

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

December 13, 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 13th day of December 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, except Director Brown, thus constituting a quorum.

Also present were Terry Savage, member of the public; Roy Gutierrez, resident of the District; Greg Sissel of BKD, LLP ("BKD"); Lizandro Campos of Wheeler and Associates, Inc. ("Wheeler"); Charlie Chapline of Municipal District Services, L.L.C. ("MDS"); Mary Lutz and Pamela Redden of McLennan & Associates, L.P. ("McLennan"); Doug Baker of BGE, Inc. ("BGE"); Starr Johnson and Doris Vogt, District employees; and Katie Carner of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the November 15, 2018, regular meeting. After discussion, Director Cathcart moved to approve the minutes of the November 15, 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 November, a copy of which is attached. He stated the report reflects that the District's 2018 taxes were 10.22% collected as of the end of November. After discussion, Director Cox moved to approve the tax assessor/collector's report and pay the bills from the tax account. Director Goff seconded the motion, which carried by unanimous vote.

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.

Ms. Lutz presented one additional check, check no. 1299 payable to Boyer, Inc. for water plant no. 2 water well no. 2 repair, in the amount of \$190,999.00. After discussion, Director Goff moved to approve the bookkeeper's report and the checks presented for payment, including check no. 1299. Director Cox seconded the motion, which carried by unanimous vote.

Ms. Johnson requested that the District increase her monthly compensation to cover the increased cost of her medical insurance premiums beginning January 1, 2019. After discussion, Director Goff moved to increase Ms. Johnson's monthly compensation to cover the increased cost of her medical insurance premiums, effective January 1, 2019. Director Cox seconded the motion, which passed unanimously.

BUDGET FOR FISCAL YEAR END DECEMBER 31, 2019

Ms. Lutz 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. After discussion, Director Cathcart moved to adopt the budget for fiscal year end December 31, 2019, as presented. Director Cox seconded the motion, which carried by unanimous vote.

ENGAGE AUDITOR TO CONDUCT AUDIT FOR FISCAL YEAR END DECEMBER 31, 2018

Mr. Sissel presented and reviewed an engagement letter from BKD for preparation of the audit report for the fiscal year ending December 31, 2018, at an estimated cost of \$18,700.00, plus expenses. After discussion, Director Cox moved to engage BKD to prepare the District's audit report. Director Cathcart seconded the motion, which carried by unanimous vote.

REVIEW CRITICAL LOAD SPREADSHEET FOR DISTRICT'S FACILITIES AND AUTHORIZE ANNUAL FILING

The Board reviewed the District's Critical Load Spreadsheet. Ms. Carner stated that the electricity provider will change to Direct Energy beginning in January 2019, pursuant to the contract previously approved by the Board. After review and discussion, Director Cox moved to approve the updated Critical Load Spreadsheet and direct that the Critical Load Spreadsheet be filed appropriately and retained in the District's official records. Director Goff seconded the motion, which passed by unanimous vote.

REVIEW AND UPDATE EMINENT DOMAIN REPORT TO THE TEXAS COMPTROLLER

Ms. Carner reported ABHR will file the District's Eminent Domain Authority Annual Report with the Comptroller of the State of Texas pursuant to Senate Bill 1812.

TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR THE ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") WINTER CONFERENCE

Ms. Carner reviewed the Travel Reimbursement Guidelines for the AWBD winter conference. After discussion, Director Goff moved to approve reimbursement for up to two hotel nights and meals not provided by the winter AWBD conference. Director Cox seconded the motion, which carried by a 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 93.7% for November 2018.

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

Director Goff inquired about multiple water quality reports on Park Bend. Mr. Chapline explained that MDS had been previously authorized by the Board to perform weekly flushing of the lines. Discussion ensued.

Mr. Chapline reported there were five accounts totaling \$2,028.56, 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

Mr. Chapline stated that Harris County has agreed to repair the storm sewer line. He also stated MDS is preparing to clean the 8" sanitary line.

After review and discussion, Director Cox moved to approve the operator's report and write off the five delinquent accounts totaling \$2,028.56 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.

CUSTOMER REQUESTS

Mr. Chapline updated the Board on the investigation regarding Mr. Roy Gutierrez's previous 20,000 gallon water usage. Mr. Chapline reminded the Board of the history of the account usage. He stated the meter was tested and found to be accurately functioning. Discussion ensued regarding the possibility of replacing the

water meter. Mr. Gutierrez stated he has had plumbers test his fixtures, and cannot find any issues. The Board concurred to direct MDS to replace the water meter and to offer the resident a payment plan for the balance owed, if requested.

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 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.

Director Cathcart then moved not to terminate delinquent accounts for the month of December. 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. 4 GENERATOR REPLACEMENT

Mr. Baker stated that the installation of a new natural gas generator for water plant no. 4 will cost approximately \$500,000.

Mr. Baker stated to replace the motor control center ("MCC") at water plant no. 4 will cost approximately \$300,000, and he recommends that work also be undertaken. Discussion ensued regarding funding options for the projects.

DISCUSS POTENTIAL 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 of \$11,264,178. Discussion ensued regarding potential timing and options for financing same. Mr. Baker stated he would work with MDS to further prioritize sections for water line rehabilitation.

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

Mr. Baker reviewed bids received by BGE for the Park Bend Drive water sewer inlet rehabilitation. He stated that RJ&M Utility Construction ("RJ&M") submitted the low bid in the amount of \$112,096.00, and recommended that the Board award the contract to RJ&M. The Board agreed that award of the contract to the lowest bidder, RJ&M, will be most advantageous to the District and will result in the best and most economical completion of the District's facilities. Discussion ensued.

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 ("TCEQ") FOR APPROVAL OF PROJECT AND BONDS

Mr. Baker presented and reviewed a revised 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. After discussion, the Board concurred to request revisions to the cost summary to be presented at the next meeting.

Following review and discussion, Director Cathcart moved to (1) approve the engineer's report; (2) accept the low bid submitted by RJ&M and that the contract be awarded to said contractor, based on the engineer's recommendation; (3) authorize design of the natural gas generator and MCC replacement for water plant no. 4; and (4) authorize submission of a notice letter to the TCEQ for the use of surplus funds for the installation of the natural gas generator and replacement of the MCC at water plant no. 4. 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 updated the Board on the West Memorial Plant site and reported on the West Memorial Sewage Treatment Plant meeting. Discussion ensued.

OPERATION, REPAIR, AND MAINTENANCE OF ADMINISTRATIVE OFFICE AND DISTRICT WEBSITE, INCLUDING PROPOSAL FOR SANITARY SEWER LINE REHABILITATION AND PROPOSALS FOR WALLPAPER REMOVAL, FLOOR REFINISHING AND DOOR REPAIR

Ms. Johnson presented and reviewed a proposal from City Maintenance for the replacement of the soap dispenser in the woman's restroom in the amount of \$473.99. Discussion ensued.

Ms. Johnson discussed the current conditions of the walls and floors throughout the administration building. She presented and reviewed a proposal in the amount of \$3,460.00 from City Maintenance for the removal of the wall paper and repainting of the hallway in the administration building, a copy of which is attached. The Board requested BGE to work with Ms. Johnson to solicit for bids for the work.

Ms. Johnson presented and reviewed proposals from City Maintenance in the amounts of \$2,772.00 for the floor refinishing and \$6,050.00 to refinish the doors. Copies of the proposals are attached. She also discussed the addition of shelving in the kitchen. After discussion, the Board requested BGE to include these projects when soliciting for bids for the other work.

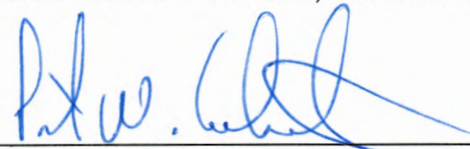
Ms. Johnson stated the fire department agreed to pay for the repairs to the door, which was damaged by their forced entry following the smoke alarms going off due to a resident's unauthorized use of a smoke machine while renting the administration building.

After discussion, Director Cathcart moved to approve the proposal from City Maintenance for the replacement of soap dispenser for the woman's restroom in the amount of \$473.99. Director Cox seconded the motion, which carried by unanimous vote.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY ("WHCRWA")

There was no discussion on this item.

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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