

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

January 9, 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 9<sup>th</sup> day of January, 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 Jemesia McDonald, District resident; Deputy Arhelger of Harris County Sheriff's Department; Michael Baldwin of Provident Engineering, Inc.; Blake Kridel of Storm Water Solutions, LP ("SWS"); Joe Goggans and Julie Glass of United Development Funding; 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"); 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. McDonald reported receipt of a high utility bills from September to November, 2016 due to a leak subsequently discovered by RWC on the customer side of the meter box. Ms. McDonald also reported a leak at a residence across the street from her home. She requested the high utility bills be adjusted or that the District provide to her a longer payment plan than the six-month payment plan previously approved by the Board.

Mr. Woodring said there were no website inquiries requiring Board action.

OPERATION OF DISTRICT FACILITIES

Discussion ensued regarding RWC's attempts to notify Ms. McDonald after RWC discovered the leak after a higher than average meter reading. Ms. McDonald reviewed and discussed bills from previous months and said that the leak has now been repaired and usage has returned to normal/average. The Board also noted a previously

authorized six-month payment plan for overdue balance and Mr. Woodring said that service was disconnected due to default on the six-month payment plan. The Board discussed available options under the District's Rate Order. Following review and discussion, Director Kerr moved to approve a 12-month payment plan. The motion was seconded by Director Smith and passed unanimously.

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 6:21 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 6:46 p.m., the Board reconvened in Open Session. Following review and discussion, Director Thornhill moved to approve an Interlocal Agreement for Law Enforcement Services with Harris County. The motion, which was seconded by Director DuBois, passed by a vote of 4 to 0, with Director Elms being absent from voting.

MINUTES

The Board considered approving the minutes of the December 12, 2016 regular meeting. Following review and discussion, Director Smith moved to approve the December 12, 2016 regular meeting minutes, as submitted. The motion was seconded by Director Kerr and passed by a vote of 4 to 0, with Director Elms being absent from voting.

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

Director Smith updated the Board regarding attempts to reset the lighting program for the Bundy Lake monument to default and said Spark Lighting will follow up to assist reset of the lighting program.

Ms. Carner presented contracts for previously approved Phases 1 through 4 and 6 of construction of renovation of the Bundy Lake Plaza.

GARBAGE COLLECTION AND RECYCLING

Mr. Woodring updated the Board regarding increased collection frequency of the dumpster at the wastewater treatment plant.

## 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 December 31, 2016.

After review and discussion, Director Kerr 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 Smith seconded the motion, which carried unanimously. A copy of the tax assessor/collector's report is attached.

## ENGINEERING MATTERS

Ms. Efaw reviewed 7 bids for the construction of water, sewer and drainage facilities to serve the Lakes at Mason Park, Sections 5 and 6 and, upon the recommendation of Provident Engineering, recommended the Board award the contract to the lowest qualified bidder, Lischka Utilities, Inc., in the amount of \$498,300. After review and discussion, and because it would result in the best and most economical completion of the project, Director Thornhill moved to approve the award of the contract to Lischka Utilities, Inc, subject to review of bonds and insurance. Director Elms seconded the motion which passed unanimously. Ms. Carner also reviewed a Resolution Authorizing Application to the Texas Commission on Environmental Quality for Release of Funds from Escrow from the District's \$8,120,000 Series 2015 Unlimited Tax Bonds.

Discussion ensued regarding the current condition of platted Reserves A and B in the Lakes at Mason Park, the status of the storm water quality feature permit proposed transfer of the permit to the District, repairs and maintenance needed and the District's agreement with the Lakes at Mason Parks Homeowner's Association (the "HOA") to maintain the detention area. Mr. Kridel reviewed a proposal for repair of washout areas alongside slopes, seeding of disturbed areas for stabilization and removal of overgrown vegetation along the slopes, a copy of which is attached. Following discussion, the Board concurred to request that ABHR contact the HOA to confirm the HOA understands its contractual obligation to maintain the detention reserves, to provide them a copy of the proposed repairs and to request that the HOA complete the necessary repairs within 90 days.

Discussion ensued regarding a recently formed sinkhole at the outfall at Lone Star Lake. Mr. Kridel said the sinkhole appears to be caused by pipe separation at the outfall, but requires further investigation, including excavation of the sinkhole area. Following review and discussion, Director Elms moved to authorize SWS to proceed with excavation of the sinkhole, as discussed, and follow up with MSA and report the findings back to the Board. The motion was seconded by Director Kerr and passed unanimously.

## 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. Ms. Kelsey also reviewed a draft joint facilities budget for the fiscal year ending March 31, 2018. After review and discussion, Director Thornhill moved to (1) approve the bookkeeper's report and investment report; and (2) authorize the District bookkeeper to forward the draft joint facilities budget for the fiscal year ending March 31, 2018 to Harris County Municipal Utility District No. 287. Director Kerr seconded the motion, which carried unanimously.

Ms. Carner stated that in accordance with the District's Investment Policy, Ms. Jarmon as the District's Investment Officer and bookkeeper is required to execute Disclosure Statements that disclose any relationships with banks and brokers who seek to sell investments to the District. She added that the Disclosure Statements will be filed with the Texas Ethics Commission and updated whenever necessary. After review and discussion, Director Elms moved to accept the Disclosure Statements pursuant to the District's Investment Policy and Public Funds Investment Act, and direct that the Disclosure Statements be filed appropriately and retained in the District's official records. Director DuBois seconded the motion, which passed unanimously.

## REPORT ON DEVELOPMENT

Ms. Efaw discussed projects under engineering review at BGE, including a Katy Independent School District expansion and a medical plaza.

## 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 December 2016 and current water and wastewater capacity. He also reported on build out projections, pending insurance claims, customer notifications regarding West Harris County Regional Water Authority fee increases and completed compliance documentation in response to a prior Texas Commission on Environmental Quality ("TCEQ") Enforcement Order

Mr. Woodring said he is working with MSA to get additional proposals to replace 12 light pole fixtures at the wastewater treatment plant.

Discussion ensued regarding leak adjustment policies generally, and the Board concurred to place an agenda item on the January 25, 2017 special meeting agenda.

Following review and discussion, Director Elms 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 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 Elms moved to authorize termination of delinquent accounts in accordance with the District's Rate Order, with the exception of Jemesia McDonald, 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 Kerr and passed by unanimous vote.

#### ENGINEERING MATTERS (CONTINUED)

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 reported the status of improvements at water plant nos. 1 and 2 and recommended the Board approve Pay Estimate No. 10 in the amount of \$62,190, payable to Long & Sons, Inc. Ms. Efaw said BGE met with the contractor today to discuss electrical improvements and agree on a schedule for completion of improvements at water plant no. 1. The Board agreed that both water plants should be operational by May 15, 2017.

Ms. Efaw next discussed the status of construction of water plant no. 3 and recommended the Board approve Pay Estimate No. 1 in the amount of \$508,820, payable to W.W. Payton Corporation and an invoice in the amount of \$4,402.50, payable to Ninyo & Moore.

Discussion ensued regarding staking of the Mason Road Sanitary Sewer Extension, Phase 2 and permitting of the expanded detention pond in Bridgewater Meadows, Section 4. Ms. Carner discussed a request from Bridgewater Meadow IV, Ltd. requesting that the District execute an Acknowledgement of Notice and Indemnity with respect to Bridgewater Meadow IV, Ltd.'s assignment of receivables to Texas Capital Bank for Bridgewater Meadows, Section 4.

Ms. Efaw reported the status of improvements at the wastewater treatment plant and recommended approval of Pay Estimate No. 2 in the amount of \$210,575.50, payable to R & B Group, Inc.

Ms. Efaw and Ms. Carner discussed a request from Circle K Stores, Inc. to encroach with pavement over a District sanitary sewer easement and presented a Consent to Encroachment.

Ms. Efaw requested authorization to prepare an application to the TCEQ requesting release of escrowed funds from the District's \$8,120,000 Series 2015 Unlimited Tax Bonds for the development of Lakes at Mason Park, Sections 5 and 6.

Following review and discussion, upon a motion by Director Elms 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) authorize execution of an Acknowledgement of Notice and Indemnity with respect to Bridgewater Meadow IV, Ltd.'s assignment of receivables to Texas Capital Bank; (4) approve a Consent to Encroach to Circle K Stores, Inc.; and (5) authorize BGE to prepare an application to the TCEQ requesting release of escrowed funds from the District's \$8,120,000 Series 2015 Unlimited Tax Bonds for the development of Lakes at Mason Park, Sections 5 and 6 and approve a Resolution Authorizing Application to the Texas Commission on Environmental Quality for Release of Funds from Escrow.

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

Ms. Kelsey confirmed Director expense advances for the Association of Water Board Directors winter conference.

#### DISTRICT WEBSITE

There was no discussion for this agenda item.

#### SPRING/SUMMER EVENT

The Board concurred to defer discussion until the Board's January 25, 2017, special meeting.

Mr. Woodring discussed final event totals for Holiday in the Park.

#### ATTORNEY'S REPORT

Ms. Carner reported that pursuant to Chapter 176 of the Texas Local Government Code, the District will maintain and update annually a List of Local

Government Officers. Ms. Carner reviewed the List of Local Government Officers. After review and discussion, Director Kerr moved to approve and authorize execution of the List of Local Government Officers and direct that the List be filed appropriately and retained in the District's official records. Director Elms seconded the motion, which passed by unanimous vote.

Ms. Carner reported on the District's compliance activities during the prior calendar year related to bond financings. Ms. Carner stated that no corrective action is required at this time.

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 January special meeting.

There being no additional business to consider, Director Thornhill moved to adjourn the meeting at 8:37 p.m. Director Elms seconded the motion, which passed unanimously.



Jennifer Elms  
Secretary, Board of Directors



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