

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

September 27, 2018

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 September, 2018, and the roll was called of the duly constituted members of the Board of Director, 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 Warren Brown, members of the public; Scott Stevenson of Simple Recycling; Ryan Fortner of Wheeler and Associates, Inc. ("Wheeler"); Charlie Chapline of Municipal District Services, L.L.C. ("MDS"); Mary Lutz of McLennan & Associates, L.P. ("McLennan"); Doug Baker of BGE, Inc. ("BGE"); Starr Johnson and Doris Vogt, District employees; and Katie Carner and Kim Cannon of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the August 23, 2018, regular meeting. After discussion, Director Cathcart moved to approve the minutes of the August 23, 2018, regular meeting. Director Brown seconded the motion, which carried by unanimous vote.

TAX ASSESSOR/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 2017 taxes were 98.76% 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, which carried by unanimous vote.

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

CONDUCT PUBLIC HEARING REGARDING DISTRICT'S TAX RATE, ADOPT ORDER LEVYING TAXES, AND AUTHORIZE EXECUTION OF AMENDMENT TO INFORMATION FORM

Mr. Fortner confirmed Wheler published notice of the proposed 2018 tax rate of \$0.31 per \$100 assessed valuation. The Board then opened the public hearing to allow public comment on the proposed 2018 tax rate. No members of the public came forward to speak. The Board closed the public hearing.

Ms. Carner presented an Order Levying Taxes reflecting a total 2018 tax rate of \$0.31 per \$100 assessed valuation, with \$0.12 allocated for debt service and \$0.19 allocated for operations and maintenance. She then presented an Amendment to Information Form reflecting the proposed tax rate. Ms. Carner stated that the Amendment to Information Form will be filed in the official records of Harris County and with the Texas Commission on Environmental Quality ("TCEQ").

After review and discussion, Director Cathcart moved to (1) adopt the Order Levying Taxes; (2) authorize execution of the Amendment to Information Form; and (3) direct that the Order and Amendment be filed appropriately and retained in the District's official records. Director Cox seconded the motion, which passed unanimously.

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 Cathcart 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, 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. Lutz confirmed such list includes all banks where the District maintains deposits or investments. After review and discussion, Director Cathcart 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, which carried unanimously.

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 Cox moved to approve the bookkeeper's report and the checks presented for payment. Director Brown seconded the motion, which carried by unanimous vote.

DISCUSS REQUEST FROM MEMORIAL PARKWAY COMMUNITY ASSOCIATION FOR FUNDING FOR RECREATIONAL FACILITIES

The Board discussed the request from Memorial Parkway Community Association for funding in smaller payments over the next few years for recreational facilities. The Board discussed the District's current financial position and updated capital improvement plan. The Board concurred to deny the request due to future costs associated with planned repairs and improvements to District facilities.

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 84.5% for August 2018. Discussion ensued regarding the lower than usual water accountability for the month. Mr. Chapline stated numerous leaks that have since been repaired contributed to the lower than usual accountability for the month. Discussion ensued regarding options for rehabilitation of the District's water distribution system.

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

Mr. Chapline reported there were nine accounts totaling \$890.36, deemed to be uncollectible and requested authorization to write off said accounts and turn them over to a collection agency.

Mr. Chapline stated the Sundance Valley Road sanitary sewer lines have been cleaned and televising is complete.

After review and discussion, Director Cox moved to approve the operator's report and write off the nine delinquent accounts totaling \$890.36 that are deemed not to be collectible, submit same to a collection agency, and direct that the uncollectible

account list be filed appropriately and retained in the District's official records. Director Brown seconded the motion which carried by unanimous vote.

CUSTOMER REQUESTS

There were no customer requests.

TERMINATION OF PROCESSING AGREEMENT WITH COMPASS BANK, ADOPT RESOLUTION APPROVING CENTRAL BANK'S ELECTRONIC LOCKBOX PAYMENT SERVICES FOR DISTRICT CUSTOMERS, APPROVE ADDENDUM TO SERVICE AGREEMENT WITH MUNICIPAL DISTRICT SERVICES, LLC, AND APPROVE PROCESSING AGREEMENT WITH CENTRAL BANK

Mr. Chapline reported MDS is transitioning lockbox services from Compass Bank to Central Bank and requested and recommended the Board approve the termination of the Processing Agreement with Compass Bank and acknowledge Compass Bank's letter confirming termination of the Processing Agreement with Compass Bank. He then reviewed and recommended approval of a Resolution Approving Central Bank's Electronic Lockbox Payment Services for District Customers, a Processing Agreement with Central Bank, and an Addendum to Service Agreement between the District and MDS. After review and discussion, Director Goff moved to take the following actions and direct that these documents be filed appropriately and retained in the District's official records: (1) approve the termination of the Processing Agreement with Compass Bank and acknowledge Compass Bank's letter confirming termination of the Processing Agreement with Compass Bank; (2) adopt a Resolution Approving Central Bank's Electronic Lockbox Payment Services for District Customers; (3) approve a Processing Agreement with Central Bank; and (4) approve an Addendum to Service Agreement between the District and MDS. Director Cox seconded the motion, which passed unanimously.

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 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. She stated that customers Booth, Silver, Duchsned, Estrada, and Hornsby 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 October 1, 2018, if their utility bills are not paid in accordance with the District's Rate Order, except for customers Booth, Silver, Duchsned, Estrada,

and Hornsby 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.

WATER PLANT NO. 2 WATER WELL NO. 2 REPAIRS

Mr. Baker updated the Board on the emergency repairs to water well no. 2, at water plant no. 2. He stated that the TCEQ approved the application to proceed with the repairs on an emergency basis.

REVIEW BIDS AND AWARD CONTRACT FOR PARK BEND AND STRAWBERRY PARK STORM SEWER INLET IMPROVEMENTS

Mr. Baker stated that BGE has completed the survey and the design of the storm sewer inlets at Park Bend and Strawberry Park. He stated BGE is has received comments from Harris County and has resubmitted plans and specifications for review.

TELEVISIONING OF CIMARRON SUBDIVISION, SECTIONS 1 AND 2

There was no discussion on this matter.

TELEVISIONING OF RED ROCK CANYON STORM SEWER AND SANITARY SEWER LINES

Mr. Baker discussed the pavement settlement near 827 Red Rock Canyon Road. He stated BGE will review the camera survey results and will report to the Board at the next regular meeting.

HARRIS COUNTY PRECINCT 3 EXTENSION OF THE HIKE AND BIKE TRAIL WEST OF MASON ROAD

There was no discussion on this matter.

Following review and discussion, Director Cox moved to approve the engineer's report. Director Cathcart seconded the motion, which carried by unanimous vote.

CAPITAL IMPROVEMENT PLAN

Mr. Baker distributed and reviewed an updated capital improvement plan ("CPI"), which includes a prioritized list of projects through 2029, the dates for all installed sewer lines in the District and the budgeted items for the West Memorial West Water Treatment Plant. Discussion ensued regarding a potential bond application for the 2018 and 2019 projects. The Board directed BGE to begin preparing a summary of costs for a potential bond application.

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. He distributed and reviewed a copy of the capital improvement plan, a copy of which is attached. Discussion ensued.

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

Ms. Johnson updated the Board on the status of the urinal repair in the men's bathroom and stated the repair is complete. She stated that Katy Plumbers recommended preventative maintenance every six months to clean out the sewer lines for the Administration Building. The Board concurred to have Katy Plumbers perform preventative maintenance on the sewer lines for the Administration Building every six months as discussed. The Board requested BGE and MDS to prepare a proposal for rehabilitation of the sewer lines.

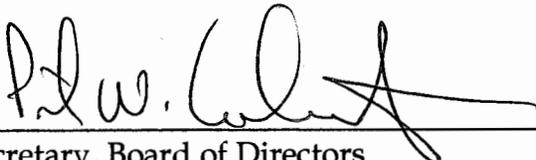
OTHER ENGINEERING MATTERS

Mr. Baker sated the owner of the property located at 1001 South Mason has inquired about how to obtain additional water allocation for a new had car wash facility.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY ("WHCRWA")

Ms. Carner distributed and reviewed a notice from the Authority regarding the Groundwater Reduction Plan fee proposed increase to \$2.95 per 1,000 gallons of groundwater pumped and the Surface Water Fee increase to \$3.35 per 1,000 gallons of water delivered by the Authority effective January 1, 2019, 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)



LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Tax assessor/collector's report	1
Bookkeeper's report.....	3
Operations report.....	3
Engineer's report.....	5
West Memorial Plant Updates	6
Capital improvement plan.....	6
Notice of Fee Increase from the WHCRWA.....	6