

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

September 15, 2011

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 Dr., Katy, Texas 77450, inside the boundaries of the District, on the 15th day of September, 2011, and the roll was called of the duly constituted members of the Board of Directors, to-wit:

Jennifer Labourdette	President
John Savage	Vice President
Patrick Cathcart	Secretary
George Goff	Treasurer
Bruce Cox	Assistant Secretary

and all of said persons were present, thus constituting a quorum.

Also present were Donald Wardell, resident of the District; Ryan Nesmith of RBC Capital Markets; Joe Hallmark of Joe Hallmark Website Design; Cindy Englebort of Wheeler & Associates, Inc.; Mary Lutz of McLennan & Associates, L.P. ("McLennan"); Jennifer Mays of Brown & Gay Engineers, Inc. ("B&G"); Dusty Lane and Joe Calderon of SWWC Services, Inc. ("SWWC"); Ashley Weber and Doris Vogt, District employees; Donna Brown, recording secretary; and Susan Edwards of Allen Boone Humphries Robinson LLP ("ABHR").

Mr. Wardell reviewed his background and knowledge of water plants. Mr. Wardell stated that he came to the District office a few weeks ago to pay his water bill in the amount of \$204.00, but he only had \$200.00 and Ms. Weber instructed him to ask a nearby church for money to pay the full amount he owed. Mr. Wardell stated that he begged Ms. Weber for help and did not receive any help. Mr. Wardell reported that he filed a formal complaint with the Texas Commission on Environmental Quality (the "TCEQ") and that Curtis Fisher with the TCEQ has his file. Mr. Wardell stated that he has suffered from emotional distress. Director Labourdette asked Mr. Wardell what he wanted from the Board and Mr. Wardell left the building without discussing the matter any further. Ms. Weber reported that Mr. Wardell's account had been paid in full.

MINUTES

The Board considered approving the minutes of the August 25, 2011, meeting. Director Cathcart moved to approve the minutes of the August 25, 2011, minutes. Director Savage seconded the motion, which passed by unanimous vote.

TAX ASSESSOR/COLLECTOR REPORT, AND UPDATE FROM START ON BUSINESSES PAYING SALES TAX

The Board next received the tax assessor/collector's report for the month, a copy of which is attached. Ms. Englebert stated that the District's 2010 taxes are 98.29% collected as of the end of August. After 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.

DISCUSS 2011 TAX RATE, SET PUBLIC HEARING DATE, AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

The Board considered approving the District's 2011 tax calculation and authorizing publication of same. Mr. Nesmith reviewed the recommendation for the District's tax rate of \$0.18 per \$100 of assessed valuation to provide for debt service and a tax rate of \$0.19 per \$100 of assessed valuation to provide for maintenance and operations, a copy of which is attached. The Board also discussed the use of operating funds for the repairs needed to maintain the District's facilities. After discussion, Director Savage moved to approve the District's 2011 tax calculation, including the Board's intent to levy a tax rate of \$0.18 per \$100 of assessed valuation to provide for debt service and \$0.19 per \$100 of assessed valuation to provide for maintenance and operations, for a total tax rate of \$0.37 per \$100 of assessed valuation, and that the Board authorize publication of the tax calculation in the Katy Times and the notice of public hearing to be held at the District's next meeting for adoption of a tax rate. The motion was seconded by Director Goff and carried unanimously.

BOOKKEEPER REPORT

The Board next received 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, and the debt service requirements. Ms. Lutz also reviewed the charges for District office items to the District's American Express and Sam's Club Discover cards for payment. Director Savage noted that the electricity invoice was substantially larger in June and Ms. Lutz stated that she will review the June invoice. Director Cathcart noted that Preventative Services is charging mileage on its invoice and Ms. Edwards stated that the invoices from Preventative Services are payment for services related to the noise and air quality violation during the elevated storage tank repainting and will be deducted from the District's payments to Tank Pro for that project. After discussion, Director Savage moved to approve the bookkeeper's report and the checks presented for payment. Director Cathcart seconded the motion, which carried by unanimous vote.

## OPERATOR'S REPORT

Mr. Lane reviewed a written operations report, a copy of which is attached, with the Board. Mr. Lane reported that the District's water accountability was 98.8% for the period ending August 12, 2011. Mr. Calderon reported on repair and maintenance activities for the month and noted that several main line breaks have occurred due to the dry weather conditions.

After discussion, Director Cox moved to approve the operations report. Director Cathcart seconded the motion, which carried by unanimous vote.

## UPDATE ON CUSTOMER REQUESTS

Mr. Calderon reported that Mia Scott of 21230 Park Bend, Shannon Simon of 21318 Park Rock and Tiffany Carter of 21214 Park Willow requested extensions to pay their water bills.

## UPDATE ON REPAYMENT IN KIND TO CIMARRON MUNICIPAL UTILITY DISTRICT

Mr. Calderon reported that the District's repayment in kind through the interconnect to Cimarron Municipal Utility District remains suspended because of the drought.

## TERMINATION OF SERVICE

The Board next conducted a hearing regarding termination of water and sewer services. Ms. Weber informed the Board that all of the residents on the attached 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 Mia Scott, Shannon Simon, and Tiffany Carter. Director Cathcart moved that because none of the residents on the list were present at the meeting nor had presented any written statement on the matter, except Ms. Scott, Ms. Simon, and Ms. Carter, 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. Director Cox seconded the motion, which passed unanimously.

## UPDATE ON REPAIRS TO RESIDENCES ON PARK WICK AND PARK ROCK AND COSTS RESULTING FROM SANITARY SEWER LINE REHABILITATION PROJECT

Ms. Edwards stated that the check payable to Laura Stewart in the amount of \$63,798.50 for the repairs to her home is ready to be released to Ms. Stewart pending

receipt of a signed release. Ms. Edwards noted that the check includes payment for all repairs except additional housing expenses and payment to Serv Pro for the furniture storage. Director Goff noted that Ms. Stewart's contractor said the repair work to Ms. Stewart's home will be complete in six weeks and suggested that the District limit the payment of hotel expenses to Ms. Stewart to a six week period. Ms. Weber reported that Serv Pro cancelled the meeting with Ms. Stewart to inspect her furniture and that she is trying to reschedule the meeting for September 21, 2011. The Board agreed that Directors Cox and Cathcart will meet Ms. Stewart at Serv Pro to inspect her furniture. After discussion, Director Savage moved to approve payment of hotel expenses for Ms. Stewart for a maximum of 6 weeks beginning the date that she receives the District check for repairs to her home after submitting the signed release to the District. Director Cathcart seconded the motion, which carried by unanimous vote. Ms. Edwards noted that the District owes Huff and Mitchell, Inc. ("HMI") a balance of approximately \$140,000 for the rehabilitation of the sanitary sewer lines. Ms. Edwards stated that the District has spent approximately \$210,000 for the repairs to the two homes and interim accommodations for the residents.

#### ENGINEER'S REPORT

Ms. Mays presented the engineer's report, a copy of which is attached

#### APPROVE PAY ESTIMATES, CHANGE ORDERS, AND/OR FINAL ACCEPTANCE, AS APPROPRIATE, FOR WATER WELL NO. 3 EMERGENCY REPAIRS

Ms. Mays reported that Alsay, Inc., did not submit any pay estimates for approval for water well no. 3 emergency repairs. Ms. Mays stated that the sound enclosure arrived and will be installed after the elevated storage tank rehabilitation is complete.

#### APPROVE PAY ESTIMATES, CHANGE ORDERS, AND/OR FINAL ACCEPTANCE, AS APPROPRIATE, FOR REPAIR TO SANITARY SEWER LINES IN MEMORIAL PARKWAY, SECTIONS 1 AND 2

Ms. Mays reported that HMI did not submit any pay estimates for review for repair to the sanitary sewer lines in Memorial Parkway, Sections 1 and 2.

#### APPROVE PAY ESTIMATES, CHANGE ORDERS, AND/OR FINAL ACCEPTANCE, AS APPROPRIATE, FOR LIFT STATION NO. 1 IMPROVEMENTS

Ms. Mays reported that R+B Group, Inc., did not submit any pay estimates for the improvements to lift station no. 1, but the project is complete.

Ms. Mays stated that G&N Enterprises, Inc., will install an odor control system at lift station no. 1 next week.

APPROVE PAY ESTIMATES, CHANGE ORDERS, AND/OR FINAL ACCEPTANCE, AS APPROPRIATE, FOR THE ELEVATED STORAGE TANK REPAINTING

Ms. Mays reported that Tank Pro did not submit any pay estimates for the elevated storage tank repainting. Ms. Mays reviewed the Violation Notice from Harris County Pollution Control Services ("HCPCS") for noise and air quality violations, a copy of which is attached. Ms. Mays stated that Tank Pro will be responsible for any penalties incurred by the District. Ms. Mays also stated that a response was timely sent to inform HCPCS of the District's plan to be in compliance and to prevent recurrence of the violation.

REVIEW BIDS AND AWARD CONTRACT FOR WATER PLANT NO. 3 ELECTRICAL IMPROVEMENTS

Ms. Mays reported that B&G is designing the plans for water plant no. 3 electrical improvements and will advertise for bids upon receipt of approved plans from the governmental agencies.

WATER PLANT NO. 1 GENERATOR TEST RESULTS

Ms. Mays reported that Cummins has not yet provided the results from the emission regulation test on water well no. 6's generator.

UPDATE ON THE KATY AREA ECONOMIC DEVELOPMENT COUNCIL

Director Cathcart reported on the Katy Area Economic Development Council ("KAEDC") meeting. Director Cathcart stated that topics discussed included a golf tournament to benefit wounded veterans, the Federal Emergency Management Agency, sidewalk trails, and constructing homes for families to use while family members are undergoing cancer treatment at M.D. Anderson Hospital. After discussion, Director Goff moved to renew the District's membership with KAEDC in the amount of \$1,000. Director Cox seconded the motion, which carried by unanimous vote.

WEST MEMORIAL MUNICIPAL UTILITY DISTRICT SEWAGE TREATMENT PLANT MEETING

Director Labourdette reported on the West Memorial Sewage Treatment Plant ("West Memorial") meeting. Director Labourdette stated that she questioned the number of connections designated for Cimarron Municipal Utility District and after investigating, West Memorial determined that Cimarron has only been charged for 25 connections and Cimarron's actual connection count is 256. Director Labourdette stated that West Memorial is determining the amount of back charges that Cimarron will be required to pay.

REVIEW OPERATION, REPAIR, AND MAINTENANCE OF ADMINISTRATIVE OFFICE BUILDING AND DISTRICT WEBSITE

Mr. Hallmark stated that the updates he was authorized to perform on the District website have taken much longer than anticipated. Mr. Hallmark requested that the Board authorize an hourly fee of \$80 for completion of the updates. Mr. Hallmark stated that he estimates approximately two more hours are needed to complete the updates. Director Labourdette and Director Savage reviewed the website and necessary updates. After discussion, Director Cox moved to approve completion of the updates to the website based on two more hours of work. Director Cathcart seconded the motion, which carried by unanimous vote.

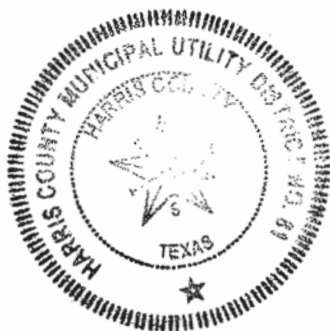
Ms. Weber reported that Allstate Siding and Windows required a down payment of half the project amount, with the other half due upon completion of the project. Director Savage requested that Ms. Weber consult with Custom Cutters regarding the dead shrubs at water well no. 1. Director Labourdette suggested installing rocks in areas that contain dirt and the Board requested that Director Labourdette provide a design. Ms. Weber stated that the lattice work on the front of the building needs to be removed. Ms. Weber reported that two of the security cameras need to be replaced and three cameras are off-line. Ms. Weber stated that replacement of the two cameras is approximately \$485 each. After discussion, Director Savage moved to replace two cameras at an estimated cost of \$485 each. Director Goff seconded the motion, which carried by unanimous vote.

UPDATE ON WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

The Board did not receive a report on the West Harris County Regional Water Authority.

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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