

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

October 26, 2017

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 October, 2017, 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, except Director Savage, thus constituting a quorum.

Also present were Virginia Goff and Alfred Huete, residents of the District; Ryan Fortner of Wheeler and Associates, Inc. ("Wheeler"); Charlie Chapline of Municipal District Services, L.L.C. ("MDS"); Jorge Diaz of McLennan & Associates, L.P. ("McLennan"); Christie Leighton of Best Trash, LLP; Daniel Sparks 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 September 28, 2017, regular meeting. After discussion, Director Cathcart moved to approve the minutes of the September 28, 2017, regular meeting. Director Brown seconded the motion, which carried by unanimous vote.

REQUEST FROM MEMORIAL PARKWAY ELEMENTARY REGARDING FUNDING FOR SPARK PARK

There was no discussion on this matter.

REQUEST FROM MEMORIAL PARKWAY COMMUNITY ASSOCIATION REGARDING DEVELOPMENT OF PLAYGROUND AND OTHER RECREATIONAL FACILITIES ADJACENT TO HARRIS COUNTY HIKE AND BIKE TRAIL

There was no discussion on this matter.

TAX ASSESSOR/COLLECTOR REPORT

Mr. Fortner reviewed the tax assessor/collector's report for the month of September, a copy of which is attached. He stated the report reflects that the District's 2016 taxes were 98.42% collected as of the end of September. 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 carried by unanimous vote.

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

Mr. Fortner also reviewed the District's Sales Tax Report, a copy of which is attached.

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

Mr. Fortner confirmed Wheeler published notice of the proposed 2017 tax rate of \$0.33 per \$100 assessed valuation. The Board then opened the public hearing to allow public comment on the proposed 2017 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 2017 tax rate of \$0.33 per \$100 assessed valuation, with \$0.13 allocated for debt service and \$0.20 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.

Ms. Carner stated at the last Board meeting the financial advisor recommended an internal one-time transfer of \$60,000.00 from the General Operating Fund to the Debt Service Fund to account for higher-than-anticipated tax collection costs.

After review and discussion, Director Cox moved to (1) adopt the Order Levying Taxes; (2) authorize execution of the Amendment to Information Form; (3) direct that the Order and Amendment be filed appropriately and retained in the District's official records; and (4) authorize the recommended a one-time internal transfer of \$60,000.00 from the General Operating Fund to the Debt Service Fund. Director Cathcart seconded the motion, which passed unanimously.

BOOKKEEPER'S REPORT

The Board received the bookkeeper's report, a copy of which is attached. Mr. Diaz 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, including the two additional checks. Director Brown seconded the motion, which carried by unanimous vote.

Mr. Diaz presented the following two additional checks. He stated check no. 14057 to the Cinco Sewage Treatment Plant in the amount of \$104,089.67, for the District's portion of the emergency repair for the trunk line and manhole repairs and check no. 14058 for the pump station repairs, in the amount of \$13,867.14.

CONDUCT ANNUAL REVIEW OF INVESTMENT POLICY AND ADOPTION OF AMENDED INVESTMENT POLICY

Ms. Carner explained that the Texas Public Funds Investment Act requires the Board to annually review its Investment Policy and authorize any appropriate amendments. She discussed amendments necessary as a result of new laws following the legislative session. Following review and discussion, Director Cathcart moved to adopt a Resolution Regarding Annual Review of Investment Policy and Adoption of Amended Investment Policy and direct that the Resolution be filed appropriately and retained in the District's official records. Director Cox seconded the motion, which passed by unanimous vote.

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 Mr. Diaz 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 Brown 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 98.08% for September 2017.

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

Mr. Chapline stated the motor is leaking oil at water plant no. 3. He requested approve to proceed with the removal of the motor in order to determine the cause of the leak. He stated the cost is approximately \$3,000.00 for the motor to be pulled.

Mr. Chapline stated the interconnect with Nottingham Municipal Utility District is still being utilized.

After review and discussion, Director Cathcart moved to (1) approve the operator's report; and (2) approve MDS to remove the motor at water plant no. 3, due to leaking oil, for approximately \$3,000.00. Director Cox seconded the motion which carried by unanimous vote.

CUSTOMER REQUESTS

Ms. Carner presented and reviewed correspondence from the Katy Area Economic Development Council for the Council's annual awards. Discussion ensued.

Mr. Huete addressed the Board with his concerns regarding the home he lives in located at 21206 Park Bend Drive. He stated his wife has Alzheimer's disease and last month his wife and her daughter canceled water utility services for the residence and requested that a new account be opened in his name. He confirmed the house and the utility account are both in his wife's name only. Ms. Carner stated that Mr. Huete would need to provide documentation showing that he is legally able to reside in the home to open a new utility account. Discussion ensued.

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 Deanna Vincent, Shirley Wilson, Ernesto Perez, Christine Gosnell, Loren Dore, Watisha Tennant, Heriberto Jimenez, and David Douglas requested an extension for payment of their delinquent accounts.

Following review and discussion, Director Brown 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 November 1, 2017, if their utility bills are not paid in accordance with the District's Rate Order, except for Deanna Vincent, Shirley Wilson, Ernesto Perez, Christine Gosnell, Loren Dore, Watisha Tennant, Heriberto Jimenez, and David Douglas 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.

REVIEW ANNUAL CPI ADJUSTMENT FROM BEST TRASH, LLC

Ms. Leighton reviewed a letter from Best Trash, LLC, regarding the District's annual CPI increase for 2017 of 2.1%, which results in an increased rate for garbage collection of \$0.32 per month per residence, a copy of which is attached. She added that the current garbage collection rate will increase from \$15.12 to \$15.44 during the billing cycle in October 2017 and the new rate will continue through September 2018. After discussion, Director Cox moved to approve the CPI increase of \$0.32 cents per month per residence from October 2017 to September 2018. Director Cathcart seconded the motion, which carried by unanimous vote.

ENGINEER'S REPORT

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

GROUND STORAGE TANK AND HYDRO TANK REHABILITATION AT WATER PLANT NO. 1

Mr. Sparks stated that the demolition is complete, and the hydropneumatic tank will be delivered in 2 weeks.

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. Sparks reported that BGE has resumed the water modeling study since water plant no. 4 became operational and has completed the calibration testing. He reported that the testing concluded there is a potential operating issue at water plant no. 3, and BGE and MDS are investigating the issue.

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

There was no discussion on this matter.

CAPITAL IMPROVEMENT PLAN

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

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

WEST MEMORIAL MUNICIPAL UTILITY DISTRICT ("WEST MEMORIAL")
SEWAGE TREATMENT PLANT MEETING AND PROPOSED PLANT
IMPROVEMENTS

Director Cox distributed and reviewed a copy of the proposal for the lift station replacement at the West Memorial Plant site and reported on the West Memorial Sewage Treatment Plant meeting. Discussion ensued.

REVIEW OPERATION, REPAIR, AND MAINTENANCE OF ADMINISTRATIVE
OFFICE BUILDING

Mr. Sparks stated that Preventative Services will be the contractor for the repair of the pavement near the drain in the parking lot of the administrative building and the contracts are being prepared.

Ms. Carner reported on website updated completed during the last month relating to the water plant no. 1 rehabilitation and the administrative building parking lot pavement repairs.

Mr. Chapline stated the approximate cost to install two sets of sidewalk access at the intersections of Cimarron Parkway and Hidden Canyon is \$4,400.00.

Ms. Johnson stated that there has been no service at the address of 1355 Westgreen in over a year and requested authorization to terminate the account and to send the unpaid balance to collections.

Ms. Johnson stated that she received a request from a resident, Jenni House, to use the great room at the administrative building on Thursdays from 4:00 p.m. to 5:15 p.m. for the next 16 weeks for an elementary school club.

Ms. Carner reviewed correspondence from Mr. Troy Browning regarding his requests, which include changes to District office administration building hours, the process of handling delinquent accounts, deadline dates and delinquent fees, advanced payments, deposits, and the request for Board meetings to be videoed or audio streamed. Discussion ensued.

Ms. Johnson stated that the resident at 21518 Highland Knolls would like to be on a payment plan consisting of a \$200.00 payment for the next five months for a previous high utility bill, in addition to paying his current monthly utility bill.

After discussion, Director Cox moved to (1) approve the installation of two sets of sidewalk access ramps at the intersections of Cimarron Parkway and Hidden Canyon in the approximate amount of \$4,400.00; (2) authorize MDS to terminate service on the account at 1355 Westgreen due to no usage in over a year and to send the unpaid balance to collections; (3) approve the request from Ms. House to use the great room in the administrative building on Thursdays from 4:00 p.m. to 5:15 p.m. for the next 16

weeks at the rate of the \$50.00 non-profit fee, except on days where there is a conflict for previously reserved events; (4) deny the requests from Mr. Browning; and (5) approve the payment plan in the amount of \$200.00 per month for the next five months, in addition to payment of the current utility bill for the resident located at 21518 Highland Knolls. Director Cathcart seconded the motion, which carried by unanimous vote.

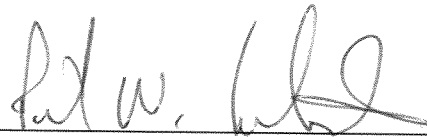
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY ("AUTHORITY")

Discussion ensued regarding the potential timeline for conversion of the District to surface water.

DISCUSS NOVEMBER AND DECEMBER MEETING SCHEDULE

The Board discussed the upcoming November and December regular meeting dates for the District. The Board agreed to meet on November 16, 2017, at 6:15 p.m. and on December 14, 2017, at 6:15 p.m.

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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