

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

March 14, 2016

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 14<sup>th</sup> day of March, 2016, 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 Smith, thus constituting a quorum.

Also present were Tina Kelsey of Myrtle Cruz, Inc.; Alene Efaw of Brown & Gay Engineers, Inc. ("Brown & Gay"); Esther Flores of Tax Tech, Inc.; Steve Woodring, Ginny Woodring and Scott Barr of Regional Water Corporation ("RWC"); Nick Cooke of Mike Stone Associates, Inc. ("MSA"); Christine Crotwell of First Southwest Company; Michael Williams, District Resident and Director candidate; Officer Arhelger and Officer Gaspar of the Harris County Sheriff's Department; and Katie Carner, Lynne Humphries 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 reported there were no website inquiries requiring no Board actions.

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 6:02 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 and Deputy Gaspar. Ms. Carner and Ms. Miller also were present.

RE-CONVENE IN OPEN SESSION, SECURITY REPORT

At 6:28 p.m., the Board reconvened in Open Session.

## FINANCIAL AND BOOKKEEPING MATTERS

Ms. Crotwell reported the results and final numbers for the Board's Series 2016 Unlimited Tax Refunding Bonds and reported a 7.30% percent savings.

## MINUTES

The Board considered approving the minutes of the February 8, 2016 regular meeting. Following review and discussion, Director DuBois moved to approve the February 8, 2016 regular meeting minutes, as submitted. Director Kerr seconded the motion, which passed unanimously.

## GARBAGE COLLECTION AND RECYCLING

There was no discussion for this agenda item.

## TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Flores reviewed the monthly tax assessor/collector's report, 2015 taxes collected as of February 29, 2016 and accounts eligible for write off. After review and discussion, Director Elms moved to (1) approve the tax assessor/collector's report; (2) authorize payment of the bills presented for payment from the tax account; and (3) authorize the District tax assessor collector to write off 2 delinquent tax accounts eligible for write off. Director DuBois seconded the motion, which carried unanimously. A copy of the tax assessor/collector's report is attached.

## 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 Elms seconded the motion, and it passed unanimously.

## FINANCIAL AND BOOKKEEPING MATTERS CONTINUED

Ms. Kelsey reviewed a summary of the bookkeeper's report and investment report and presented the bills for payment. After review and discussion, Director DuBois moved to (1) approve the bookkeeper's report and investment report; and (2) approve the bills presented for payment. Director Kerr seconded the motion, which carried unanimously.

## REPORT ON DEVELOPMENT

Ms. Carner updated the Board regarding reimbursement due Buffington Mason Park, Ltd. and United Development Funding IV for stormwater pollution prevention planning costs related to the construction of Lakes of Mason Parks, Section 2 from the District's Series 2014 Unlimited Tax Bonds and for Lakes of Mason Parks, Sections 3 and 4, from the District's Series 2015 Unlimited Tax Bonds. She confirmed the District had a receipt for release of the Series 2014 bond funds and that the District auditor expects to review a reimbursement audit report at the March 31, 2016 meeting to reimburse Buffington Mason Park, Ltd. and United Development Funding IV for Lakes of Mason Parks, Sections 3 and 4.

## 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 pumpage numbers for February 2016 and current water and wastewater capacity. He also reported on build out projections.

Mr. Woodring updated the Board regarding previously approved repair of a tap line leak repair at 3611 Emerald Bay and reviewed customer appeals from Denise Jones, Charles Waweru, Audley Lyon and Elizabeth Kurtz. Following review and discussion, Director DuBois moved to authorize the District operator to extend a 6-month payment plan to customer, Denise Jones. Director Thornhill seconded the motion, which passed unanimously. Director Thornhill next moved to authorize the District operator to offer customer, Charles Waweru, a 6-month payment plan and 30 day extension to pay his delinquent bill. Director Kerr seconded the motion, which passed unanimously. The Board then requested that RWC contact customer, Audley Lyon, to assist the customer to contact his homebuilder to further investigate his reported high usage. The Board concurred to deny customer Elizabeth Kurtz's request.

Mr. Woodring next updated the Board regarding Notice of Enforcement received from the Texas Commission on Environmental Quality ("TCEQ") for effluent permit noncompliance in January through May 2015, September 2015 and December 2015. He reported that since the automated screen came online at the wastewater treatment plant on March 1, 2016, the wastewater treatment plant has remained in compliance despite electrical issues over the past weekend. Ms. Efaw and Mr. Woodring said they are working with the vendor to resolve the electrical issues and said that the equipment is still under warranty.

The Board next discussed utility payment options, and requested an agenda item on the March 31, 2016 special meeting agenda to amending the Rate Order to remove cash payment options and amending the delinquent letter.

Mr. Woodring requested that the Board include an item on the March 31, 2016 special meeting agenda to amend the District Operator's contract.

The Board next discussed vibration analysis and ongoing monitoring and inspection of the water plant no. 2 on-site well no. 3, which is still under warranty.

Following review and discussion, Director Elms moved to (1) approve the operator's report; and (2) authorize the March 31 special meeting agenda items requested above. The motion, which was seconded by Director DuBois, passed unanimously.

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

Discussion ensued regarding payment options available to District customers. Mr. Woodring then discussed builder back-charges owed by KB Homes, Royce Homes, Trophy Homes, Colina Homes and Vestalia 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 Kerr 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, with the exception of customer Charles Waweru to whom the Board granted a 30 day extension, and that further taps be withheld from KB Homes, Royce Homes, Trophy Homes, Colina Homes and Vestalia Homes until back-charges are paid. Director DuBois seconded the motion, which carried unanimously.

#### ANNUAL REPORT ON IMPLEMENTATION OF WATER CONSERVATION PLAN

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

#### ANNUAL WATER LOSS AUDIT

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

#### ANNUAL REVIEW OF DROUGHT CONTINGENCY PLAN

The Board concurred to defer action until the April regular 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. A copy of the engineer's report is attached.

Ms. Efaw first reported the status of improvements at water plant nos. 1 and 2 and recommended the Board approve Pay Estimate No. 2 in the amount of \$73,170 and pay Estimate No. 3 in the amount of \$22,702.50, both payable to Long & Sons, Inc.

Ms. Efaw next discussed the status of installation of an automated bar screen at the wastewater treatment plant and recommended the Board approve Pay Estimate No. 1 in the amount of \$69,930.90 and Pay Estimate No. 2 in the amount of \$213,388.65, both payable to R&B Group, Inc.

Ms. Carner next presented a Sanitary Sewer Easement to the District from Mason-Morton Ranch, LLC. Following review and discussion, Director Kerr moved to accept the Sanitary Sewer Easement to the District from Mason-Morton Ranch, LLC. Director DuBois seconded the motion, which passed unanimously.

Ms. Efaw next discussed the status of design of Water Plant No. 3 and wastewater treatment plant improvements and requested authorization to advertise for bids for construction, after submission of the escrow release application of the funds for those projects.

Following review and discussion, and based upon the engineer's recommendations, Director Elms moved to (1) approve the engineer's report; (2) approve Pay Estimate No. 2 in the amount of \$73,170 and pay Estimate No. 3 in the amount of \$22,702.50, both payable to Long & Sons, Inc. for improvements at water plant nos. 1 and 2; (3) approve Pay Estimate No. 1 in the amount of \$69,930.90 and Pay Estimate No. 2 in the amount of \$213,388.65, both payable to R&B Group, Inc. for installation of an automated bar screen at the wastewater treatment plant; (4) accept the Sanitary Sewer Easement to the District from Mason-Morton Ranch, LLC.; and (5) authorize the District engineer to advertise for bids for construction of Water Plant No. 3 and wastewater treatment plant improvements, after submission of the escrow release application. Director DuBois seconded the motion, which passed unanimously.

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

Mr. Cooke discussed park and landscape maintenance completed, including emergency items at Bundy Lake Park under \$500, pending and scheduled repairs at Director's Park, Bundy Lake, District detention ponds, District common areas and the administration building, and recommended the Board approve the following proposals:

1. Proposal in the amount of \$747.50 to install decomposed crushed granite on the trails at Bundy Lake Park; and
2. Proposal in the amount of \$632.50 to remove and replace 12 boards on the pedestrian bridge at Bundy Lake Park.

Mr. Cooke next reported on the status of Lone Star Lake Improvements and reviewed color chips for benches and trash receptacles along the Lone Star Lake trail. The Board requested photos of paint weathering at 1 year from installation for consideration at the March 31 special Board meeting.

Mr. Cooke reviewed bids for installation of additional lighting at Bundy Lake Park and recommended award of the contract to Spark Lighting, Inc., the lowest qualified bidder, in the amount of \$55,435.

Following review and discussion, Director Elms moved to (1) approve MSA's report; (2) approve the proposals recommended above; and (3) award the contract for the Bundy Lake additional lighting to the lowest qualified bidder, Spark Lighting, Inc., in the amount of \$55,435, subject to receipt and review of bonds and insurance. Director Kerr seconded the motion, which passed unanimously.

#### DISTRICT WEBSITE

There was no discussion for this agenda item.

#### SPRING COMMUNITY EVENT

The Board discussed planning for a possible summer community event on or about July 30.

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

Mr. Woodring discussed capacity committed to and needed by Westside Baptist Church.

#### 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 a March special meeting.

There being no additional business to consider, Director Thornhill moved to adjourn the meeting at 8:16 p.m. Director Kerr seconded the motion, which passed unanimously.

  
Secretary, Board of Directors



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