

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

October 27, 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 Drive, Katy, Texas 77450, inside the boundaries of the District, on the 27th day of October, 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.; Charlie Chapline of Municipal District Services, L.L.C. ("MDS"); Diane Doyle of McLennan & Associates, L.P. ("McLennan"); Lindsay Kovar and Daniel Sparks of BGE, Inc. ("BGE"); Christie Leighton of Best Trash; 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 September 22, 2016, regular meeting. After discussion, Director Cathcart moved to approve the minutes of the September 22, 2016, regular meeting. Director Brown seconded the motion, which carried by unanimous vote.

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 2016 of 1.5%, which results in an increased rate for garbage collection of \$0.22 per month per residence, a copy of which is attached. She added that the current garbage collection rate will increase from \$14.90 to \$15.12 during the billing cycle in October 2016 and the new rate will continue through September 2017.

REQUEST FOR FUNDING HARRIS COUNTY PRECINCT 3'S EXTENSION OF THE HIKE AND BIKE TRAIL WEST OF MASON ROAD, INCLUDING 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. He stated he contacted Harris County regarding the County acquiring the remaining easement in the District at the District's cost. Discussion ensued regarding easements that need to be acquired in Cimarron MUD. The Board concurred to request Mr. Nady to inquire whether Cimarron MUD is willing to pay for the County to acquire the necessary easements in Cimarron MUD.

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 2015 taxes are 98.54% collected as of the end of September. 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.

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

The Board opened the public hearing to allow public comment on the proposed 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 2016 tax rate of \$0.33 per \$100 assessed valuation, with \$0.14 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. After review and discussion, Director Cox 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 Cathcart seconded the motion, which passed unanimously.

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.

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 104.2% for September, 2016. Discussion ensued.

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 Cox 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 uncollectible account list be filed appropriately and retained in the District's official records. Director Goff 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, except Kimberly Bledsaw, Monica Molinas, Sonia Craig, and Eric Knight.

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 if their utility bills are not paid in accordance with the District's Rate Order, except Kimberly Bledsaw, Monica Molinas, Sonia Craig, and Eric Knight, 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

Ms. Kovar 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

Ms. Kovar reported that the ground storage tank and hydro tank rehabilitation at Water Plant No. 4 is complete. She stated that Schier Construction is installing the electrical conduits for the programmable LED sign at Water Plant No. 4. Director Savage requested for BGE to add inspection of the irrigation system as a punch list item and to update the Board regarding scheduling of the final inspection at Water Plant No. 4.

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

Ms. Kovar 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

Ms. Kovar reported that the well screen patches are complete and the pump is being installed.

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

Ms. Carner gave an update regarding the proposed sidewalk along Cimarron Parkway between Mason Road and Mesa Terrace. She stated that Cimarron Community Association would discuss contributing to the costs for any necessary relocation of the streetlights for the project at its next Board meeting. The Board requested for BGE to contact CenterPoint Energy and provide a cost estimate for relocation of the street lights.

ELECTRONIC SIGN AT WATER PLANT NO. 4

Ms. Kovar reported regarding installation of a programmable LED sign at water plant no. 4. She added that BGE requested proposals from Stanley Signature Signs for the installation of a programmable LED sign and that BGE will present layouts for the programmable LED sign at the next Board meeting.

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

Mr. Chapline updated the Board 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. After discussion, the Board concurred for BGE and MDS to coordinate with Memorial Municipal Utility District's operator, Si Environmental to install an isolation valve north of Highland Knolls and to utilize one interconnect with a meter.

CAPITAL IMPROVEMENT PLAN

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

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

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. He reviewed a long-term capital project plan for the Plant, a copy of which is attached.

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. Johnson requested installation of two security cameras at the parking lot and the trash cart storage site of the administrative building.

Ms. Johnson requested that the Board consider amending the District's Rate Order to include an excerpt which states that residents will be required to pay their utility bills by money order after the District receives returned check payments. The Board concurred to add an agenda item to consider amending the District's Rate Order at the next Board meeting.

Following review and discussion, Director Goff moved to authorize installation of two security cameras at parking lot and the trash cart storage site of the administrative building. Director Cox seconded the motion, which carried by unanimous vote.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY ("AUTHORITY")

Ms. Carner reviewed a notice of anticipated fees from the Authority, which states that its Board anticipates increasing its groundwater pumpage fees by \$0.20 per 1,000 gallons of water effective January 1, 2017, a copy of which is attached.

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

There was no discussion on this matter.

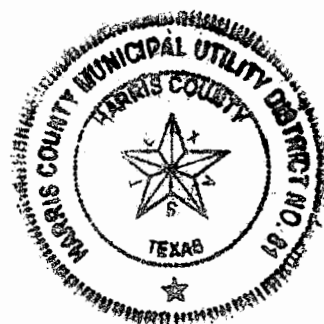
REVIEW NOVEMBER AND DECEMBER MEETING DATES

The Board agreed to meet on November 17, 2016, at 6:30 p.m. and on December 15, 2016, at 6:30 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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