

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

September 24, 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 24th day of September, 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 of Robert W. Baird & Co. 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 employee; 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 August 27, 2020, regular meeting and amending the February 27, 2020 meeting minutes. After discussion, Director Cox moved to approve the minutes of the August 27, 2020, regular meeting

and the February 27, 2020 amended minutes, as discussed. Director Brown 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 August, 2020, a copy of which is attached. He stated the report reflects that the District's 2019 taxes were 97.93% collected as of the end of August. After discussion, Director Cathcart moved to approve the tax assessor/collector's report and pay the bills from the tax account. Director Brown seconded the motion. A roll call of the Board was taken and the motion passed unanimously, with all directors voting "yea."

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

DISCUSS WATER CODE TAX PROVISIONS AND 2020 TAX RATE, ADOPT RESOLUTION REGARDING DEVELOPMENT STATUS FOR 2020 TAX YEAR, SET PUBLIC HEARING AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

The Board considered the District's 2020 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 2020 tax year.

Following review and discussion, Director Cox moved to adopt a Resolution Regarding Development Status for 2020 Tax Year establishing the District as a Developed district for the 2020 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 Brown seconded the motion. A roll call of the Board was taken and the motion passed unanimously, with all directors voting "yea."

Mr. Eustis distributed and reviewed a debt service tax rate analysis reflecting the recommendation for the District to levy a 2020 water, sewer, and drainage debt service tax rate of \$0.11 per \$100 of assessed valuation based on the District's initial 2020 certified value of \$599,459,135, plus \$65,536,997 representing the uncertified value under protest. 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 Brown moved to (1) set the public hearing date for October 22, 2020; and (2) authorize the tax assessor/collector to publish notice of the District's meeting on October 22, 2020, to set the proposed 2020 total tax rate of \$0.30 per \$100 of assessed valuation, with \$0.11 allocated for debt service on water, sewer, and drainage bonds, and \$0.19 allocated for operations and maintenance. Director Cox seconded the motion. A roll call of the Board was taken and the motion passed unanimously, with all directors voting "yea."

APPROVE QUARTERLY DISTRICT NEWSLETTER

The Board reviewed a draft of the quarterly District newsletter. After discussion, Board concurred to approve the fourth quarter District newsletter, subject to Director Goff's final review.

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.

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

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 Goff 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 Cox seconded the motion. A roll call of the Board was taken and the motion passed unanimously, with all directors voting "yea."

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. Lutz confirmed such list includes all banks where the District maintains deposits or investments. After review and discussion, Director Brown 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 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 operator's report, a copy of which is attached. He reported that the District's water accountability was 96.10% for August 2020.

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

Mr. Chapline updated the Board on the fire hydrant painting and stated it is complete.

CUSTOMER REQUESTS

The Board discussed resident inquires and billing for same. Ms. Carner reviewed correspondence from Mr. Troy Browning requesting a waiver of the delinquent letter fee for last month's bill, due to an invalid credit card on file for the account. Discussion ensued.

REPORT ON REVIEW AND PROPOSED ABANDONMENT OF INTERCONNECTS

There was no discussion on this matter.

After discussion, Director Cox moved to (1) approve the operator's report; and (2) deny the request for a waiver of the delinquent letter fee request. Director Goff seconded the motion. A roll call of the Board was taken and the motion passed unanimously, with all directors voting "yea."

HEARING ON 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. Ms. Johnson stated that customers Greer, Cowell, Molinas, Singo, Schilhab, Biondo, and Barron-Rodriguez 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 September 30, 2020, if their utility bills are not paid in accordance with the District's Rate Order, except for customers Greer, Cowell, Molinas, Singo, Schilhab, Biondo, and Barron-Rodriguez and direct that the delinquent customer list be filed appropriately and retained in the District's official records. The motion was seconded by Director Cox. A roll call of the Board was taken and the motion passed unanimously, with all directors voting "yea."

The Board concurred to continue to waive the \$100 additional deposit requirement for customers disconnected for non-payment.

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 BGE has initiated design for this project.

REPORT ON HARRIS COUNTY STORM SEWER AND DRAINAGE FACILITY IMPROVEMENTS

Mr. Baker stated that BGE currently is under contract with Harris County Engineering for the design of the drainage improvements for Memorial Parkway and Cimarron Sections 2, 3, 4 and 5. He stated that Harris County has increased the cost estimate for the Memorial Parkway project substantially. Discussion ensued regarding the regional benefit for the proposed Memorial Parkway detention facilities.

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

Mr. Baker stated that BGE has initiated design for this project.

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

Mr. Baker discussed upgrading the disinfection systems at each of the four water plants. He stated BGE has initiated design. Mr. Baker stated that water plant no. 1 will remain on gas for disinfection due to limited space available around the plant.

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, Director Goff moved to approve the engineer's report and authorize BGE to submit a letter to Harris County Engineering regarding potential cost sharing for the proposed Memorial Parkway detention facilities. Director Cathcart 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

SECURITY CAMERA EQUIPMENT AND MAINTENANCE

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.

Ms. Johnson stated the security cameras at the administration building have been repaired by NCS, however NCS has not completed the connection to the building.

UPDATE ON RECEPTION WINDOW REPLACEMENT

Ms. Johnson updated the Board on the replacement of the reception window at the administration building and stated it is in process.

SPRINKLER SYSTEM ANALYSIS

Discussion ensued regarding the condition of the landscaping and the relocation of sprinkler heads near the entrance of the District administration building. The Board concurred to defer action until the spring.

Mr. Baker stated that BGE is coordinating with Johnson Controls, Inc. and has prepared and sent an as-built sprinkler system map for the administration building for their analysis.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY ("WHCRWA")

Ms. Carner distributed and reviewed a notice from the WHCRWA regarding the proposed Groundwater Reduction Plan fee increase from \$3.20 to \$3.45 per 1,000 gallons of groundwater pumped and the Surface Water Fee increase from \$3.60 to \$3.85 per 1,000 gallons of water delivered by the WHCRWA effective January 1, 2021, a copy of which is attached.

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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