

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

November 17, 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 17th day of November, 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 Eric Hansen of West Harris County Regional Water Authority (the "Authority"); Cindy Englebert of Wheeler & Associates, Inc.; Shirley McLennan of McLennan & Associates, L.P. ("McLennan"); Doug Baker and 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").

MINUTES

The Board considered approving the minutes of the October 27, 2011, meeting. Director Savage moved to approve the minutes of the October 27, 2011, minutes. Director Goff seconded the motion, which passed by unanimous vote.

ENGAGE AUDITOR TO CONDUCT AUDIT FOR THE FISCAL YEAR END
DECEMBER 31, 2011

The Board deferred this item.

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 98.69% collected as of the end of October. Ms. Englebert also reviewed a report from the delinquent tax attorney, a copy of which is attached. After discussion, Director Savage

moved to approve the tax assessor/collector's report and pay the bills. Director Goff seconded the motion, which carried by unanimous vote.

Ms. Englebert reviewed a letter from Debra McDonald requesting that the Board waive the collection fees on her delinquent tax account based on financial hardship. The Board directed Ms. Englebert to notify Ms. McDonald that it does not have the legal authority to waive the fees and to offer Ms. McDonald a payment plan.

BOOKKEEPER REPORT

The Board next 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. Ms. McLennan also reviewed the charges for District office items to the District's American Express and Sam's Club Discover cards for payment. Ms. McLennan reported that check no. 9749 payable to American Express includes \$2,465.00 for Laura Stewart's hotel bill and the remaining \$26.96 is for office supplies. The Board requested that check no. 1113 in the amount of \$46,363.40 payable to Huff & Mitchell, Inc. ("HMI"), for pay estimate no. 4 be voided, pending the resolution of damages resulting from the project.

After discussion, Director Cathcart moved to approve the bookkeeper's report and the checks presented for payment. Director Savage seconded the motion, which carried by unanimous vote.

APPROVE BUDGET FOR THE FISCAL YEAR END DECEMBER 31, 2012

Ms. McLennan reviewed a budget for the fiscal year ending December 31, 2012. After discussion, Director Cox moved to approve the budget. Director Savage 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 99.4% for the period ending October 11, 2011. Mr. Calderon reported on repair and maintenance activities for the month.

Mr. Lane reported that SWWC is converting to a new computer system and that the delinquent list is not being presented because of errors in the conversion process. Mr. Lane also presented a Confidentiality Agreement that SWWC's legal department is requesting be signed by each District employee that has access to SWWC's customer information in the new computer system. The Board discussed protection of the District employees that have access to SWWC's computer system and requested that Mr. Lane notify SWWC's legal department that the Board is reviewing the Confidentiality Agreement.

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

UPDATE ON CUSTOMER REQUESTS

Ms. Weber reported that no customer requests were received.

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 did not receive a list of delinquent accounts.

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

Ms. Edwards reported that HMI's insurance company, Amerisure, was notified of the estimated total amount the District has spent on repairs to residences on Park Wick and Park Rock and related housing expenses resulting from the sanitary sewer line rehabilitation project, and that she will notify Amerisure of the current, total amount of \$203,439 reported by Ms. McLennan. Ms. Edwards stated that \$60,587 of the \$203,439 was paid to or on behalf of Christopher Ralls and the remainder was for Laura Stewart. Ms. Weber stated that she will notify Ms. Stewart that any final invoices need to be submitted before December 31, 2011. Ms. Edwards requested to be notified of any additional expenses so that she can send the information to Amerisure.

ENGINEER'S REPORT

Mr. Baker presented the engineer's report, a copy of which is attached. Mr. Baker reported that B&G provided construction plans for the driveway replacement and street repair at 22022 Northfork for the Harris County permit.

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

Mr. Baker reported that Alsay, Inc., did not submit any pay estimates for approval for water well no. 3 emergency repairs.

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

Mr. Baker reported that HMI submitted Pay Estimate No. 4 in the amount of \$46,363.40 for repair to the sanitary sewer lines in Memorial Parkway, Sections 1 and 2, and that the Board directed that the payment be withheld until a final accounting of the expenses incurred by the District for repairs and related housing has been resolved. Mr. Baker reported that the project is complete.

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

Mr. Baker reported that Tank Pro did not submit any pay estimates for approval for the elevated storage tank repainting, but the project is complete. Mr. Baker reported that \$9,210 has been spent to date on cleaning, inspections, and other miscellaneous costs to the District related to this project and that the costs for camera replacements, repair to the DVR system, and cleaning the electrical components will be included upon receipt. Mr. Baker stated that the additional costs incurred by the District related to this project will be deducted from the last pay estimate to Tank Pro.

APPROVE PAY ESTIMATES, CHANGE ORDERS, AND/OR FINAL ACCEPTANCE, AS APPROPRIATE, FOR WATER PLANT NO. 3 ELECTRICAL IMPROVEMENTS

Mr. Baker reported that the contract for water plant no. 3 electrical improvements was awarded to Gemini Contracting last month.

WATER PLANT NO. 1 GENERATOR TEST RESULTS

Mr. Baker reported that testing of the water plant no. 1 generator is complete and the generator met all of the requirements.

UPDATE ON THE KATY AREA ECONOMIC DEVELOPMENT COUNCIL

Directors Cox and Cathcart reported on the Katy Area Economic Development Council ("KAEDC") meeting regarding emergency preparedness. Director Cox reported that the KAEDC provided information on facilities for possible emergency shelters in working with the Red Cross and the National Guard.

WEST MEMORIAL MUNICIPAL UTILITY DISTRICT SEWAGE TREATMENT PLANT MEETING

Director Goff reported on the West Memorial Sewage Treatment Plant ("West Memorial") meeting and stated that three of the six lift pumps are not working at the

West Memorial Plant. Director Goff stated that the updated connection calculation indicates that Cimarron Municipal Utility District will owe additional money.

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

Ms. Weber reported that the air conditioner in the large room is not working and the cost to repair it is \$405. Ms. Weber discussed the Dell computer service contract and the Board agreed not to renew the contract. Ms. Weber discussed operation of the computers. After discussion, Director Savage moved to approve purchasing a new computer to replace one of the existing computers. Director Cox seconded the motion, which carried by unanimous vote.

Ms. Weber reported that ICS submitted a proposal to replace the cameras at the elevated storage tank in the amount of \$3,599 and to install a power scheduler at the five camera sites in the amount of \$450. Mr. Calderon stated that the line to the cameras was cut, but the line was not installed in a conduit and was buried at a very shallow level. Director Savage directed that the line be buried deeper and installed in a conduit, and to notify ICS that the cut line was not in a conduit as stated in its proposal.

Director Goff stated that the lights around the building need to be reset due to the time change and Mr. Calderon stated that he will reset the lights.

After discussion, Director Cathcart moved to approve the repairs as presented above. Director Cox seconded the motion, which carried by unanimous vote.

UPDATE ON WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

Mr. Hansen reported on the West Harris County Regional Water Authority and stated that the Authority will increase its pumpage fee by \$0.20 as of January 1, 2012.

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




Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

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