

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

September 22, 2016

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 Dr., Katy, Texas 77450, inside the boundaries of the District, on the 22nd day of September, 2016, 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 Terry Savage and Gregg Nady, members of the public; Virginia Goff, resident of the District; Ryan Fortner of Wheeler and Associates, Inc.; Stephen Eustis of Robert W. Baird & Co. 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 Brown & Gay Engineers, Inc. ("BGE"); Robert Taylor of Network Cabling Services; 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 August 25, 2016, regular meeting. After discussion, Director Cathcart moved to approve the minutes of the August 25, 2016, regular meeting. Director Brown seconded the motion, which carried by unanimous vote.

REQUEST FOR FUNDING HARRIS COUNTY PRECINCT 3'S EXTENSION OF THE HIKE AND BIKE TRAIL WEST OF MASON ROAD, INCLUDING PROPOSED INTERLOCAL AGREEMENT AND EASEMENT ACQUISITION

Mr. Nady updated the Board on the hike and bike trail. He stated that three out of four outstanding easements in the District were acquired for the hike and bike trail. Ms. Carner reviewed a letter from ABHR on behalf of the District in support of the hike and bike trail project. Following review and discussion, Mr. Nady stated that he would

coordinate with Paul Hawkins of the Harris County Engineering Department on acquiring the remaining easement in the District.

TAX ASSESESOR/COLLECTOR REPORT

Mr. Fortner reviewed the tax assessor/collector's report for the month of August, a copy of which is attached. He stated the report reflects that the District's 2015 taxes are 97.72% collected as of the end of August. After review and discussion, Director Cox moved to approve the tax assessor/collector's report and pay the bills. Director Goff seconded the motion, which carried by unanimous vote.

DISCUSS 2016 TAX RATE, SET PUBLIC HEARING DATE, AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

Mr. Eustis reviewed a tax rate analysis with the Board, a copy of which is attached. He recommended a total tax rate for 2016 of \$0.33 per \$100 of assessed valuation, consisting of \$0.14 for debt service and \$0.19 for maintenance and operations. After review and discussion, Director Cathcart moved to (1) set a proposed 2016 tax rate of \$0.33 per \$100 of assessed valuation, consisting of \$0.14 for debt service and \$0.19 for maintenance and operations; (2) set a public hearing on October 27, 2016 at 6:00 p.m.; and (3) authorize the tax assessor/collector to publish a notice of the public hearing in the Katy Times. Director Cox seconded the motion, which passed 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 Cathcart moved to approve the bookkeeper's report and the checks presented for payment. Director Cox seconded the motion, which carried by unanimous vote.

CONDUCT ANNUAL REVIEW OF INVESTMENT POLICY AND ADOPT RESOLUTION REGARDING ANNUAL REVIEW OF INVESTMENT POLICY

Ms. Carner explained that the Texas Public Funds Investment Act requires the Board to annually review its Investment Policy and to authorize any appropriate amendments. After review and discussion, Director Cox moved to adopt a Resolution Regarding Annual Review of Investment Policy setting forth the Board's determination that no changes are necessary to the Investment Policy and direct that the Resolution be filed appropriately and retained in the District's official records. Director Goff seconded the motion, which carried unanimously.

REVIEW, REVISE, AND ADOPT RESOLUTION ESTABLISHING THE AUTHORIZED DEPOSITORY INSTITUTIONS AND ADOPTING LIST OF QUALIFIED BROKER/DEALERS WITH WHOM THE DISTRICT MAY ENGAGE IN INVESTMENT TRANSACTIONS

Ms. Carner explained that the Texas Public Funds Investment Act requires the Board to annually review its list of authorized depository institutions and qualified broker/dealers and authorize any appropriate changes. Ms. Carner noted that the District's bookkeeper submitted an updated list of same, and Ms. Doyle confirmed such list includes all banks where the District maintains deposits or investments. After review and discussion, Director Cox moved to adopt a Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions, including the updated list of authorized depository institutions and qualified broker/dealers received from the District's bookkeeper and direct that the Resolution be filed appropriately and retained in the District's official records. Director Goff seconded the motion, which carried unanimously.

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 105.5% for the period ending August 18, 2016.

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.

After review and discussion, Director Cathcart 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 delinquent account list be filed appropriately and retained in the District's official records. Director Cox seconded the motion, which carried by unanimous vote.

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 no one had requested an extension for payment of a delinquent account.

Following review and discussion, Director Goff 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 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

The Board did not discuss this item.

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

Mr. Baker reviewed and recommended that the Board approve Pay Estimate No. 8 in the amount of \$14,040.00 payable to Schier Construction Company, Inc. ("Schier") for the ground storage tank and hydro tank rehabilitation at Water Plant No. 4. After discussion, Director Goff moved to approve Pay Estimate No. 8 in the amount of \$14,040.00 payable to Schier, based on the engineer's recommendation. Director Cox 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, although the water model has been built, calibration of this model cannot be complete until all four water plants are back in service.

INSTALLATION OF PATCHES AT WATER WELL NO. 4

Mr. Baker reported that the well screen patches are complete.

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

Mr. Baker gave an update regarding the proposed sidewalk along Cimarron Parkway between Mason Road and Mesa Terrace. He reviewed a cost estimate in the amount of \$89,804.00 prepared by Paul Hawkins of the Harris County Engineering Department, a copy of which is attached to the engineer's report. Mr. Baker noted the District's 60 percent share of the estimated cost of the sidewalk is \$53,882.00. Mr. Baker added that three street lights may have to be relocated, which he believes are owned by the Cimarron Community Association. Following review and discussion, the Board requested ABHR to contact the Cimarron Community Association regarding the costs of any necessary relocation of the streetlights.

ELECTRONIC SIGN AT WATER PLANT NO. 4

Mr. Baker reported regarding installation of a programmable LED sign at water plant no. 4. He reviewed and presented a change order from Schier in the amount of \$9,500 for installation of electrical conduits in the electrical control room, including supplies. Mr. Baker added that BGE requested a proposal from Stanley Signature Signs for the installation of a programmable LED sign. Following review and discussion, Director Cathcart moved to approve the change order from Schier in the amount of \$9,500, based on the engineer's recommendation. Director Cox seconded the motion, which carried unanimously.

REVIEW PROPOSAL FOR INTERCONNECT REHABILITATION AND METER INSTALLATION WITH MEMORIAL MUNICIPAL UTILITY DISTRICT

Mr. Baker stated that BGE met with the operator for Memorial Municipal Utility District regarding the location for a meter vault at the intersection of Highland Knolls and Park Brush Lane. He stated that BGE recommends installation of an isolation valve north of Highland Knolls and to utilize one interconnect with a meter.

Ms. Carner reported that there is an additional interconnect between the District and Cornerstones Municipal Utility District ("Cornerstones") which is unmetered that Cornerstones would like to maintain as a backup to the planned metered interconnect. After discussion, the Board concurred to utilize the unmetered interconnect as a backup to the proposed metered interconnect.

CAPITAL IMPROVEMENT PLAN

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

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 (the "Plant") meeting.

REVIEW OPERATION, REPAIR, AND MAINTENANCE OF ADMINISTRATIVE
OFFICE BUILDING AND DISTRICT WEBSITE, INCLUDING PROPOSAL FOR
FIREARMS NOTICE SIGNS, PROPOSALS FOR REPLACEMENT SECURITY CAMERA
EQUIPMENT, AND REPORT ON TELEVISIONING OF SANITARY SEWER LINES

Ms. Johnson reported on the maintenance of the administrative building. Ms. Carner reviewed the Amended and Restated Policies and Procedures for the Reservation and Use of District Meeting Facilities Agreement ("Agreement") regarding the administrative building rental fees. Discussion ensued regarding the rental fees and user classifications. Following review and discussion, Director Goff moved to approve the Agreement with the amendments as discussed and direct that it be filed appropriately in the District's official records. Director Cox seconded the motion, which carried unanimously.

The Board discussed the District's security camera equipment. Mr. Taylor presented proposals from NCS as follows: (1) replacement of the District's security cameras in the amount of \$28,261.90; and (2) equipment maintenance and repair in the amount of \$4,188.00, including 48 block hours for service with trip charges, copies of which are attached. Following review and discussion, Director Cox moved to accept the proposals from NCS for (1) replacement of the District's security cameras in the amount of \$28,261.90; and (2) equipment maintenance and repair in the amount of \$4,188.00, including 48 block hours for service with trip charges, subject to final review. Director Brown seconded the motion, which carried unanimously.

Ms. Johnson presented a proposal from NTS Pumps, Motors and Controls in the amount of \$3,150 to install a surge protector and repair the server. She stated that the server for the security cameras and card reader is not receiving electricity. Following review and discussion, Director Goff moved to accept the proposal from NTS in the amount of \$3,150.00. Director Cox seconded the motion, which carried unanimously.

Ms. Johnson reported problems with lights throughout the administrative building. The Board requested Ms. Johnson ask NTS to inspect the lights.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

There was no discussion on this matter.

REPORT ON KATY AREA ECONOMIC DEVELOPMENT COUNCIL ("COUNCIL")

There was no discussion on this matter.

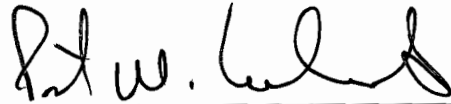
CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.074, TEXAS GOVERNMENT CODE, TO DELIBERATE THE APPOINTMENT, EMPLOYMENT, EVALUATION, REASSIGNMENT, DUTIES, DISCIPLINE, OR DISMISSAL OF A PUBLIC OFFER OR EMPLOYEE

The Board convened in Executive Session at 7:23 p.m. Ms. Carner and Ms. Shah also were present.

RECONVENE IN OPEN SESSION PURSUANT TO SECTION 551.074, TEXAS GOVERNMENT CODE, TO DELIBERATE THE APPOINTMENT, EMPLOYMENT, EVALUATION, REASSIGNMENT, DUTIES, DISCIPLINE, OR DISMISSAL OF A PUBLIC OFFER OR EMPLOYEE

The Board reconvened in Open Session at 7:30 p.m. No Board action was taken.

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



Secretary, Board of Directors

(SEAL)



LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Tax assessor/collector's report	2
2016 tax rate analysis	2
Bookkeeper's report.....	2
Operations report.....	3
Engineer's report.....	4
Proposals from NCS	6