

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

February 13, 2017

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 71 (the "District") met in regular session, open to the public, on the 13<sup>th</sup> day of February, 2017, at the District Administration Building, 21437 Clay Road, Katy, Texas, inside the boundaries of the District, and the roll was called of the members of the Board:

Katrina Thornhill	President
Pam Kerr	Vice President
Mary DuBois	Secretary
Phillip Smith, Jr.	Assistant Vice President
Jennifer Elms	Assistant Secretary

and all of the above were present except Director DuBois, thus constituting a quorum.

Also present were Deputy Arhelger of Harris County Sherriff's Department; Tina Kelsey of Myrtle Cruz, Inc.; Rodney Heisch of BGE, Inc. ("BGE"); Esther Flores of Tax Tech, Inc.; Steve Woodring and Scott Barr of Regional Water Corporation ("RWC"); and Katie Carner and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

Director Thornhill called the meeting to order at 6:00 p.m.

COMMENTS AND WEBSITE INQUIRIES FROM THE PUBLIC

Mr. Woodring said there were no website inquiries requiring Board action.

CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.076, TEXAS GOVERNMENT CODE, TO DELIBERATE THE DEPLOYMENT, OR SPECIFIC OCCASIONS FOR IMPLEMENTATION OF SECURITY PERSONNEL OR DEVICES

At 6:01 p.m., the Board met in executive session to deliberate the deployment or specific occasions for implementation of security personnel or devices. The Board met with Deputy Arhelger. Ms. Carner and Ms. Miller also were present.

RE-CONVENE IN OPEN SESSION, SECURITY REPORT

At 6:27 p.m., the Board reconvened in Open Session. A copy of the security report is attached

MINUTES

The Board considered approving the minutes of the January 9, 2017 regular meeting. Following review and discussion, Director Thornhill moved to approve the

January 9, 2017 regular meeting minutes, as submitted. The motion was seconded by Director Elms and passed by a vote of 3 to 0, with Director Kerr abstaining from voting.

REPORT ON PARK, LANDSCAPE AND LAKE MAINTENANCE AND REPAIR AND DEVELOPMENT OF DISTRICT LAKES, PARKS AND RECREATIONAL FACILITIES

Director Elms reported that demolition work has commented at Bundy Lake Plaza.

GARBAGE COLLECTION AND RECYCLING

Ms. Miller updated the Board regarding the total costs for increased collection frequency of the dumpster at the wastewater treatment plant.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Flores reviewed the monthly tax assessor/collector's report, a copy of which is attached, including an update on 2016 taxes collected as of January 31, 2017.

After review and discussion, Director Smith moved to (1) approve the tax assessor/collector's report; and (2) authorize payment of the bills presented for payment from the tax account. Director Thornhill seconded the motion, which carried unanimously.

ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") WINTER CONFERENCE, REIMBURSEMENT OF ELIGIBLE EXPENSES, AND SUMMER CONFERENCE

Director Elms reported regarding AWBD seminars, topics and awards. Ms. Kelsey stated that she has reviewed the eligible expenses and all directors who attended the AWBD winter conference were in compliance with the District's Travel Reimbursement Guidelines. Following review and discussion, Director Thornhill moved to authorize reimbursement of eligible expenses and authorize attendance at the AWBD summer conference for any director who would like to participate. Director Elms seconded the motion, which was approved by unanimous vote.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Kelsey reviewed a summary of the bookkeeper's report and investment report, copies of which are attached, and presented the bills for payment. Ms. Kelsey also reviewed draft District and joint facilities budgets for the fiscal year ending March 31, 2018. Discussion ensued regarding budget projections and amendments to budget drafts for the fiscal year ending March 31, 2018. After review and discussion, Director Kerr moved to approve the joint facilities budget for the fiscal year ending March 31, 2018. The motion was seconded by Director Thornhill and passed unanimously. Director

Smith then moved to approve the bookkeeper's report and investment report. Director Elms seconded the motion, which carried unanimously.

#### REPORT ON DEVELOPMENT

There was no discussion for this agenda item.

#### OPERATION OF DISTRICT FACILITIES

Mr. Woodring then distributed the operator's report **Error! Bookmark not defined.**, a copy of which is attached, and reviewed the operations and repairs performed in the District during the previous month.

Mr. Woodring reported on pumpage numbers for January 2017 and current water and wastewater capacity. He also reported on build out projections, pending insurance claims.

Mr. Woodring reported electrical damage to the Elrod Road Remote Well and requested authorization to make repairs for an estimated cost of \$20,000. Mr. Woodring confirmed that the damage was reported to the District's insurance carrier and that a claim was filed. He said parts to make the repair have been ordered and said the well is currently running on auxiliary power. Discussion ensued regarding District water facilities and supply, including ongoing repairs to District water supply facilities.

Mr. Woodring also updated the Board regarding wastewater treatment plant process improvement items and funds spent to date to address issues identified by the Texas Commission on Environmental Quality ("TCEQ") during a 2014 compliance evaluation and to improve plant performance.

Following review and discussion, Director Elms moved to (1) approve the operator's report; and (2) authorize repair of electrical damage at the Elrod remote well for an estimated cost of \$20,000. The motion, which was seconded by Director Smith, passed unanimously.

#### TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS

Mr. Woodring reported that customer Roberto Molina at 31301 Rocky Crest, has not received recent utility bill due to postal service error and requested that he be removed from the termination list.

Mr. Woodring also reported that Jamesia McDonald has complied with the terms of the payment plan previously authorized by the Board. He recommended that she be removed from the termination list as long as she remains in compliance.

Mr. Woodring then presented a list of delinquent customers to the Board and reported the residents on the termination list were delinquent in payment of their water and sewer bills and were given written notification, in accordance with the District's Rate Order, prior to the meeting of the opportunity to appear before the Board of Directors to explain, contest, or correct their bills and to show why utility services should not be terminated for reason of non-payment. Following review and discussion, Director Elms moved to (1) authorize termination of delinquent accounts in accordance with the District's Rate Order, with the exception of Jemesia McDonald and Roberto Molina; (2) direct that the delinquent customer list be filed appropriately and retained in the District's official records and that further taps be withheld from Royce Homes, Trophy Homes, Colina Homes and Vestalia Homes until back-charges are paid; and (3) remove Jemesia McDonald from the termination list indefinitely, subject to continued compliance with previous payment plan made with Ms. McDonald. The motion was seconded by Director Smith and passed by unanimous vote.

#### RESOLUTION APPROVING SUBMITTAL OF THE WATER SMART APPLICATION

The Board concurred to defer discussion until the Board's February 22, 2017 special Board meeting.

#### RESOLUTION ADOPTING POLICY AND PROCEDURES FOR LEAK ADJUSTMENT CREDITS

The Board discussed options for adopting a policy to offer leak adjustment credits to District customers and concurred to defer discussion until the Board's February 22, 2017 special Board meeting.

#### ENGINEERING MATTERS

Mr. Heisch presented the engineer's report and updated the Board regarding engineering matters and the status of current construction projects more specifically described in the attached engineer's report.

Mr. Heisch first reported the status of improvements at water plant nos. 1 and 2 and recommended the Board approve Pay Estimate No. 11 in the amount of \$17,822.70, payable to Long & Sons, Inc. Discussion ensued regarding correspondence sent to Long & Sons, Inc. regarding schedule for completion of work at water plant no. 2 and taking water plant no. 1 out of service.

Ms. Heisch next discussed the status of construction of water plant no. 3 and recommended the Board approve Pay Estimate No. 2 in the amount of \$590,620.50, payable to W.W. Payton Corporation.

Mr. Heisch reported regarding construction of Mason Road Sanitary Sewer Extension, Phase 2 and recommended approval of Pay Estimate No. 1 in the amount of \$62,873.55, payable to Canyon Construction Company.

Mr Heisch discussed the status of construction of water, sewer and drainage facilities to serve Bridgewater Meadows, Section 4 and recommended approval of Change Order No. 1 in the amount of \$14,387.50 and Pay Estimate No. 1 in the amount of \$169,507.26, payable to Crostex Construction. Discussion ensued regarding the scope of Change Order No. 1, including site cleanup and seeding of the detention pond.

Mr. Heisch reported the status of improvements at the wastewater treatment plant and recommended approval of Pay Estimate No. 3 in the amount of \$230,176.80, payable to R & B Group, Inc.

Ms. Carner reported that the Lakes at Mason Parks Homeowner's Association (the "HOA") hired Storm Water Solutions, LP to repair washout areas alongside slopes, seed disturbed areas for stabilization and remove overgrown vegetation along the slopes. Discussion ensued regarding transfer of the storm water quality permit into the District's name following confirmation upon completion that the work is acceptable to the District.

The Board next discussed possible routes and funding for construction of a sidewalk on Mason Road to improve pedestrian access to schools in the District. Following discussion, Director Elms and Mr. Heisch stated they would follow up with Katy Independent School District ("Katy ISD") to see if Katy ISD would pay for the cost of construction. Mr. Heisch also said he would contact Harris County Commissioner, Precinct 3 ("Precinct 3") to see if Precinct 3 would construct the sidewalk at cost.

Mr. Heisch discussed the status of filing an application to the TCEQ requesting release of escrowed funds from the District's \$8,120,000 Series 2015 Unlimited Tax Bonds for the development of Lakes at Mason Park, Sections 5 and 6.

Following review and discussion, upon a motion by Director Elms and a second by Director Thornhill, the Board voted unanimously to (1) approve the engineering report; (2) approve all pay estimates and the change order discussed above upon the recommendation of BGE; and (3) approve additional handwritten check no. 10145 in the amount of \$100 for application to the TCEQ requesting release of escrowed funds from the District's \$8,120,000 Series 2015 Unlimited Tax Bonds for the development of Lakes at Mason Park, Sections 5 and 6.

DIRECTORS AND DISTRICT CONSULTANT'S REPORTS ABOUT DISTRICT OPERATIONS

The Board requested that MSA bring a schedule of capital improvement projects proposed for construction and funding during the fiscal year ending March 31, 2018 to the February 22, 2017 special meeting.

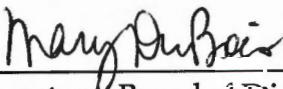
DISTRICT WEBSITE

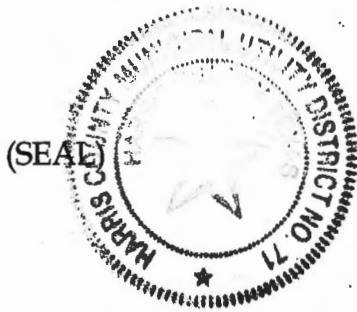
There was no discussion for this agenda item.

ATTORNEY'S REPORT

The Board reviewed and revised the Action List and discussed and amended the status of the items listed. The Board discussed agenda items for the February special meeting.

There being no additional business to consider, Director Thornhill moved to adjourn the meeting at 8:15 p.m. Director Smith seconded the motion, which passed unanimously.

  
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Secretary, Board of Directors



LIST OF ATTACHMENTS TO MINUTES

Minutes  
Page

security report .....1  
tax assessor/collector's report.....2  
bookkeeper's report .....2  
investment report.....2  
operator's report.....3  
engineer's report .....4