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

September 27, 2007

The Board of Directors 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 27th day of September, 2007, and the roll was called of the duly constituted members of the Board of Directors, to-wit:

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| Jennifer Labourdette | President |
| John Savage | Vice President |
| Patrick Cathcart | Secretary |
| George Goff | Treasurer |
| Eric Hansen | Assistant Secretary |

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

Also present were Maggie Mackay; Ryan O'Hara of RBC Capital Markets; Robin Humphrey of Wheeler & Associates, Inc. ("Wheeler"); Shirley McLennan of McLennan & Associates, L.P. ("McLennan"); Doug Baker and Jennifer Richard of Brown & Gay Engineers, Inc. ("B&G"); Dusty Lane and Joe Calderon of ECO Resources, Inc. ("ECO"); Donna Brown, recording secretary; Joyce Steward, District employee; and Susan Edwards of Allen Boone Humphries Robinson LLP ("ABHR").

APPROVE MINUTES

The Board considered approving the minutes of the August 23, 2007, meeting. After discussion, Director Cathcart moved that the Board approve the minutes of the August 23, 2007, meeting. Director Goff seconded the motion, which passed by unanimous vote.

TAX ASSESSOR/COLLECTOR REPORT

The Board next received the tax assessor/collector's report for the month. Ms. Humphrey reviewed the written report, a copy of which is attached hereto. Ms. Humphrey reported that the District's 2006 taxes are 97.08% collected. Ms. Humphrey also reviewed a report from the District's delinquent tax attorney, a copy of which is attached. After discussion, Director Goff moved that the Board approve the tax

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assessor/collector's report and pay the bills. Director Savage seconded the motion, which carried by unanimous vote.

BOOKKEEPER REPORT

The Board next received the bookkeeper's report, a copy of which is attached hereto. 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. She also reviewed the District's investments with the Board, including the interest rates on the District's investments and the investment report, a copy of which is attached hereto.

Director Cathcart moved that the Board approve the bookkeeper's report, pay the bills, and approve the Investment Report. Director Savage seconded the motion, which passed unanimously.

CONDUCT ANNUAL REVIEW OF INVESTMENT POLICY AND LIST OF QUALIFIED BROKER/DEALERS

The Board considered adopting a Resolution Regarding Annual Review of District's Investment Policy ("Resolution"), which provides that the Board conducted its annual review of the District's Investment Policy, authorized depository institutions, and list of qualified broker/dealers, and confirms that the current Investment Policy remains in effect. After discussion, Director Cathcart moved that the Board adopt the Resolution. Director Savage seconded the motion, which carried unanimously. The Resolution, thus adopted, is attached to and shall be considered part of these minutes.

Director Goff requested authorization to attend a Public Funds Investment Act training seminar. After discussion, Director Cathcart moved to approve attendance of Director Goff at the Public Funds Investment Act training seminar. Director Savage seconded the motion, which carried by unanimous vote.

ACCEPT ANNUAL DISCLOSURE STATEMENTS FOR INVESTMENT OFFICER AND BOOKKEEPER

The Board considered accepting annual disclosures from the District's bookkeeper and Investment Officer for filing with the Texas Ethics Commission as required by the Public Funds Investment Act. Upon a motion made by Director Savage and seconded by Director Cathcart, the Board voted unanimously to accept the annual disclosures from the District's bookkeeper and Investment Officer and to authorize filing of same with the Texas Ethics Commission.

DISCUSS 2007 TAX RATE, SET PUBLIC HEARING DATE AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

The Board considered approving the District's 2007 tax calculation and authorizing publication of same. Mr. O'Hara presented a financial analysis and

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recommendation for the District's tax rate, a copy of which is attached. After discussion, Director Goff moved that the Board approve the District's 2007 tax calculation, including the Board's intent to levy a tax rate of \$0.12 per \$100 of assessed valuation to provide for debt service and \$0.25 per \$100 of assessed valuation to provide for maintenance and operations, and that the Board authorize publication of the tax calculation 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 Cathcart and carried unanimously.

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 billed versus produced ratio was 95.2% for the period ending August 13, 2007.

Mr. Lane reported that ECO sent a letter to Billie J. Ashmore, of 22234 Red River Dr., stating that the Board denied her request to replace the sidewalk at her residence and he has not heard anything else from Ms. Ashmore.

After discussion, Director Savage moved that the Board approve the operator's report. Director Goff seconded the motion which passed unanimously.

WATER SERVICE TERMINATION

The Board next conducted a hearing regarding termination of water and sewer services. Ms. Steward then 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. Director Savage moved 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 residents on the list should be terminated if their utility bills are not paid in accordance with the District's Rate Order. Director Goff seconded the motion, which passed unanimously.

REVIEW INFORMATION ON CUSTOMERS' CREDIT CARD PAYMENT OPTIONS

Director Labourdette stated that ECO presented information on additional credit card payment options that the District may offer to its customers last month, and distributed copies of an email from Debra Hall with Texas State Bank providing additional information. A copy of the email correspondence is attached. The Board concurred not to institute the additional credit card payment options.

ENGINEER'S REPORT

Mr. Baker presented the engineer's report, a copy of which is attached as an exhibit to these minutes.

REPORT ON CINCO PLANT IMPROVEMENTS CONTRACT

Mr. Baker reported that R.P. Constructors, Inc., did not submit any pay estimates for approval and that construction of the Cinco Plant improvements is nearing completion.

REPORT ON SANITARY SEWER SYSTEM VIDEOTAPES

Mr. Baker reported that Insituform agreed to provide a list of the sanitary sewer lines it repaired in 2003 and that information has not yet been received.

APPROVE PAY ESTIMATES, CHANGE ORDERS, AND/OR FINAL ACCEPTANCE, AS APPROPRIATE, FOR CONSTRUCTION OF WATER WELL NO. 2 REPLACEMENT

Mr. Baker reported that construction of the water well no. 2 replacement is complete and recommended that the Board accept the project. After discussion, Director Savage moved that the Board accept construction of the water well no. 2 replacement. Director Cathcart seconded the motion, which carried by unanimous vote.

Mr. Baker stated that the generator at water plant no. 2 needs to be improved or replaced in order to run all the plant facilities during a power outage. Mr. Baker noted that the existing generator satisfies Texas Commission on Environmental Quality standards. Mr. Baker further reported that the electrical equipment and generators at water plant no. 1, water plant no. 3, and the lift station is outdated and he reviewed a summary of costs for replacing the facilities, a copy of which is included in the engineer's report. The Board concurred to review this information.

DISCUSS SIDEWALK REPAIRS

The Board did not discuss sidewalk repairs.

REPORT ON WEST MEMORIAL MUNICIPAL UTILITY DISTRICT SEWAGE TREATMENT PLANT MEETING

Director Labourdette reported on the West Memorial Municipal Utility District Sewage Treatment Plant (the "West Memorial Plant") meeting. Director Labourdette reported that the annual audit of West Memorial Plant is currently being conducted.

USE OF ADMINISTRATIVE OFFICE BUILDING

Ms. Steward reported that Simplex Grinnel is repairing the sprinkler heads and the leak in the sprinkler system detected during the Harris County Fire Marshall inspection. Ms. Steward reported that installation of tile in the hallway is estimated to cost \$6,600. Ms. Steward reported that repairs to the ice maker should be covered under its warranty, and that the shredder is not working and the Board concurred to replace the shredder.

PROPOSAL FOR REPLACEMENT OF ADMINISTRATIVE BUILDING SECURITY SYSTEM

Ms. Steward discussed replacement of the administrative building security system.

CONVENE IN EXECUTIVE SESSION PURSUANT TO CHAPTER 551.076, TEXAS GOVERNMENT CODE, TO DELIBERATE THE DEPLOYMENT, OR SPECIFIC OCCASIONS FOR IMPLEMENTATION OF SECURITY PERSONNEL OR DEVICES AND PURSUANT TO CHAPTER 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 pursuant to Chapter 551.074, Texas Government Code.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING DEPLOYMENT, OR SPECIFIC OCCASIONS FOR IMPLEMENTATION OF SECURITY PERSONNEL OR DEVICES AND REGARDING THE APPOINTMENT, EMPLOYMENT, EVALUATION, REASSIGNMENT, DUTIES, DISCIPLINE, OR DISMISSAL OF A PUBLIC OFFICER OR EMPLOYEE

The Board reconvened in open session. The Board offered Ms. Mackay a part time position in the District office. After discussion, Director Goff moved that the Board approve hiring Ms. Mackay for the part time position working in the District office on the terms discussed in executive session. Director Savage seconded the motion, which carried by unanimous vote.

REVIEW DISTRICT WEBSITE

The Board did not discuss the District's website.

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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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