

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

June 12, 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 12th day of June, 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 Jesus Gaspar of Harris County Sherriff's Department; Matthew May of Best Trash LLC; Tina Kelsey of Myrtle Cruz, Inc.; Drew Green and Rosie Rios, District residents; Toysha Solomon, District resident and as a representative of the Bridgewater Homeowner's Association; Candi Carpenter, District resident and as a representative of the Lakes of Bridgewater Homeowner's Association; Alene Efaw 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.

Mr. Green reported maintenance issues, including dumping, on the trails leading to Harris County Precinct 3's ("Precinct 3") Mason Road Park and an adjacent tract marked with "No Trespassing" signs. Discussion ensued regarding ownership of the adjacent tract discussed and reporting maintenance issues on the trails and adjacent tract to Harris County Precinct 3 and Harris County Flood Control District.

Ms. Solomon asked about development of parks in or near the Lakes at Mason Park and opportunity to provide resident input regarding development of District recreational areas.

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 6:18 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 Gaspar. Ms. Carner and Ms. Miller also were present.

RE-CONVENE IN OPEN SESSION, SECURITY REPORT

At 6:31 p.m., the Board reconvened in Open Session.

MINUTES

The Board considered approving the minutes of the May 8, 2017 regular meeting. Following review and discussion, Director Kerr moved to approve the May 8, 2017 regular meeting minutes, as amended. The motion was seconded by Director DuBois and passed unanimously.

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

Ms. Carner reviewed an email update from Mike Stone Associates, Inc. ("MSA") regarding District lakes, parks and recreational facilities, a copy of which is attached.

Director Elms requested that Ms. Carpenter and MSA follow up regarding additional duck feeding concerns related to District efforts to control the duck population at Bundy Lake.

With regard to MSA's email update, Director Smith requested (1) a schedule for installation of the monument sign at the Bundy Lake Plaza; (2) an update regarding reports of lighting outages at the gazebo in Bundy Lake Park; and (3) that MSA adjust the flag pole lighting on Bundy Lake Plaza to shine on the flags rather than the poles.

Discussion ensued regarding cost estimates for construction of a sidewalk along Mason Road for improved student access to Morton Ranch Elementary, including a pedestrian bridge with an estimated construction cost of \$230,000 and possible construction cost sharing with Harris County, Katy Independent School District, Harris County Municipal Utility District No. 287 ("No. 287") and Morton Ranch Homeowner's Association ("Morton Ranch HOA"). Following discussion, the Board requested that ABHR send a letter to the Morton Ranch HOA and No. 287 with the cost estimate to construct the proposed pedestrian bridge and to inquire about their interest in potentially funding and constructing the project. Director DuBois said she would

continue to attempt to get Precinct 3 to commit to assisting with construction of the proposed sidewalk along Vineyard Meadow Trail and Lakes of Bridgewater Drive.

GARBAGE COLLECTION AND RECYCLING

Mr. May discussed Best Trash, LLC's Consumer Pricing Index ("CPI") increase for the period beginning June 1, 2017 and continuing through May, 2018. Following review and discussion, Director Kerr moved to approve the CPI increase for the period beginning June 1, 2017 and continuing through May, 2018. The motion was seconded by Director Smith and passed unanimously.

Discussion ensued regarding garbage collection and recycling collection tonnage and amending the District Rate Order to adjust the sanitary sewer base rate. Following review and discussion, Director Kerr moved to (1) place an agenda item on the June special meeting agenda to discuss whether to amend the District Rate Order to increase the sanitary sewer base rate, as discussed; and (2) to annually consider amending the District Rate Order at the same time the Board considers the annual CPI increase. The motion was seconded by Director Smith and passed unanimously.

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 May 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. Ms. Flores also reported the District's preliminary taxable value for 2017 from the Harris County Appraisal District at \$724,322,979.

COLLECTION OF DELINQUENT TAXES

The Board considered authorizing Perdue, Brandon, Fielder, Collins & Mott, L.L.P. to proceed with the collection of delinquent 2016 taxes. Upon a motion made by Director Smith and seconded by Director Thornhill, the Board unanimously authorized Perdue, Brandon, Fielder, Collins & Mott, L.L.P. to proceed with the delinquent tax collection.

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. After review and discussion, Director Kerr moved to approve the bookkeeper's report, investment report and payment of the bills submitted. 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, reviewed the operations and repairs performed in the District during the previous month and recommended that the Board authorize power surge monitoring at water plant no. 2 estimated at \$4,000 per month. Director Smith requested that RWC provide information regarding damage incurred at water plant no. 2 attributable to power surges. Following discussion, upon a motion by Director Thornhill and a second by Director Smith, the Board voted unanimously to authorize power surge monitoring at water plant no. 2 for an amount not to exceed \$4,000 per month.

The Board next discussed a District water conservation program that identifies high-volume water use, and notifying high volume water users of their monthly use in comparison with the average District household use. The Board concurred to limit the notification to 2 times per customer, if possible. Following review and discussion, Director Kerr moved to authorize the District operator to implement the program. The motion was seconded by Director DuBois and passed unanimously. Discussion ensued regarding notification letter language.

Mr. Woodring next requested authorization to execute a sworn statement of claim requested from Alteris World Specialty Insurance Company for a loss occurring on December 8, 2016 at water plant no. 2. Following review and discussion, Director Kerr moved to authorize Director Thornhill to execute the sworn statement of claim. The motion was seconded by Director Elms and passed unanimously.

Director Kerr requested that Ms. Carpenter and Ms. Solomon distribute information among members of their homeowner's associations regarding the effect of improper disposal of disposable wipes and rags on District facilities.

Discussion ensued regarding a customer inquiry through the District website regarding an erroneous service termination and subsequent restoration of service to the customer.

Mr. Woodring reported on pumpage numbers for May 2017 and current water and wastewater capacity. He also reported on build out projections, and pending insurance claims. Following review and discussion, Director Thornhill moved to approve the operator's report. The motion, which was seconded by Director Smith, 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.

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 an offer from a representative of The Protestant Episcopal Church Council of the Dioceses of Texas to sell the additional 18' x 40' property needed to install a generator to serve the Mason Road lift station. Discussion ensued regarding the value of the property and, following discussion, Director Smith moved to offer \$6,000 to purchase the 18' x 40' tract of land and to authorize BGE to prepare and ABHR to review an offer to purchase letter. The motion was seconded by Director Elms and passed unanimously.

Ms. Efaw discussed the construction schedule for Water Plant No. 1 and No. 2 Improvements and recommended approval of Pay Estimate No. 12 in the amount of \$78,480, payable to Long & Sons, Inc. She also discussed the current construction schedule for Water Plant No. 3 and issues with connecting power to the plant site.

Ms. Efaw reported regarding the Wastewater Treatment Plant Improvements and recommended approval of Pay Estimate No. 7 in the amount of \$142,245, payable to R&B Group and an invoice from Tolunay-Wong Engineers in the amount of \$940.

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. 5 in the amount of \$57,117.71, payable to Crosstex Construction and Change Order No. 3 in the amount of \$5,776.

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; and (2) approve all pay estimates, a change order and an invoice discussed above upon the recommendation of BGE.

DISTRICT WEBSITE

Director Kerr discussed an article from the Community Impact Newspaper regarding storm water drains and tips for preventing storm water pollution. Following discussion, the Board concurred to authorize ABHR to prepare and have posted an update on the District's website related to storm water pollution prevention, subject to review by Director Elms.

DIRECTORS AND DISTRICT CONSULTANT'S REPORTS ABOUT DISTRICT OPERATIONS

The Board discussed a recent West Harris County Regional Water Authority ("WHCRWA") workshop and educational materials available on the WHCRWA's website. After discussion, the Board concurred to request ABHR to prepare and have posted on the District's website a link to the WHCRWA educational video reviewed at the WHCRWA workshop, subject to review by Director Elms. The Board requested that it be added a couple of weeks after the storm water pollution prevention update.

Director Kerr requested an agenda item to discuss a water reuse system for the splash pad in Directors Park.

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 June special meeting.

Ms. Carner reviewed with the Board Omnicap, LLC's ("Omnicap") analysis of cumulative excess earnings for the District's Series 2012A Unlimited Tax Bonds for the computation period from April 5, 2012 to April 5, 2017 and said Omnicap concluded no yield reduction payment is due to the Internal Revenue Service and no further action is required.

EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE

At 8:04 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 8:17 p.m. the Board reconvened in open session.

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

Mary Dubois

Secretary, Board of Directors



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