

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

October 10, 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 10<sup>th</sup> day of October, 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 DuBois, thus constituting a quorum.

Also present were Tina Kelsey of Myrtle Cruz, Inc.; Alene Efaw of BGE, Inc. ("BGE"); Esther Flores of Tax Tech, Inc.; Steve Woodring and Scott Barr of Regional Water Corporation ("RWC"); Robert Moorman of Aurous Development Services, Ltd.; Gayle Flanagan, Linda Francisco and Mike Thornhill, District residents; 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

Ms. Francisco inquired regarding the proposed tax rate for 2016.

Ms. Flanagan requested the Board consider constructing a sidewalk from Morton Ranch subdivision to Morton Ranch Elementary. Discussion ensued regarding sidewalk options, including potential locations for installation of a sidewalk and necessary approvals and permits from Harris County and Harris County Flood Control District. Following discussion, Director Elms asked BGE to research funding available through the Texas Safe Routes to School program and to identify owners of the property for all of the proposed locations.

Ms. Francisco and Ms. Flanagan left the meeting.

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 6:17 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. Carner and Ms. Miller also were present.

RE-CONVENE IN OPEN SESSION, SECURITY REPORT

At 6:42 p.m., the Board reconvened in Open Session.

MINUTES

The Board considered approving the minutes of the September 12, 2016 regular meeting. Following review and discussion, Director Smith moved to approve the September 12, 2016 regular meeting minutes, as amended. Director Kerr seconded the motion, which passed by a vote of 3 to 0, with Director Thornhill abstaining from voting.

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

The Board reviewed and discussed an Action Item Report on Park, Landscape and Lake Maintenance and Repair report from Mike Stone Associates ("MSA"), a copy of which is attached.

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, a copy of which is attached, including an update on 2015 taxes collected as of September 30, 2016 and discussed certified values for 2016.

Ms. Flores also updated the Board on its contracts with Global Payments Direct, Inc./Global Check Services, Inc. ("Global") and Copperfield Services, Inc. for processing credit/debit card transactions. Ms. Flores recommended the Board terminate its contract with Global and said she would bring a new contract with First Billing for credit/debit transactions to the next meeting.

After review and discussion, Director Smith 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) terminate the District's contract with Global. Director Thornhill seconded the motion, which carried unanimously. A copy of the tax assessor/collector's report is attached.

#### PUBLIC HEARING REGARDING DISTRICT'S TAX RATE, ORDER LEVYING TAXES, AND AMENDMENT TO INFORMATION FORM

Ms. Flores confirmed that notice of the proposed levy had been published.

Director Thornhill then opened the public hearing on the District's proposed tax levy. There being no additional comment from the public other than earlier inquiry regarding the proposed tax rate from Ms. Flanagan, the Board closed the public hearing and considered an Order Levying Taxes, reflecting a tax rate of \$0.89 per \$100 valuation consisting of \$0.64 for debt service and \$0.25 for operations and maintenance. The Board confirmed its intention that the 2016 tax levy includes a maintenance tax for the fiscal year ending March 31, 2017, and a debt service tax to pay debt service for the 2017 calendar year. Upon a motion made by Director Smith and seconded by Director Kerr, the Board unanimously adopted the Order Levying Taxes and authorized the execution and filing of the Amendment to the District's Information Form to reflect the tax rate for 2016.

#### REPORT ON DEVELOPMENT

Mr. Moorman updated the Board regarding plans for and the status of construction of water, sewer and drainage facilities to serve Bridgewater Meadows, Section 4.

Ms. Efaw updated the Board regarding plans for the Lakes of Mason Park, Sections 5 and 6 and reviewed an updated Capital Improvement Projects list, a copy of which is attached, for facilities shared with Harris County Municipal Utility District No. 287 ("No. 287").

#### HOLIDAY IN THE PARK

Mr. Woodring updated the Board regard mail out of the "Save the Date" flyer and Director Kerr discussed vendor raffles and promotional/informational items for residents attending.

#### 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 Smith 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.

#### 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 September 2016 and current water and wastewater capacity. He also reported on build out projections, pending insurance claims, and said he would bring an analysis of administration building rental expenses and revenue for the Administration Building to the special meeting.

Mr. Woodring updated the Board regarding performance of the new influent screen at the wastewater treatment plant and compliance with an Agreed Order (the "Order") with the Texas Commission on Environmental Quality ("TCEQ") regarding an earlier enforcement action at the wastewater treatment plant. He said everything required for compliance has been submitted, with the exception of the follow up certificates required in the "Technical Requirements" paragraph due 90 days following the effective date of the Order. Mr. Woodring said the influent screen is catching more waste, as designed, and that RWC will contact Best Trash for a proposal for an additional dumpster for the extra waste.

Director Smith discussed customers' complaints on social media applications, such as Next Door, regarding meter reading and said that he would forward the complaints to RWC to investigate further.

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

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

Mr. Woodring 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 Kerr moved to authorize termination of delinquent accounts in accordance with the District's Rate Order, 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. 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 first discussed the status of Water Plant Nos. 1 and 2 improvements and recommended the Board approve Pay Estimate No. 9 in the amount of \$45,939.82, a change order in the amount of \$1,353 for additional coatings and an invoice from Tolunay-Wong Engineers in the amount of \$1,010.50 for materials testing. Discussion ensued regarding estimated costs to paint the booster pumps and schedules for project completion, including notifying the contractor of the Board's expectation regarding project completion. Following discussion, the Board concurred to request that BGE bring a change order for painting of the booster pumps to the next meeting.

The Board discussed paint color for Water Plant No. 3 and concurred to use the same color as used at Water Plant Nos. 1 and 2.

Ms. Carner updated the Board regarding necessary assignments and financing agreements associated with and necessary for the development of Bridgewater Meadows, Section 4 and presented and reviewed the following agreements for the Board's consideration;

- 1) Consent to a Partial Assignment of Development Financing Agreement by and between CET Limited and Bridgewater Meadow IV, Ltd;
- 2) Development Financing Agreement with Bridgewater Meadow IV; and
- 3) utility commitment letter to Bridgewater Meadow IV.

Ms. Efaw next discussed a request for water and sewer capacity commitment in the amount of 2.21 equivalent single family connections ("ESFC") from Circle K Stores and Ms. Carner reviewed a proposed utility commitment letter to Circle K Stores.

Ms. Efaw next discussed a necessary 10' waterline easement along the south boundary of Water Plant No. 3, and Ms. Carner presented a waterline easement conveyance from the District to No. 287.

Following review and discussion, upon a motion by Director Kerr and a second by Director Elms, the Board voted unanimously to (1) approve the engineering report; (2) approve all pay estimates, change orders and invoices discussed above; (3) approve all assignments, financing agreements and capacity commitments listed above related to the development of Bridgewater Meadows, Section 4; (4) approve a commitment of capacity, as discussed above, to Circle K Stores; and (5) approve a waterline easement from the District to No. 287.



## DISTRICT WEBSITE

Director Elms reported that the District's website administrator will attend the October, 2016 special meeting to request amendment of the website administration contract.

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

The Board discussed agenda items for the October special meeting and registration for the upcoming Texas Association of Water Board Directors ("AWBD") fall seminar and winter conference.

Director Elms updated the Board regarding meetings with Morton Ranch Elementary to discuss curriculum associated with the District's Interlocal Agreement with the Houston-Galveston Subsidence District.

Director Kerr requested that MSA provide the estimates and plans for the proposed kitchen remodel at the Administration Building to Director Thornhill.

## ATTORNEY'S REPORT

The Board reviewed and revised the Action List and discussed and amended the status of the items listed and confirmed a special meeting on October 26, 2016.

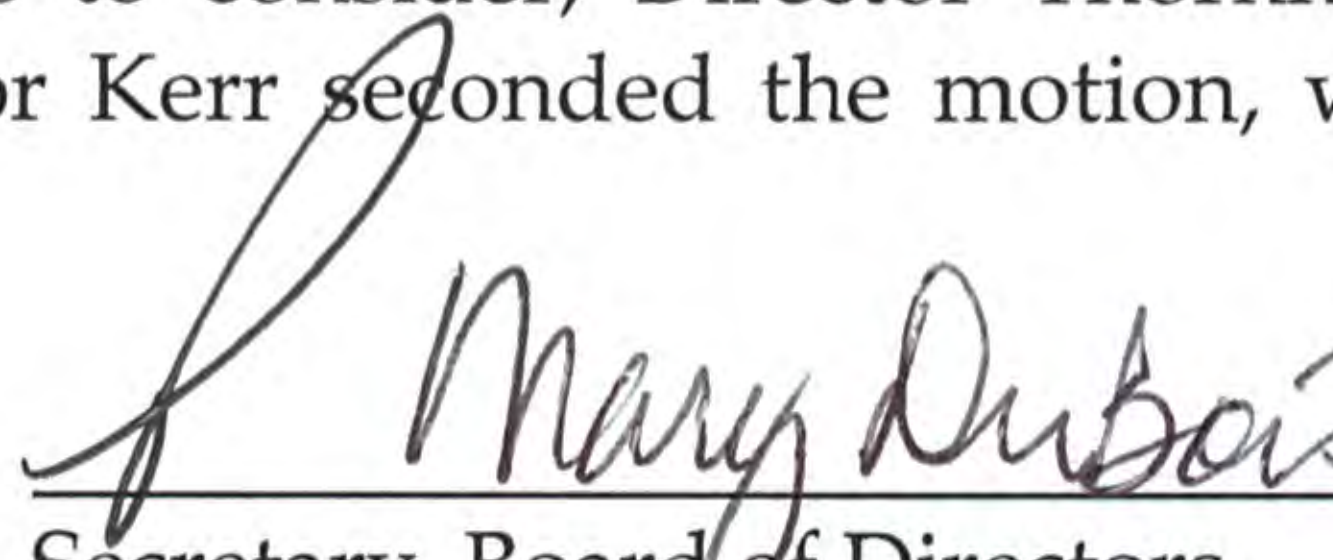
The Board discussed amending the District's media information kit and requested that ABHR ask that MSA update the Board regarding repair of the bulkhead at Bundy Lake at the special meeting.

## MONUMENT LIGHTING SHOW

The Board concurred to defer this item until the October 26, 2016 special meeting.

There being no additional business to consider, Director Thornhill moved to adjourn the meeting at 7:48 p.m. Director Kerr seconded the motion, which passed unanimously.



  
Secretary, Board of Directors



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