

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

July 27, 2023

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 27th day of July 2023, and the roll was called of the members of the Board:

Patrick Cathcart	President
Bruce Cox	Vice President
Michael Olsen	Secretary
George Goff	Treasurer
Donna Brown	Assistant Secretary

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

Also attending the meeting were Janet White and Cheryl Fauvor of Nottingham Country Garden Club; Marcus Campbell of Time and Season Property Management; Ryan Fortner of Revenue Management Services; Pam Redden of McLennan & Associates, LP; Kate Hallaway of BGE, Inc. (“BGE”); Isabel Mata of Wheeler & Associates, Inc. (“Wheeler”); Charlie Chapline of Municipal District Services, LLC (“MDS”); Stacy Lightsey and Doris Vogt, District employees; and Andrew Vaughan and Kim Cannon of Allen Boone Humphries Robinson LLP (“ABHR”).

PUBLIC COMMENTS

There were no public comments.

MINUTES

The Board considered approving the minutes of the June 15, 2023, regular meeting. After discussion, Director Brown moved to approve the minutes of the June 15, 2023, regular meeting. Director Cox seconded the motion, which passed by unanimous vote.

TAX ASSESSOR/COLLECTOR REPORT

Ms. Mata reviewed the tax assessor/collector’s report for the month of June 2023. A copy of the tax assessor report is attached. Ms. Mata stated the report reflects that the District’s 2022 taxes were 97.65% collected as of the end of June.

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, which passed by unanimous vote.

ADOPT RESOLUTION REGARDING DEVELOPMENT STATUS FOR 2023 TAX YEAR

Mr. Vaughan reminded the Board of the "truth-in-taxation" property tax calculations and tax levy process for water districts in Chapter 49, Texas Water Code. He stated that such legislation established three main categories for water districts, based on a district's development status and/or tax rate. Mr. Vaughan reviewed the definitions for each of the three categories and said the Board must annually determine the District's category for that tax year and follow the associated notice and levy provisions in the Texas Water Code.

Discussion ensued regarding the District's development status. After fully considering relevant data, information, and statutory definitions, the Board determined that the District is a Developed District for the 2023 tax year.

Following review and discussion, Director Olsen moved to adopt a Resolution Regarding Development Status for 2023 Tax Year establishing the District as a Developed district for the 2023 tax year, pursuant to Section 49.23602, Texas Water Code, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Cox seconded the motion, which passed unanimously.

REPORT FROM REVENUE MANAGEMENT SERVICES ON BUSINESSES PAYING SALES TAX

Mr. Fortner reviewed the sales tax report, a copy of which is attached.

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

The Board discussed the AWBD summer conference. The Board considered authorizing attendance for any interested Directors at the AWBD winter conference from January 19-20, 2024. Following review and discussion, Director Olsen moved to (1) authorize reimbursement of eligible expenses for the Directors who attended the summer conference; and (2) authorize Board members to attend the winter AWBD conference, as discussed. Director Goff seconded the motion, which passed unanimously.

BOOKKEEPER'S REPORT

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

Ms. Redden presented two additional checks, check no. 2430, in the amount of \$112.50, payable to City Maintenance, and check no. 2431, in the amount of \$3,773.00, payable to Boe Creative. She noted that check no. 2381, payable to Securitas Corporation was voided, because the contract was previously terminated.

RESOLUTION ESTABLISHING DIRECTOR FEES OF OFFICE AND DISTRICT REIMBURSEMENT POLICY

Mr. Vaughan stated that House Bill No. 2815, which became effective on June 18, 2023, sets the maximum water district director fees of office at the per diem amount set by the Texas Ethics Commission for members of the legislature. He noted that, pursuant to House Bill No. 2815, the current maximum amount for director fees of office is \$221.00, and going forward, the maximum amount automatically will be indexed for inflation.

The Board then considered adopting a Resolution Establishing Director Fees of Office and District Reimbursement Policy to reflect that directors' fees of office shall be paid at the maximum rate allowed by law, noting that this would replace the previously adopted Resolution. After review and discussion, Director Olsen moved to adopt a Resolution Establishing Director Fees of Office and District Reimbursement Policy and direct that the Resolution be filed appropriately and retained in the District's official records. Director Brown seconded the motion, which passed unanimously.

ADOPT RESOLUTION EXPRESSING INTENT TO REIMBURSE

There was no discussion on this matter.

After review and discussion, Director Cox moved to approve the bookkeeper's report the checks presented for payment including the two additional checks, as presented. Director Brown seconded the motion, which passed by unanimous vote.

OPERATOR'S REPORT

Mr. Chapline distributed and reviewed the operator's report, a copy of which is attached. He stated the water accountability for the month is 94.8%.

Mr. Chapline requested approval to write off eleven accounts totaling \$12,161.61, deemed uncollectible, and submit same to a collection's agency.

Mr. Vaughan discussed the email security incident with an employee's email at the District administration building and the status of the investigation on information that was accessed. Mr. Vaughan stated that a proposal for cyber liability insurance will be presented at next months' meeting.

Mr. Chapline discussed an upgrade option to the email system at the District administration building using Microsoft 365 and an email monitoring system through Atron. He stated each service is a \$20.00 monthly charge. Discussion ensued.

UPDATE ON WATER WELL NO. 1 REHABILITATION

Mr. Chapline stated the repairs to water well no. 1 are complete.

RENEWAL OF EMERGENCY WATER INTERCONNECT AGREEMENT WITH NOTTINGHAM MUNICIPAL UTILITY DISTRICT

Mr. Chapline stated the renewal of the Interconnect Agreement is currently being prepared.

After discussion, Director Olsen moved to (1) approve the operator's report; (2) authorize MDS to write off eleven accounts totaling \$12,161.61 and forward the accounts to collections; and (3) approve the upgrade to the email system to Microsoft 365 and the Atron monitoring system for a total of \$40.00 per month, as discussed. Director Cox seconded the motion, which passed by unanimous vote.

TERMINATION OF SERVICE

The Board conducted a hearing regarding termination of water and sewer services. Mr. Chapline presented to the Board a list of delinquent customers. He informed the Board that all of the residents on the 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.

Following review and discussion, Director Olsen 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, if their utility bills are not paid in accordance with the District's Rate Order, and direct that the delinquent customer list be filed appropriately and retained in the District's official records. Director Cox seconded the motion, which passed by unanimous vote.

ENGINEER'S REPORT

Ms. Hallaway presented the engineer's report, a copy of which is attached.

PARK YORK FORCE MAIN REPLACEMENT

Ms. Hallaway stated that BGE is currently preparing the plans for this project.

HARRIS COUNTY STORM SEWER AND DRAINAGE FACILITY IMPROVEMENTS, INCLUDING ADDITIONAL DETENTION/MITIGATION

Ms. Hallaway stated that BGE currently is under contract with Harris County for the design of the drainage improvements for Memorial Parkway. She stated that Harris County is coordinating with the US Army Corps of Engineers for their acceptance of the proposed design.

Ms. Hallaway stated that Harris County has awarded the contract to R. Construction for the Cimarron Sections 2,3,4 and 5 drainage improvements project and construction is underway.

SANITARY SEWER REHABILITATION FOR MEMORIAL PARKWAY, SECTIONS 3, 4, AND 5

Ms. Hallaway stated that BGE has reviewed the televised lines and recommended an extensive rehabilitation of the system. She stated the recommended repairs have an estimated cost of \$1,286,000.00. Ms. Hallaway then presented and reviewed a proposal from BGE in the amount of \$131,825.52 for design services for the project.

WATER PLANT NO. 2 GENERATOR REPLACEMENT

Ms. Hallaway stated CSE W-Industries, Inc. ("CSE") is the contractor for the generator replacement project. She stated the contractor has completed the initial site work and is awaiting the delivery of the generator. She reviewed and recommended approval of Change Order No. 1 to the contract with CSE for the water plant no. 2 generator replacement in the amount of \$0 for an increase of 195 contract days.

CIMARRON, SECTIONS 1, 2 AND 3 SANITARY SEWER LINE REHABILITATION AND MEMORIAL PARKWAY, SECTIONS 6, 7 AND 8 SANITARY SEWER LINE REHABILITATION

Ms. Hallaway stated that BGE has begun the plans and specifications for the sanitary sewer line rehabilitation of Cimarron, Sections 1, 2 and 3 and the Memorial Parkway, Sections 6, 7, and 8.

UPDATE ON BOND APPLICATION NO. 9, INCLUDING ADOPT RESOLUTION AUTHORIZING APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR APPROVAL OF PROJECT AND BONDS

Ms. Hallaway stated BGE is currently finalizing bond application no. 9.

Following review and discussion, and based on the engineer's recommendation, Director Brown moved to (1) approve the engineer's report; (2) approve the proposal from BGE in the amount of \$131,825.52 for design services for the sanitary sewer rehabilitation project for Memorial Parkway, Sections 3, 4 and 5; and (3) approve Change Order No. 1 in the amount of \$0 as an increase of 195 contract days to the contract with CSE, based upon the Board's finding that the Change Order is beneficial to the District and the engineer's recommendation. Director Cox seconded the motion, which passed by unanimous vote.

REPORT ON LEGISLATIVE MATTERS

Mr. Vaughan presented and reviewed a Capitol Report and updated the Board on legislative matters from the 88th Regular Texas Legislative Session.

EXECUTION OF AMENDMENT TO INFORMATION FORM

Mr. Vaughan reported on legislation passed by the Texas Legislature to update the language for the Notice to Purchasers form that must be provided by persons proposing to sell or convey real property located in a water district. He said water districts that are required to maintain a website or have access to a website under Section 26.18, Tax Code, are also now required to post their Notice to Purchasers on the applicable website. The Board then considered authorizing the execution of an Amendment to Information Form reflecting the District's new form of Notice to Purchasers attached thereto. Mr. Vaughan explained that the District is required to file the Amendment to Information Form in the Official Public Records of Real Property of Harris County and with the Texas Commission on Environmental Quality ("TCEQ"). After review and discussion, Director Cox moved to authorize execution of the Amendment to Information Form and to authorize filing with Harris County and the TCEQ. Director Olsen seconded the motion, which passed unanimously.

REPORT ON WEST MEMORIAL MUNICIPAL UTILITY DISTRICT SEWAGE TREATMENT PLANT MEETING AND PROPOSED PLANT IMPROVEMENTS

Director Cox updated the Board on the West Memorial sewer plant improvements.

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

Ms. Vogt stated that a resident who rented the administration building for a party is requesting an adjustment for the air conditioner being broken in the kitchen during the party. Discussion ensued.

Ms. Vogt stated the roof of the District administration building was inspected. She presented a proposal in the amount of \$17,500.00 from M&M Roofing ("M&M") for the replacement of the roof and noted that M&M did not find hail damage but did state there is damage due to the heat and poor ventilation. A copy of the M& M proposal is attached. She stated TAG Roofing and Restoration ("TAG") noted there was hail damage as well as heat damage due to lack of ventilation. Ms. Vogt stated that TAG recommend filing a claim with the insurance company for repair of the roof. Discussion ensued.

Ms. Vogt reviewed a proposal from True Fix in the amount of \$7,991.00 for the replacement of the condensing unit for the air conditioner. A copy of the proposal is attached. She noted the replacement includes a five-year warranty on the compressor and one-year warranty on limited parts and labor. Discussion ensued.

Director Goff discussed the refrigerator in the administration building and suggested the Board request a proposal from Central In Home Appliance Services for the refrigerator repair.

Ms. Vogt stated gutter replacement is needed at the administration building and reviewed a proposal for same in the amount of \$2,100.00 from Time and Season. Discussion ensued regarding potential repairs needed to the roof before gutters are installed. The Board did not take action.

After discussion, Director Olsen moved to (1) authorize a refund in the amount of \$75.00 for the inconvenience of no air conditioning in the kitchen during the building rental; (2) authorize TAG to file a claim with the District's insurance for the roof damages; and (3) authorize ABHR to request a proposal from Central In Home Appliance Services for the refrigerator repairs. Director Cox seconded the motion, which carried by unanimous vote.

QUARTERLY REPORT FOR CLEANING SERVICES

Mr. Campbell distributed and reviewed the cleaning services report, a copy of which is attached. Mr. Campbell noted the granite countertop in the kitchen is cracked. After discussion, the Board concurred to authorize Time and Season to solicit a bid to repair the granite countertop.

RENTAL REQUIREMENTS FOR NOTTINGHAM GARDEN CLUB MEETINGS

Ms. White introduced herself to the Board. She discussed the rental agreement for the District administration building and its requirements. She stated the Garden Club did acquire insurance however she said no member of the Garden Club is willing to take responsibility for potential damages and sign the rental agreement and requested a waiver for same. The Board discussed the requirements to rent the District administration building and concurred to deny the request for a waiver.

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.

/s/ Michael Olsen
Secretary, Board of Directors

(SEAL)



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