

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

December 15, 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 15th day of December, 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 Jack Hopkins and Virginia Goff, residents of the District; Terry Savage, a member of the public; Ryan Fortner of Wheeler and Associates, Inc.; Rebecca Marcucci of Municipal District Services, L.L.C. ("MDS"); Greg Sissel of BKD, LLP; Shirley McLennan of McLennan & Associates, L.P. ("McLennan"); Doug Baker of BGE, Inc. ("BGE"); Eric Hansen of West Harris County Regional Water Authority; 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 November 17, 2016, regular meeting. After discussion, Director Cathcart moved to approve the minutes of the November 17, 2016, regular meeting. Director Brown seconded the motion, which carried by unanimous vote.

ENGAGE AUDITOR TO CONDUCT AUDIT FOR FISCAL YEAR END DECEMBER 31, 2016

Mr. Sissel presented a proposal from BKD for preparation of the audit report for the fiscal year ending December 31, 2016, at an estimated cost of \$17,700.00, plus expenses. After discussion, Director Goff moved to retain BKD to prepare the District's audit report. Director Brown seconded the motion, which carried by unanimous vote.

CUSTOMER REQUEST

Ms. Marcucci discussed a request for credit from Mr. Jack Hopkins regarding his utility bill which included unexplained high usage of 18,000 gallons of water for two consecutive months. She stated that MDS investigated the meter; however, MDS will need to confirm if an accuracy test was completed. The Board concurred for MDS to perform an accuracy test on the meter if one was not completed previously and to report back to the Board and to the resident regarding their findings.

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

There was no discussion on this matter.

TAX ASSESSOR/COLLECTOR REPORT

Mr. Fortner 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 2016 taxes are 8.16% collected as of the end of November. 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.

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.

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

The Board received the bookkeeper's report, a copy of which is attached. Ms. McLennan 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.

BUDGET FOR FISCAL YEAR END DECEMBER 31, 2017

Ms. McLennan presented a draft budget for the fiscal year ending December 31, 2017, which was revised to incorporate consultant comments. Following discussion, Director Cathcart moved to approve the budget. Director Cox seconded the motion, which carried by unanimous vote.

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 Cathcart 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

Ms. Marcucci reviewed a written operations report, a copy of which is attached. She reported that the District's water accountability was 98% for November, 2016.

Ms. Marcucci reviewed additional repair and maintenance items performed during the month. She 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.

Ms. Marcucci reported on the quarterly cleaning at the lift station.

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. Ms. Marcucci 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.

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 January 3, 2017, if their utility bills are not paid in accordance with the District's Rate Order, 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

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 stated that the final Texas Commission on Environmental Quality ("TCEQ") inspection will be held on Tuesday, December 20, 2016. The Board concurred to have a special meeting to attend the inspection.

Mr. Baker reviewed and recommended that the Board approve Pay Estimate No. 10 in the amount of \$9,025.00 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. 10 in the amount of \$9,025.00 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 complete at Water Well No. 4. Discussion ensued regarding installation of a well cover. Mr. Baker stated he would present a proposal for installation of a well cover at the next meeting.

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 three 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, payment of which was approved under the bookkeeper's report.

ELECTRONIC SIGN AT WATER PLANT NO. 4

Mr. Baker reported regarding installation of a programmable LED sign at water plant no. 4. He reviewed proposals as follows: JM Signs in the amount of \$39,577.00, Katy Signs in the amount of \$37,500.00; and Stanley Signature Signs in the amount of \$36,944.00. Mr. Baker stated that BGE recommends Stanley Signature for installing the programmable LED sign and making modifications to curbs and bollards in the amount of \$36,944.00. After review and discussion, Director Cathcart moved to accept the proposal from Stanley Signature Signs in the amount of \$36,944.00 to install a programmable LED sign and make modifications to curbs and bollards.

DISCUSS INTERCONNECTS WITH MEMORIAL MUNICIPAL UTILITY DISTRICT AND CORNERSTONES MUNICIPAL UTILITY DISTRICT

Ms. Marcucci updated the Board regarding the location for a meter vault at the intersection of Highland Knolls and Park Brush Lane.

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 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, 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 from Indoor Air, Inc., for cleaning the trunk lines and the main air ducts in the administrative building in the amount of \$3,150.00, plus fees, a copy of which is attached. She stated that she was still waiting on a second proposal from Rook's Heating and Air Conditioning ("Rook's") for the work. Ms. Vogt presented a proposal from Rook's in the amount of \$1,380 to replace the flexible ducts and clean the registers, a copy of which is attached.

Ms. Johnson requested Board authorization to get a proposal from NCS to replace the cameras in the administrative building with IP cameras.

After discussion, the Board requested that Ms. Johnson obtain a cost estimate from NCS for the replacement of cameras in the administrative building. Director Savage requested that Ms. Johnson ask City Maintenance to pressure wash the District sign outside of the administrative building.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY ("AUTHORITY")

Mr. Hansen discussed data requested for the Authority's water blending study. Discussion ensued regarding surface water conversion.

REPORT ON KATY AREA ECONOMIC DEVELOPMENT COUNCIL

There was no discussion on this matter.

There being no further business to come before the Board, the Board concurred to adjourn the meeting.

(SEAL)




Secretary, Board of Directors

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