial Plant site and reported on the West Memorial Sewage Treatment Plant meeting.

OPERATION, REPAIR, AND MAINTENANCE OF ADMINISTRATIVE OFFICE AND DISTRICT WEBSITE AND EMPLOYMENT MATTERS

Ms. Johnson discussed a previous repair to the motion detector on a toilet by Katy Plumbing at the District administration building. She stated she contacted Katy Plumbing regarding the new motion detector that was not actually installed and Katy Plumbing returned to correctly complete the repair. Discussion ensued.

UPDATE ON SITE DRAINAGE IMPROVEMENTS

Mr. Baker stated the drainage repairs at the administration building are complete. The Board discussed the berms and concurred to leave the berms in place.

SECURITY CAMERA EQUIPMENT MAINTENANCE, INCLUDING PROPOSALS

Ms. Johnson stated that Comcast has not yet completed the required wiring installation at the Cinco Regional Sewage Treatment Plant site due to the COVID-19 epidemic. She also stated that a proposal for the repair of the security cameras has not been received, but has been requested for next month's meeting.

APPROVAL FOR HIKE AND BIKE TRAIL SIGNS

Director Goff discussed the hike and bike trail signs, verbiage for the signs and the number of signs to be installed. After discussion, the Board concurred to request pricing of four wooden signs with metal trim and white lettering.

The Board also discussed the installation of benches along the hike and bike trail. After discussion, the Board concurred to request ABHR to distribute to the Board the information from Harris County regarding pricing for the purchase and installation of benches.

WEST HARRIS COUNTY REGIONAL WATER 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.

(SEAL)



Patrick Cathcart
Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Tax assessor/collector's report	3
Bookkeeper's report.....	3
Operator's report.....	4
Engineer's report.....	6