

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

November 15, 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 15th day of November, 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, Virginia Goff, and Warren Brown, members of the public; Lizandro Campos of Wheeler and Associates, Inc. ("Wheeler"); Austin Muse and Richard Roberts of Municipal District Services, L.L.C. ("MDS"); Stephanie Nagel 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 October 25, 2018, regular meeting. After discussion, Director Cathcart moved to approve the minutes of the October 25, 2018, regular meeting. Director Cox seconded the motion, which carried by unanimous vote.

TAX ASSESSOR/COLLECTOR REPORT

Mr. Campos reviewed the tax assessor/collector's report for the month of October, a copy of which is attached. He stated the report reflects that the District's 2018 taxes were 6.33% collected as of the end of October. After discussion, Director Cathcart moved to approve the tax assessor/collector's report and pay the bills from the tax account. Director Cox seconded the motion, which carried by unanimous vote.

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

BOOKKEEPER'S REPORT

The Board reviewed the bookkeeper's report, a copy of which is attached. Ms. Nagel reviewed each District account and the bills to be paid, as well as a budget to actual comparison.

Ms. Nagel presented two additional checks, including check no. 14946 payable to Starr Johnson, in the amount of \$19.99 for reimbursement for office supplies, and check no. 14947 payable to Doris Vogt for reimbursement for the meeting meal, in the amount of \$391.91.

Ms. Nagel stated the District received a wire payment in the amount of \$105,816.46 from the Texas Department of Public Safety. Mr. Baker stated he has determined that the funds were from the Federal Emergency Management Agency for the Cinco Regional Sewer Treatment Plant RAS pump station repair. Ms. Nagel stated the funds would be transferred to the Cinco Plant account.

Director Savage discussed that Ms. Johnson and Ms. Vogt did not receive their direct deposit payroll payments. Ms. Nagel apologized and stated the payments would be made tonight.

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.

BUDGET FOR FISCAL YEAR END DECEMBER 31, 2019

Ms. Nagel presented and reviewed a proposed budget for the fiscal year ending December 31, 2019, a copy of which is attached to the bookkeeper's report. The Board deferred action to the next meeting, pending further review of the budget.

OPERATOR'S REPORT

Mr. Muse reviewed a written operations report, a copy of which is attached. He reported that the District's water accountability was 97.8% for October 2018.

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

Mr. Muse reported there were seven accounts totaling \$748.69, deemed to be uncollectible and requested authorization to write off said accounts and turn them over to a collection agency.

RED ROCK CANYON STORM SEWER AND SANITARY SEWER LINES

There was no discussion on this matter.

After review and discussion, Director Cathcart moved to approve the operator's report and write off the seven delinquent accounts totaling \$749.69 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 Cox seconded the motion, which carried by unanimous vote.

CUSTOMER REQUESTS

Ms. Johnson stated that two commercial accounts, one at 1115 South Mason and the other at 1133 South Mason, requested an adjustment to their bills due to a large leak, which has since been repaired. Discussion ensued regarding the District's current Rate Order and volumetric sanitary sewer fees associated with commercial accounts. After discussion, the Board concurred to authorize MDS to calculate the average water use for each account and to issue a credit to each account for the sewer portion of the bill only for the usage above the average.

TERMINATION OF SERVICE

The Board next conducted a hearing regarding termination of water and sewer services. Mr. Muse presented to the Board a list of delinquent customers. Ms. Johnson informed the Board that all of the residents on the delinquent customer 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 residents have requested an extension for payment of delinquent accounts to date.

Following review and discussion, Director Cathcart moved to (1) authorize that because none of the residents on the delinquent customer 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 27, 2018, if their utility bills are not paid in accordance with the District's Rate Order; (2) authorize payment arrangements for qualifying residents who request extensions for their delinquent accounts; and (3) 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.

ADOPT AMENDED RATE ORDER

The Board discussed amending the Rate Order to increase the single-family residential sanitary sewer rate by \$1.75, to \$32.19, with an effective date of November

15, 2018. After discussion, Director Cathcart moved to adopt the Amended Rate Order. Director Cox seconded the motion, which carried by unanimous vote.

ENGINEER'S REPORT

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

REPLACEMENT OF WATER LINE DISTRIBUTION SYSTEM

Mr. Baker discussed the potential replacement of the water line distribution system in the District, including the estimated cost in the amount of \$11,264,178. Discussion ensued regarding potential timing and options for financing same.

Mr. Muse reported on the history of payments for repairs to the District's water line distribution system from 2012 to 2018 and stated the District has spent approximately \$900,000 for repairs. Mr. Muse stated MDS would prepare a report to prioritize District water lines that are most in need of repairs.

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 the repair is complete and the total cost of the repairs was \$153,899.00.

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 water sewer inlets at Park Bend and Strawberry Park. He stated BGE 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.

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. Baker distributed and reviewed an updated capital improvement plan ("CIP"). Discussion ensued.

BOND APPLICATION NO. 8

ADOPT RESOLUTION AUTHORIZING APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR APPROVAL OF PROJECT AND BONDS ("TCEQ")

Mr. Baker presented and reviewed a draft cost summary for Bond Application No. 8, in the amount of \$4,000,000.00. Discussion ensued regarding use of the funds including the possible replacement of the diesel generator at water plant no. 4 with a natural gas generator.

Following review and discussion, Director Cox moved to approve the engineer's report and authorize BGE to prepare an estimate for a natural gas generator for water plant no. 4. Director Cathcart 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 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, INCLUDING PROPOSAL FOR SANITARY SEWER LINE REHABILITATION AND PROPOSALS FOR CLEANING SERVICES AND RELATED SERVICE AGREEMENT

Ms. Carner stated that Simple Recycling has requested that information on their program be posted on the District's website. After discussion, the Board concurred to include the Simple Recycling information on the District's website.

Ms. Johnson updated the Board and discussed the cleaning service provider for the administration building. She stated that after speaking with the current cleaning provider regarding the cleaning expectations, the cleaning provider decided to no longer provide cleaning services for the District. Ms. Johnson presented and reviewed four cleaning service proposals for the administration building, copies of which are attached. Discussion ensued regarding the proposals and levels of cleaning services needed for the administration building.

Ms. Johnson stated that the vacuum cleaner for the administration building needs to be replaced.

Ms. Johnson presented and reviewed a proposal from Stanley Cleaners to resurface and clean the floors at the administration building in the amount of \$3,497.00,

a copy of which is attached. Discussion ensued regarding the current conditions of the floors throughout the administration building. Ms. Johnson also discussed the condition of the wallpaper. The Board concurred to request proposals for the wallpaper removal, wall repainting, and floor refinishing for review at the next Board meeting.

Ms. Johnson stated the soap dispenser is broken in the ladies restroom at the administration building and replacement parts are no longer available. She reviewed a proposal from City Maintenance to replace the soap dispenser in the amount of \$473.99, a copy of which is attached.

Ms. Johnson discussed the access control panel in the office storage room at the administration building. She reviewed a proposal from NCS, in the amount of \$375.00, to purchase a new access control panel, a copy of which is attached.

Ms. Johnson stated a resident rented the administration building on November 10, 2018, for a party in which they used an unauthorized smoke machine. She stated the fire alarm was activated by the smoke, and the fire department responded and damaged the front door. The Board discussed the incident, which was recorded on the District's security cameras, and concurred to authorize Ms. Johnson to deposit the security check from the resident to use to pay for the needed repairs.

After all discussion, Director Cathcart moved to (1) approve the proposal and authorize execution of a service agreement with 2Detail, LLC, for cleaning services at the administration building; (2) authorize the purchase of a new vacuum cleaner for use at the administration building; (3) approve the proposal from City Maintenance to replace the soap dispenser in the ladies restroom, in the amount of \$473.99; and (4) approve the proposal from NCS, in the amount of \$375.00, to purchase a new access control panel. Director Cox seconded the motion, which carried by unanimous vote.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY ("WHCRWA")

Ms. Carner distributed and reviewed a notice from the Authority regarding the Groundwater Reduction Plan fee increase to \$2.75 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.

Director Cox discussed a recent Katy Area Economic Development Council meeting, which was attended by representatives of the WHCRWA. Discussion ensued regarding WHCRWA projects, and the proposed timeline for conversion of the District to surface water.

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 OFFICER OR EMPLOYEE

The Board convened in Executive Session at 7:25 p.m. Ms. Carner and Ms. Cannon were also present.

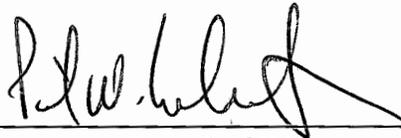
RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING THE APPOINTMENT, EMPLOYMENT, EVALUATION, REASSIGNMENT, DUTIES, DISCIPLINE, OR DISMISSAL OF A PUBLIC OFFICER OR EMPLOYEE

The Board reconvened in Regular Session at 7:26 p.m. After discussion, Director Goff moved to approve payment of holiday bonuses to District employees Doris Vogt and Starr Johnson. Director Cox seconded the motion, which carried by unanimous vote.

DISCUSS DECEMBER MEETING DATES

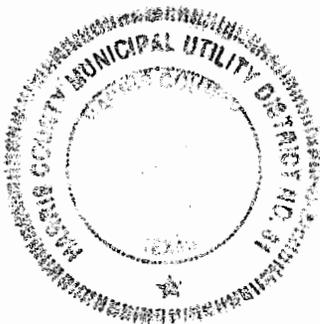
The Board discussed the upcoming December regular meeting date for the District. The Board agreed to meet on December 13, 2018, at 6:15 p.m.

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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