

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

November 17, 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 17th day of November, 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 Teresa Clingenpeel, a resident of the District; Terry Savage, a member of the public; Ryan Fortner of Wheeler and Associates, Inc.; Charlie Chapline of Municipal District Services, L.L.C. ("MDS"); Diane Doyle, Shirley McLennan, and Jorge Diaz of McLennan & Associates, L.P. ("McLennan"); Doug Baker and Daniel Sparks of BGE, Inc. ("BGE"); Starr Johnson and Doris Vogt, District employees; John Elder of Acclaim Energy Advisors ("Acclaim"); and Katie Carner and Shilpa Shah of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the October 27, 2016, regular meeting. After discussion, Director Cathcart moved to approve the minutes of the October 27, 2016, regular meeting. Director Brown seconded the motion, which carried by unanimous vote.

CUSTOMER REQUEST

Ms. Clingenpeel stated she did not understand the late fees and penalties on her October 2016 utility bill. She questioned why she received a delinquent letter for her October bill when she paid it. Ms. Johnson explained the charges. Discussion ensued. Ms. Clingenpeel then requested that the late fees and charges be waived. Director Savage informed Ms. Clingenpeel of the District's policy regarding offering payment arrangements. Ms. Clingenpeel then left the meeting. Following discussion, the Board concurred to deny Ms. Clingenpeel's request.

REQUEST FOR FUNDING HARRIS COUNTY PRECINCT 3'S EXTENSION OF THE HIKE AND BIKE TRAIL WEST OF MASON ROAD, INCLUDING EASEMENT ACQUISITION

Mr. Carner updated the Board on the hike and bike trail. She stated that Cimarron MUD approved the reimbursement to the County for the cost of the County acquiring the remaining easements in Cimarron MUD through eminent domain. After discussion, the Board concurred to approve reimbursement to the County for the cost of the County acquiring the one remaining easement in the District through eminent domain.

REQUEST FROM ACCLAIM ENERGY ADVISORS TO DISCUSS REMOTE MONITORING OF GENERATORS

Mr. Elder updated the Board regarding the District's Agreement with Acclaim for reliability testing services to remotely test and monitor the standby generator at the Cinco Regional Sewage Treatment Plant. He stated that Acclaim will not be able to provide the services for the District due to recent changes in the law regarding the Demand Response Program. After discussion, the Board concurred to add an agenda item to consider terminating the District's Agreement with Acclaim at the next Operating Committee and Cinco Plant meeting.

TAX ASSESSOR/COLLECTOR REPORT

Mr. Fortner 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 2016 taxes are 0% collected as of the end of October. Mr. Fortner stated that he will present an updated business list in January. After review and discussion, Director Cathcart moved to approve the tax assessor/collector's report and pay the tax bills. Director Cox seconded the motion, which carried by unanimous vote.

BOOKKEEPER'S REPORT, INCLUDING DISCUSS AGREEMENT FOR SERVICES OF BOOKKEEPER

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. Director Goff requested a tax exemption form for the District's Sam's Club membership renewal. Ms. Doyle presented a Resolution Amending Authorized Representatives from TexPool. She stated that Mr. Diaz is included in the Resolution as an authorized representative.

Ms. McLennan then presented an amended bookkeeper's report which includes the periods between the months of July 24, 2015, through August 27, 2015, a copy of which is attached. Discussion ensued. She stated that McLennan is taking steps to ensure that reported transactions are updated promptly going forward. After review

and 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, 2017

The Board concurred to defer this item.

ADOPT AMENDED RATE ORDER

Ms. Carner reviewed amendments to the District's Rate Order to permit the District to require residents to pay their utility bills by money order after the District receives returned check payments and to reflect that the District does not accept cash payments. After review and discussion, Director Cox moved to adopt the Amended Rate Order, and direct that the Order be filed appropriately and retained in the District's official records. Director Brown seconded the motion, which passed 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 103% for October, 2016.

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.

Director Goff inquired about the amount of sod included in MDS' invoice to the District following a repair of a District line. After discussion, Mr. Chapline stated MDS would re-measure the area and issue a credit if necessary.

After review and discussion, Director Brown 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 Cathcart 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 Amanda Cadden, Shirley Wilson, Johana Estrada, and Antonio Pedraza.

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 November 29, 2016, if their utility bills are not paid in accordance with the District's Rate Order, except Amanda Cadden, Shirley Wilson, Johana Estrada, and Antonio Pedraza, and direct that the delinquent customer list be filed appropriately and retained in the District's official records. Director Brown seconded the motion, which passed unanimously.

ENGINEER'S REPORT

Mr. Baker 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

Mr. Baker reviewed and recommended that the Board approve Pay Estimate No. 9 in the amount of \$32,015.00 payable to Schier Construction Company, Inc. ("Schier") for the ground storage tank and hydro tank rehabilitation at Water Plant No. 4, a copy of which is attached to the engineer's report. After discussion, Director Cox moved to approve Pay Estimate No. 9 in the amount of \$32,015.00 payable to Schier, based on the engineer's recommendation. Director Cathcart seconded the motion, which carried by unanimous vote.

INSTALLATION OF PATCHES AND REPLACEMENT OF WELL MOTOR AND WELL ASSEMBLY AT WATER WELL NO. 4

Mr. Baker reported that the well patches are complete and the water well pump has been installed and is operational. He reported that testing is in progress at Water Well No. 4 and it is expected to be operational soon.

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. Baker 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.

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

Mr. Baker gave an update regarding the proposed sidewalk along Cimarron Parkway between Mason Road and Mesa Terrace. He stated that BGE expects the cost estimate for any necessary relocation of the street lights to be approximately \$5,000 per light pole. Mr. Baker stated that Harris County will begin the project after receipt of the District's 60 percent share of the estimated cost in the amount of \$53,882.00 for the proposed sidewalk. Ms. Carner stated that Cimarron Community Association has confirmed its willingness to contribute toward the costs for relocation of the streetlights, subject to availability of funds.

ELECTRONIC SIGN AT WATER PLANT NO. 4

Mr. Baker reported regarding installation of a programmable LED sign at water plant no. 4. He added that BGE is waiting to receive a proposal from Stanley Signature Signs for the installation of a programmable LED sign. Mr. Baker presented a layout for the programmable LED sign.

DISCUSS INTERCONNECTS WITH MEMORIAL MUNICIPAL UTILITY DISTRICT AND CORNERSTONES 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 MDS is coordinating 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 for emergency purposes going forward.

CAPITAL IMPROVEMENT PLAN

Mr. Baker 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 Cathcart 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 REPORT ON
TELEVISIONING OF SANITARY SEWER LINES

Ms. Johnson reported on the maintenance of the administrative building.

Ms. Vogt reviewed a cost estimate for the replacement of 12 air ducts and cleaning of registers in the administrative building in the amount of \$1,380.00. She stated that the air conditioning company recommended cleaning the trunk lines before replacing the air ducts. After discussion, the Board requested that Ms. Vogt obtain quotes for cleaning the trunk lines and the main air ducts at the administrative building.

Mr. Chapline reported on the televising of sanitary sewer lines. He stated that MDS is coordinating with BGE regarding a sewer backup which has caused a dip between two manholes at the remote parking lot for the administrative building.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY ("AUTHORITY")

There was no discussion on this item.

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

There was no discussion on this matter.

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 7:28 p.m. Ms. Carner and Ms. Shah also were present.

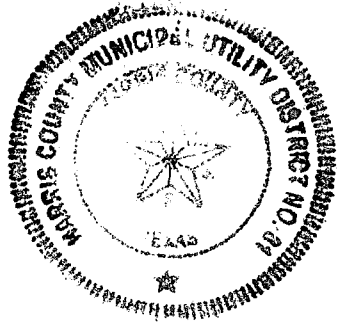
RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION
REGARDING THE APPOINTMENT, EMPLOYMENT, EVALUATION,
REASSIGNMENT, DUTIES, DISCIPLINE, OR DISMISSAL OF A PUBLIC OFFICER OR
EMPLOYEE

The Board reconvened in Regular Session at 7:39 p.m. No Board action was taken.

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

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