

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

March 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 March, 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, thus constituting a quorum.

Also present were Deputy Arhelger of Harris County Sherriff's Department; Tina Kelsey of Myrtle Cruz, Inc.; Alene Efaw of BGE, Inc. ("BGE"); Joe Goggans and Julie Glass of United Development Funding; Alice McNulty, District resident; Ana Duarte 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 discussed customer correspondence from Dustin Williford at 4419 Brinton Saddle Lane objecting to the amount of time it takes to confirm an automated clearing house ("ACH") account with Compass Bank. Mr. Woodring said that Mr. Williford submitted the application package to Compass Bank on December 6, 2016 and Compass Bank completed application processing on February 8, 2017. Director Smith requested that Mr. Woodring follow up with Mr. Williford regarding the District's limited banking options due to the requirements on government entities.

Mr. Woodring next reported customer correspondence received from Audrey Vann of 3618 Granite Springs complaining regarding lost payments, late fees and the distance of RWC's office from the District. Mr. Woodring reported Ms. Vann's payment was due on February 23, 2017, and payment was received February 27, 2017. He said Ms. Vann also commented regarding repair of a waterline break near her house and the distance of operating crew from the District. Mr. Woodring said the crew that responded to the break was dispatched from Brookshire.

Ms. McNulty requested that the Board consider donating the wooded area in front of detention pond in Bridgewater Village to Harris County for park use. Director Thornhill explained that the District does not own the tract and referred Ms. McNulty to the District engineer for information regarding ownership of the tract.

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 6:09 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 6:34 p.m., the Board reconvened in Open Session.

MINUTES

The Board considered approving the minutes of the February 13, 2017, regular meeting. Following review and discussion, Director Kerr moved to approve the February 13, 2017, regular meeting minutes, as submitted. The motion was seconded by Director Thornhill and passed 4 to 0, with Director DuBois abstaining from voting.

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

There was no discussion under this agenda item.

GARBAGE COLLECTION AND RECYCLING

Director Thornhill reported that the recycling collection crew left crushed glass in front of her driveway and requested that ABHR follow up with Matthew May of Best Trash to ensure the issues does not recur.

ENGINEERING MATTERS

Ms. Carner reviewed an email update from Blake Kridel of Storm Water Solutions, LLP regarding the status of repair, seeding and stabilization of the pond at the Lakes at Mason Parks and transfer of the storm water quality permit into the District's name.

## TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Duarte reviewed the monthly tax assessor/collector's report, a copy of which is attached, including an update on 2016 taxes collected as of February 28, 2017.

After review and discussion, Director Thornhill 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 DuBois seconded the motion, which carried unanimously.

## RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

The Board next considered adopting a Resolution Concerning Exemptions from Taxation. Ms. Carner stated that last year the Board granted a \$20,000 exemption for residents 65 years of age or older or disabled persons, but rejected the general residential homestead exemption and the exemption for travel trailers. Following review and discussion, Director Kerr moved to adopt the Resolution Concerning Exemptions from Taxation, reflecting no changes to the previous year's exemptions, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Thornhill seconded the motion, and it passed unanimously.

## FINANCIAL AND BOOKKEEPING MATTERS AND BUDGET FOR FISCAL YEAR END MARCH 31, 2018

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 a draft District budget 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 (1) approve the bookkeeper's report, investment report and payment of the bills submitted; and (2) approve the budget for the fiscal year ending March 31, 2018. The motion was seconded by Director DuBois and passed unanimously.

## OPERATION OF DISTRICT FACILITIES

Mr. Woodring then distributed the operator's report, a copy of which is attached, and reviewed the operations and repairs performed in the District during the previous month.

Mr. Woodring requested authorization to repair sinkholes associated with sanitary sewer line settlement at 21307 Cloudbrook Drive and 3807 Rolling Point Circle for an estimated cost of \$5,000 each. Following discussion, Director Thornhill moved to authorize the operator to make the repairs requested. The motion was seconded by Director Smith and passed unanimously.

Mr. Woodring reported an estimated cost of \$20,000 each for a water valve survey and a sanitary manhole survey. Following discussion, upon a motion by Director Smith and a second by Director DuBois, the Board voted unanimously to approve the water valve survey and sanitary manhole survey, each at an estimated cost of \$20,000.

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

Following review and discussion, Director Smith moved to approve the operator's report. The motion, which was seconded by Director DuBois, passed unanimously.

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

Mr. Woodring updated the Board regarding customer compliance with previously approved customer payment plans.

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 Smith moved to authorize termination of delinquent accounts in accordance with the District's Rate Order, with the exception of Jemesia McDonald. The motion was seconded by Director Elms and passed by unanimous vote.

#### RESOLUTION APPROVING TREASURY MANAGEMENT SERVICES AND AUTHORIZING OPERATOR

Ms. Carner said RWC is requesting to enter into a Treasury Management Services Agreement with BBVA/Compass which will require that the Board adopt a Resolution Approving Treasury Management Services and Authorizing Operator (the "Resolution"). The Board concurred to defer action on the Resolution pending additional information from RWC regarding the service

#### ANNUAL REPORT ON IMPLEMENTATION OF WATER CONSERVATION PLAN AND ANNUAL WATER LOSS AUDIT

The Board concurred to defer discussion regarding the Water Conservation Plan annual report until the April regular Board meeting

Mr. Woodring discussed the May 1, 2017 deadline to file the annual water loss audit with the Texas Water Development Board. Following review and discussion,

Director Thornhill moved to authorize the District operator to prepare the annual water loss audit for filing with the Texas Water Development Board. Director Kerr seconded the motion, which passed unanimously.

#### ANNUAL REVIEW OF DROUGHT CONTINGENCY PLAN

The Board concurred to defer discussion until the April regular Board meeting.

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

The Board concurred to defer discussion regarding a draft Resolution Adopting Policy and Procedures for Leak Adjustment Credits until the March 22, 2017 special Board meeting.

#### ENGINEERING MATTERS

Ms. Efaw 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.

Ms. Efaw discussed the status of work at water plant no. 2 and Long & Sons' schedule for taking water plant no. 1 offline. Discussion ensued regarding options for completing all work in the contract. Following discussion, Director Smith moved to authorize completion of the work in the contract in 2 phases, as recommended by BGE, subject to confirmation that the warranty for work at both plants will extend from the date of substantial completion for the total contract. Director Elms seconded the motion which passed 4 to 0, with Director Kerr abstaining from voting.

Ms. Efaw next discussed the status of construction of water plant no. 3 and recommended approval of invoices from Ninyo & Moore in the amounts of \$1,521.50 and \$4,402.50.

Ms. Efaw reported the status of improvements at the wastewater treatment plant and recommended approval of Pay Estimate No. 4 in the amount of \$53,100, payable to R & B Group, Inc.

Ms. Efaw reported regarding construction of Mason Road Sanitary Sewer Extension, Phase 2 and recommended approval of Pay Estimate No. 2 in the amount of \$158,903.38, payable to Canyon Construction Company and an invoice from Ninyo & Moore in the amount of \$1,024.50. Director Elms requested that BGE follow up with the contractor regarding regrading some of the drainage area.

Ms. Efaw next discussed the on-site lift station mixer at the wastewater treatment plant and recommended the Board approve Pay Estimate No. 1 and Final in the amount of \$51,901, payable to Neil Technical Services and accept the facility as final.

Ms. Efaw discussed the status of construction of water, sewer and drainage facilities to serve Bridgewater Meadows, Section 4 and recommended approval of Pay Estimate No. 2 in the amount of \$374,291.10, payable to Crosstex Construction.

Ms. Efaw updated the Board regarding the status of construction of water, sewer and drainage to serve Lakes at Mason Park, Sections 5 and 6 and recommended the Board approve Pay Estimate No. 1 in the amount of \$136,279.62, payable to Lischka Utilities.

Ms. Efaw then recommended that the Board accept/convey the following easements:

1. water meter easement from O'Reilly Auto Parts; and
2. easement from the District to CenterPoint Energy for power to water plant no. 3.

Discussion ensued regarding a request to Katy Independent School District requesting a sidewalk on the east side of Mason Road, including length of the proposed sidewalk and possible alternate routes.

Following review and discussion, upon a motion by Director Thornhill and a second by Director Smith, the Board voted unanimously to (1) approve the engineering report; (2) approve all pay estimates and invoices discussed above upon the recommendation of BGE; (3) accept facilities for final acceptance, as discussed above, and as recommended by BGE; and (4) accept/convey the easements discussed above, as recommended by BGE.

#### DIRECTORS AND DISTRICT CONSULTANT'S REPORTS ABOUT DISTRICT OPERATIONS

Director DuBois discussed a message from District resident, Michael Williams, asking if the District could address the noise from a server farm located near his home outside the District's boundary.

Director Smith updated the Board regarding training for programming of lighting software at the Bundy Lake monument.

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 March special meeting.

EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE

At 8:00 p.m. the Board, convened in Executive Session, to conduct a private consultation with the District's attorney to discuss pending or contemplated litigation. Ms. Carner and Ms. Miller were also present during executive session.

RECONVENE IN OPEN SESSION

At 8:16 p.m. the Board reconvened in open session.

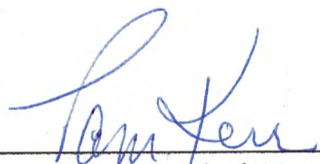
OPERATION OF DISTRICT FACILITIES (CONTINUED)

Following review and discussion, Director Smith moved to engage McFarland PLLC to represent the District in the matter of Valleria Woods vs. Regional Water Corporation, et al.; 333<sup>rd</sup> District Court, Harris County, Cause No. 2015-70570. The motion, which was seconded by Director DuBois, passed unanimously.

There being no additional business to consider, Director Thornhill moved to adjourn the meeting at 8:18 p.m. Director Smith seconded the motion, which passed unanimously.

(SEAL)



  
Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

Minutes  
Page

tax assessor/collector's report .....3  
bookkeeper's report.....3  
investment report .....3  
operator's report .....3  
engineer's report.....5