

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

August 26, 2021

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 26th day of August, 2021, and the roll was called of the members of the Board:

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

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

Also attending the meeting were Stephen Eustis of Robert W. Baird & Co. Incorporated ("Baird"); Rene Butler of McLennan & Associates, L.P. ("McLennan"); Doug Baker and Kate Hallaway of BGE, Inc. ("BGE"); Cathy Wheeler and Sara Ahlschlager of Wheeler & Associates, Inc. ("Wheeler"); Charlie Chapline of Municipal District Services, L.L.C. ("MDS"); Ryan Fortner of Revenue Management Services ("RMS"); Starr Johnson and Doris Vogt, District employees; and Katie Carner 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 July 22, 2021, regular meeting. After discussion, Director Cathcart moved to approve the minutes of the July 22, 2021 meeting. Director Cox seconded the motion, which passed by unanimous vote.

TAX ASSESSOR/COLLECTOR REPORT

Ms. Ahlschlager reviewed the tax assessor/collector's report for the month of July 2021, a copy of which is attached. She stated the report reflects that the District's 2020 taxes were 97.57% collected as of the end of July. After discussion, Director Cox moved to approve the tax assessor/collector's report and pay the bills from the tax account. Director Brown seconded the motion, which passed by unanimous vote.

Ms. Wheeler distributed the Business Sales Tax Report, a copy of which is attached.

RESOLUTION RESCINDING DESIGNATION OF TREASURER DURING COVID-19 DECLARED DISASTER AND AUTHORIZATION OF DISBURSEMENTS

Ms. Carner presented and reviewed a Resolution Rescinding Designation of Director as Treasurer During COVID-19 Declared Disaster and Authorization of Disbursements (the "Resolution Rescinding Designation"). She noted that the Resolution Rescinding Designation will rescind the previously adopted Resolution Designating Director as Treasurer During COVID 19 Declared Disaster and Authorizing Disbursements dated April 21, 2020, which reflects the designation of a certain Board member as the Treasurer to sign approved, authorized checks from the District's tax account in accordance with Section 49.151 of the Texas Water Code. Following review and discussion, Director Olsen moved to approve the Resolution as presented and direct that the Resolution be filed appropriately and retained in the District's official records. Director Cathcart seconded the motion, which carried by unanimous vote.

TRANSPARENCY REQUIREMENTS PURSUANT TO SECTION 2051.202, GOVERNMENT CODE, AND RELATED CONTRACT AMENDMENT

Ms. Carner discussed recent legislation enacting Section 2051.202, Texas Government Code, which requires certain special purpose districts to post or cause to be posted additional information on a website maintained by or accessible to the District. She said the new requirements apply to districts that levy a property tax, are required to prepare an annual audit, and have a population of 500 or more as of the beginning of the most recent fiscal year. Ms. Carner reviewed a summary of the new requirements, a copy of which is attached.

The Board discussed the applicability of the new posting requirements to the District and the possibility of expanding the website used by the District for compliance with previously-enacted transparency requirements. Ms. Wheeler discussed the services currently provided by Wheeler to implement existing transparency requirements, including ensuring that information posted on the website is accurate and current. She stated she recommends the District post the newly required content on the District's website. After review and discussion, the Board did not take action and concurred to post all required information on the District's website.

APPROVE DEPOSITORY PLEDGE AGREEMENTS

Ms. Ahlschlager recommended the District terminate the existing tax account at BBVA and open a new tax account at Allegiance Bank. Ms. Carner reviewed a Depository Pledge Agreement with Allegiance Bank.

After review and discussion, Director Cox moved to: (1) approve termination of the tax account at BBVA and authorize Wheeler to open a new account at Allegiance Bank; (2) approve a Depository Pledge Agreement with Allegiance Bank; and (3) direct that the documents be filed appropriately and retained in the District's official records. Director Cathcart seconded the motion, which passed by unanimous vote.

DISCUSS WATER CODE TAX PROVISIONS AND 2021 TAX RATE, ADOPT RESOLUTION REGARDING DEVELOPMENT STATUS FOR 2021 TAX YEAR, SET PUBLIC HEARING AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

The Board considered the District's 2021 tax rate. Ms. Carner discussed recent legislative changes to the "truth-in-taxation" property tax calculations and tax levy process for water districts in Chapter 49, Texas Water Code. She stated that such legislation established three main categories for water districts, based on a district's development status and/or tax rate. Ms. Carner 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 2021 tax year.

Following review and discussion, Director Cox moved to adopt a Resolution Regarding Development Status for 2021 Tax Year establishing the District as a Developed district for the 2021 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 Cathcart seconded the motion, which passed unanimously.

Mr. Eustis presented and reviewed a debt service tax rate analysis reflecting the recommendation for the District to levy a 2021 water, sewer, and drainage debt service tax rate of \$0.105 per \$100 of assessed valuation. A copy of the debt service tax rate analysis is attached. The Board then discussed the District's operation and maintenance tax rate. Ms. Carner discussed the two-step process for setting the District's tax rate.

Following review and discussion, Director Cathcart moved to (1) set the public hearing date for September 23, 2021; and (2) authorize the tax assessor/collector to publish notice of the District's meeting on September 23, 2021, to set the proposed 2021 total tax rate of \$0.295 per \$100 of assessed valuation, with \$0.105 allocated for debt service on water, sewer, and drainage bonds, and \$0.19 allocated for operations and maintenance. Director Cox seconded the motion, which passed unanimously.

REVIEW PROPOSAL FOR SALES TAX REVENUE SERVICES, AUTHORIZE TERMINATION OF CONTRACT WITH SRI, INC. AND AUTHORIZE ENTERING INTO CONTRACT FOR SALES TAX REVENUE SERVICES, IF APPROPRIATE

Ms. Wheeler and Ms. Ahlschlager left the meeting.

Mr. Fortner reviewed a proposal for sales tax revenue services from RMS. He reviewed pricing information and the services RMS would provide to the District. Discussion ensued.

Mr. Fortner left the meeting.

Ms. Wheeler and Ms. Ahlschlager returned to the meeting. Ms. Wheeler discussed the current SRI agreement with the District. The Board did not take any action, pending further discussion at the next meeting.

BOOKKEEPER'S REPORT

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

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

APPROVE DEPOSITORY PLEDGE AGREEMENTS (CONT'D)

Ms. Butler requested authorization to move the District's operating account from BBVA Compass Bank ("BBVA") to Central Bank, as BBVA is being acquired by PNC Bank and will no longer collateralize public funds beginning in October, 2021. The Board considered approving a Depository Pledge Agreement with Central Bank.

After review and discussion, and based upon the bookkeeper's recommendation, Director Brown moved to (1) authorize moving the District's operating account to Central Bank; (2) approve the Depository Pledge Agreement with Central Bank; and (3) direct that the Agreement be filed appropriately and retained in the District's official records. Director Cathcart seconded the motion, which passed unanimously.

RESOLUTION RESCINDING DELEGATION OF AUTHORITY DUE TO AN EMERGENCY

Ms. Carner presented and reviewed a Resolution Rescinding Delegation of Authority Due to an Emergency (the "Resolution Rescinding Delegation"). She noted that the Resolution Rescinding Delegation will rescind the previously adopted Resolution Regarding Delegation of Authority Due to an Emergency dated March 19,

2020, which reflects delegations of authority to take certain actions on behalf of the Board or District, including delegation to the bookkeeper to sign approved, authorized checks on behalf of the District in accordance with Section 49.151 of the Texas Water Code. Following review and discussion, Director Olsen moved to approve the Resolution as presented and direct that the Resolution be filed appropriately and retained in the District's official records. Director Cox second the motion, which carried by unanimous vote.

OPERATOR'S REPORT

Mr. Chapline distributed and reviewed the operator's report, a copy of which is attached.

Mr. Chapline presented and reviewed an interconnect usage invoice for Nottingham Country Municipal Utility District ("Nottingham") in the amount of \$452,275.00. A copy of the invoice is attached to the operator's report.

Mr. Chapline discussed a leak due to a damaged water line located on Hidden Canyon Road caused by AT&T subcontractor installing utility lines. He stated the nearby isolation valve was not functional, and due to the age of the District, MDS recommends the District survey all isolation and secondary valves. He then presented a valve survey inspection proposal to inspect all isolation valves and secondary valves in the District, in the amount of \$39,060.00. Discussion ensued.

After discussion, Director Cathcart moved to (1) approve the operator's report; (2) approve the proposal from MDS to conduct valve inspection in the amount of \$39,060.00; and (3) approve and authorize distribution of the interconnect usage invoice to Nottingham for services from March 24, 2021 through July 19, 2021, in the amount of \$452,275.00, as recommended by the operator. 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. Ms. Johnson 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. Ms. Johnson stated that customers Lewis and Bugio requested an extension for payment of their delinquent accounts.

Following review and discussion, Director Cathcart 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 August 2, 2021, if their utility bills are not paid in accordance with the District's Rate Order, except for customer Lewis and Bugio, 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

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

MEMORIAL PARKWAY, SECTIONS 1 AND 2, SANITARY SEWER LINE REHABILITATION

Mr. Baker stated that Texas Pride Utilities is the contractor for this project. He stated the total amount of the project is \$705,664.10. He stated construction is in process.

PARK YORK FORCE MAIN REPLACEMENT

Mr. Baker stated BGE has investigated the rerouting of the force main north of Highland Knolls and recommended the relocation of the proposed force main to remove any potential conflict with the Memorial Parkway improvement project. Mr. Baker then presented and reviewed an engineering proposal in the amount of \$91,500.00, for design of the new force main from the District's lift station at Park York to the edge of the District.

HARRIS COUNTY STORM SEWER AND DRAINAGE FACILITY IMPROVEMENTS, INCLUDING ADDITIONAL DETENTION/MITIGATION, AND JOINT PARTICIATION INTERLOCAL AGREEMENT

Mr. Baker stated that BGE currently is under contract with Harris County for the design of the drainage improvements for Memorial Parkway and Cimarron Sections 2, 3, 4 and 5. He stated design of both projects is underway.

Mr. Baker stated that Harris County has redefined the Memorial Parkway project. He stated the project will include additional detention/mitigation volume. Mr. Baker noted that Cimarron Municipal Utility District has elected not to participate financially. He stated their non-participation should not affect the scope of the District's portion of the project.

WATER PLANT NO. 2 GENERATOR REPLACEMENT

Mr. Baker stated BGE is currently preparing the plans and specifications for the water plant no. 2 generator replacement project.

DISINFECTION SYSTEM UPGRADES AT WATER PLANT NOS. 1, 2, 3 AND 4

Mr. Baker stated that W. W. Payton Inc. is the contractor for this project. He stated the contracts are in process.

WATER PLANT NOS. 1, 2 AND 4 GROUND STORAGE TANK ALTERNATE FILL LINE INSTALLATION

Mr. Baker stated the contractor for the water plant nos. 1, 2 and 4 ground storage tank fill line installation is Blastco Texas, Inc. He stated the contracts are in process.

CAPITAL IMPROVEMENT PLAN

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

DISCUSS POTENTIAL POCKET PARK NEAR MASON CREEK HIKE AND BIKE TRAIL

There was no discussion on this matter.

UPDATE ON BOND APPLICATION NO. 9

Mr. Baker stated BGE is currently preparing bond application no. 9. Ms. Carner discussed the timing of submitting the bond application to the Texas Commission on Environmental Quality ("TCEQ"). After discussion, the Board concurred to authorize BGE to finalize the bond application for submission to the TCEQ.

UPDATE ON PREPARATION OF EMERGENCY RESPONSE PLAN

Mr. Baker stated the BGE is currently preparing the Emergency Response Plan.

Following review and discussion, and based on the engineer's recommendation, Director Olsen moved to (1) approve the engineer's report; and (2) approve the engineering proposal from BGE in the amount of \$91,500.00, for the relocation of the 12-inch force main. Director Cox seconded the motion, which passed by unanimous vote.

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 resident's request, on Union Park, for the refund of a non-sufficient fund fee imposed by the bank for her utility payment. After discussion, the Board concurred to deny the request.

Ms. Johnson stated a Fisk proposal was received for repair of the security cameras at the Cinco Regional sewage Treatment Plant. Ms. Carner noted that the proposal should be first directed to the Operating Committee. A copy of the proposal is attached.

Ms. Johnson stated the palm tree at the District administration building needs to be removed. The Board concurred to authorize Ms. Johnson to solicit a proposal from Custom Cutters for the removal of the palm tree.

Ms. Johnson stated more light is needed behind the District administration building for better visibility at night. She stated there are some lights in the parking lot that also need replacement. After discussion, the Board concurred to authorize Ms. Johnson to solicit a proposal from City Maintenance for light installation behind the District administration building and for replacement of the burnt-out lights in the parking lot.

Ms. Johnson noted that in order to participate in the the October 16, 2021 shred event, residents will need to present a current utility bill.

The Board discussed trimming and content for the fourth quarter District newsletter. Following discussion, the Board concurred to authorize ABHR to prepare the newsletter.

The Board discussed the condition of the sidewalks adjacent to the administration building and auxiliary parking lot. After discussion, the Board directed MDS to investigate the condition of the sidewalks and to prepare a proposal for repair or replacement of same, as appropriate.

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.



A handwritten signature in black ink, consisting of a large, stylized initial 'S' followed by several loops and a long horizontal stroke.

Secretary, Board of Directors

(SEAL)

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Tax assessor/ collector's report	1
Business Sales Tax Report.....	2
Government Code 2051.202 internet posting requirements	2
Tax rate analysis	3
Bookkeeper's report.....	4
Operator's report.....	5
Engineer's report.....	6