

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

December 9, 2013

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 9<sup>th</sup> day of December, 2013, 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
Garth Freeze	Assistant Vice President
Phillip Smith, Jr.	Assistant Secretary

and all of the above were present.

Also present were Erin Garcia of Myrtle Cruz, Inc.; Rodney Heisch of Brown & Gay Engineers, Inc. ("Brown & Gay"); Esther Flores of Tax Tech, Inc.; Ginny Woodring and Steve Woodring of Regional Water Corporation ("RWC"); Bob Hudson of Texas Investment & Development Co.; Kendall Purgatorio and Sherrie Knoepful of Mike Stone & Associates ("MSA"); Avik Bonnerjee of B&A Municipal Tax Service, LLC; Officer Steve Arhelger of Harris County Sherriff's Department; and Lynne Humphries, Katie Carner and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

Director Thornhill called the meeting to order at 6:03 p.m.

COMMENTS AND WEBSITE INQUIRIES FROM THE PUBLIC

Mr. Woodring discussed website inquiries, including consultant response to same, requiring no Board action, which are listed in the District operator's report attached to these minutes.

Discussion ensued regarding a customer service complaint sent by Renee Holmes, including attempts to connect Ms. Holmes' telephone numbers to calls logged in the RWC telephone system. Discussion ensued regarding how customer phone calls are received, transferred and logged. Ms. Woodring said she believes Ms. Holmes' issues have since been resolved and no further action is needed.

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 6:16 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 Officer Arhelger. Ms. Humphries, Ms. Carner and Ms. Miller also were present.

RE-CONVENE IN OPEN SESSION, SECURITY REPORT AND RENEW INTERLOCAL AGREEMENT WITH HARRIS COUNTY SHERIFF'S DEPARTMENT

At 6:26 p.m., the Board reconvened in Open Session. No action was taken as a result of discussion in executive session.

MINUTES

The Board considered approving the minutes of the special meeting on November 25, 2013 and the minutes of the November 11, 2013 regular meeting. Following review and discussion, Director Kerr moved to approve the minutes of the regular meeting on November 11, 2013, as amended, and special meeting on November 25, 2013, as submitted. Director DuBois seconded the motion, which passed unanimously.

Ms. Garcia entered the meeting.

ACCLAIM ENERGY ADVISORS GENMAX PROGRAM AND FIRST AMENDMENT TO DLO365 AGREEMENT

The Board next considered a First Amendment to the District's DLO365 Agreement through Acclaim Energy Advisors adding the wastewater treatment plant to the District's curtailment plan. Following review and discussion, Director Thornhill moved to approve a First Amendment to DLO365 Agreement. Director Freeze seconded the motion, which passed by a vote of 4 to 0 with Director DuBois abstaining from voting. Ms. Humphries said Acclaim Energy Advisors requested discussion of the GenMax program be deferred until the January 2014 regular meeting.

REPORT ON DEVELOPMENT

Mr. Hudson reported regarding the status of lot development and sales in Vineyard Meadows and Lakes of Mason Park.

## GARBAGE COLLECTION AND RECYCLING

There was no additional discussion for this agenda item.

## TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Flores reviewed the monthly tax assessor/collector's report. Ms. Flores reported that 2.52% of the 2013 taxes were collected as of November 30, 2013. She also discussed historical collections, refunds due to overpayments, and the delinquent tax report.

The Board considered adopting a Resolution Casting its Ballot for Director for Board of Directors Election for HCAD.

After review and discussion, Director Thornhill moved to (1) approve the tax assessor/collector's report and payment of the bills presented for payment from the tax account; and (2) adopt a Resolution Casting its Ballot for Director for Board of Directors Election for HCAD, cast the District's vote for Glenn Peters, and direct that the Resolution and ballot be filed appropriately and retained in the District's official records. Director Smith seconded the motion, which carried unanimously. A copy of the tax assessor/collector's report is attached.

## TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR ASSOCIATION OF WATER BOARD DIRECTORS WINTER CONFERENCE

The Board discussed the number of fees of office, meals, and maximum hotel accommodations for the Association of Water Board Directors winter conference. Following discussion, Director Thornhill moved to authorize a maximum of: (1) two nights of hotel accommodations; (2) director fees of office for three days; and (3) a daily meal expense not to exceed \$50.00. Director Kerr seconded the motion, which carried by unanimous vote.

## HOLIDAY IN THE PARK

Director Thornhill confirmed the Morton Ranch High School Choir has agreed to perform at Holiday in the Park and moved to make a payment to the Morton Ranch High School Choir in the amount of \$250 for their performance. Director Freeze seconded the motion, which passed unanimously. The Board discussed alternative plans in the event of inclement weather.

## FINANCIAL AND BOOKKEEPING MATTERS, JOINT FACILITIES BUDGET

Ms. Garcia reviewed a summary of the bookkeeper's report and investment report and presented the bills for payment. She also reviewed the special projects budget, a joint facilities capital improvement project ("CIP") worksheet and a joint facilities budget. She also discussed certificates of deposit expiring and renewed and surplus operating funds.

The Board next considered entering into a Depository Pledge Agreement with Heritage Bank.

After review and discussion, Director Thornhill moved to (1) approve the bookkeeper's report and investment report; (2) approve the bills presented for payment; and (3) approve a Depository Pledge Agreement with Heritage Bank. Director DuBois seconded the motion, which carried unanimously.

Mr. Bonnerjee reported results of an on ground sales tax permit canvass, reviewed a sales tax permit audit and reported businesses reported to the City for Houston (the "City") for addition or correction to the City's collection roster. Discussion ensued regarding goods and services sold and taxable in District businesses.

## REPORT ON PARK, LANDSCAPE AND LAKE MAINTENANCE

Ms. Knoepful reviewed with the Board revised reforestation phasing options for Directors Park and reviewed a draft Request for Proposal ("RFP") for Bundy Plaza Renovation. The Board concurred to submit comments to the RFP through ABHR. Discussion ensued regarding drainage issues at the flagpoles at Bundy Lake Park, including discussion of a water leak into the storm sewer.

Other maintenance issues discussed were: winterizing the administration building after Holiday in the Park; a possible loose terminal wire at the Bundy Lake monument causing a delay in one of the LED lighting strips; and MSA power washing the gazebo and checking the flower beds before Holiday in the Park.

Mr. Woodring next reviewed proposals for removal and disposal of debris on a District owned tract at Bellow Glen. Following review of the proposals, Director Kerr moved to accept the proposal of MSA for \$2,625 as an exhibit to the District's existing Services Agreement with MSA. Director Smith seconded the motion, which passed unanimously.

Ms. Knoepful and Ms. Purgatorio left the meeting.

## 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 reported an intermittent electrical problem with the clarifier at the wastewater treatment plant and said settlement caused the conduit to separate and short. He estimated replacement of the electrical line at \$4,350. Following review and discussion, Director Kerr moved to authorize replacement of the electrical line at the wastewater treatment plant clarifier for an amount not to exceed \$4,350. Director DuBois seconded the motion, which passed unanimously.

The Board next discussed fire hydrant painting and reviewed a summary of hydrants requiring paint or repair and noted that repair items 1, 2, 3 and 5 were made pursuant to the District's repair authorization to RWC. Following review and discussion, Director Freeze moved to authorize the remainder of repairs listed in the attached fire hydrant survey for the amounts indicated. The motion, which was seconded by Director Kerr, passed unanimously.

Mr. Woodring reported pumpage numbers for November 2013 and current water and wastewater capacity. He also reported on build out projections for the District.

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 discussed builder back-charges owed by Royce Homes, Trophy Homes, Gateway Homes, KB Homes and Pulte Homes.

The Board then conducted a hearing on the termination of utility service. Mr. Woodring reported that the residents on the attached termination list were mailed written notice prior to this meeting in accordance with the District's Rate Order, notifying them of the opportunity to appear before the Board to explain, contest, or correct the utility service bill and to show reason why service should not be terminated for reason of nonpayment. Director Smith then moved that since the residents on the termination list were neither present at the meeting nor had presented any statement on the matter, utility service should be terminated in accordance with the procedures set forth in the District's Rate Order, and that further taps be withheld from Royce Homes, Gateway Homes, KB Homes, Pulte Homes and Trophy Homes until back-charges are paid. Director DuBois seconded the motion, which carried unanimously.

Ms. Carner reported Governor Perry has omitted Fort Bend and Harris counties from his continuing drought declaration and said the District is no longer required to include the conserve water language on water bills.

### ENGINEERING MATTERS

Mr. Heisch presented the engineer's report and updated the Board regarding engineering matters and the status of current construction projects in the District. A copy of the engineer's report is attached.

Mr. Heisch updated the Board regarding possible relocation of fencing and an electrical box at lift station no. 5 that is actually located outside the property boundaries and conveyance of easements from homeowners affected by these facilities and reported KB Homes is working with a lien holder on one lot to obtain consent.

Mr. Heisch also updated the Board on the status of the Water use variance requested from the Texas Commission on Environmental Quality ("TCEQ"), review of Morton Road sewer extension plans, bond application no. 14 pending with the TCEQ and plans for repair of pavement on Mason Road following an earlier main break.

Director Kerr reported booster pumps cycling on and off at the water plant on Elrod Road. Discussion ensued regarding operation of the Elrod Road plant.

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

### DISTRICT WEBSITE

The Board reviewed the content of the "FAQ" page of the District website and discussed revisions to the "FAQ" page and website pages.

The Board also discussed amending the District's Services Agreement for website administration to increase the hourly billing rate to \$100.

Director Smith discussed Holiday in the Park event signage notifying residents regarding enrollment for email notifications.

Following review and discussion, Director DuBois moved to make the revisions to the District website, as discussed, and authorize an increase of hourly fee to \$100 for website administration. Director Smith seconded the motion, which passed unanimously.

ACTION LIST OF ACTIONS

The Board reviewed and revised the Action List and discussed and amended the status of the items listed.

DIRECTORS AND DISTRICT CONSULTANT'S REPORTS ABOUT DISTRICT OPERATIONS

Mr. Woodring reported RWC discovered through internal audit that residential rates were keyed in and billed in incorrectly from July 2013 through October 2013, resulting in an underbilling of those District residents. Mr. Woodring said RWC is working to reconcile totals and will report back to the Board, but does intend to make the District whole for the error.

Ms. Woodring said RWC will post a sign at Holiday in the Park thanking donors for supporting the event.

The Board agreed to hold a regular meeting on January 13, 2013 and a special meeting on January 30, 2013.

There being no additional business to consider, Director Thornhill moved to adjourn the meeting at 7:34 p.m. Director DuBois seconded the motion, which passed unanimously.

(SEAL)



*Mary DuBois*  
Secretary Board of Directors

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