

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

May 8, 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 8<sup>th</sup> day of May, 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 Arhelger of Harris County Sherriff's Department; Tina Kelsey of Myrtle Cruz, Inc.; Eric Heppen, District resident and as a representative of the Vineyard Meadows 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"); Nick Cooke of Mike Stone Associates, Inc.; Esther Flores of Tax Tech, Inc.; Steve Woodring, Ginny 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

There was no public comment, and 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 6:03 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. 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 March 22, 2017 special meeting and the April 10, 2017 regular meeting. Following review and discussion, Director Smith moved to approve the April 10, 2017 regular meeting. The motion was seconded by Director Thornhill and passed by a vote of 3 to 0, with Directors Kerr and DuBois abstaining from voting. The Board concurred to defer action on the March 22, 2017 special meeting minutes.

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

Mr. Cooke updated the Board regarding investigation and pending repair of a collapsed segment of trail at Lone Star Lake and said the contractor, Pavecon, is delayed in making the repair due to ground saturation. Ms. Efav said the closest manhole was inspected and no issues with the District facilities underneath the pavement were identified.

Mr. Cooke reported that renovation of Administration Building kitchen was completed under budget. Discussion ensued regarding resuming scheduling rentals of the Administration Building.

Mr. Cooke discussed the ongoing renovation of Bundy Lake Plaza, including installation of bollards at the entrance, the schedules for installation of monument signage at the park entrance, revisions to power circuits to accommodate monument sign lighting and follow up site dressing following installation of the bollards. Mr. Cooke said that the contractor installing the bollards will repair areas of the plaza previously reported as holding water.

Director Kerr left the meeting temporarily.

Discussion continued regarding raising temporary flags at Bundy Lake Park and scheduling a ceremony to replace the temporary flags with the permanent flags intended for Bundy Lake Park. Director Thornhill stated she would like the flags to be raised once. Following discussion, Director Smith moved to authorize raising temporary flags now and to replace them with the permanent flags upon completion of the renovation. Director DuBois seconded the motion, which passed by a vote of 3 to 1, with Director Thornhill in opposition.

Mr. Cooke provided an update on the duck population at Bundy Lake, discussed

options for population control, power washing of Bundy Lake Plaza to remove duck waste and coordination with Texas Parks and Wildlife, Harris County Health Department and Lakes of Bridgewater HOA to control the duck population. A copy of Mr. Cooke's report is attached.

Ms. Efaw updated the Board regarding a recent meeting with Katy Independent School District ("Katy ISD") to discuss cost sharing for construction of a sidewalk along Mason Road for improved student access to Morton Ranch Elementary. Ms. Efaw updated the Board regarding discussions with Katy Independent School District ("Katy ISD") regarding cost sharing for construction of a sidewalk along Vineyard Meadow Trail and Lakes of Bridgewater Drive, as requested by the Vineyard Meadows Homeowner's Association ("Vineyard Meadows HOA"). Discussion ensued regarding recommendations by Katy ISD personnel that the District and HOA obtain additional letters of support from multiple agencies/groups before submitting the request for partial funding to the Katy ISD Board of Directors.

Director Kerr returned to the meeting.

Discussion continued regarding access to schools options, including pedestrian bridges, possible project cost sharing participants and project cost estimates. Following discussion, Director Thornhill moved to authorize BGE to prepare cost estimates for bridges and/or sidewalk access to Morton Ranch Elementary. Director Smith seconded the motion, which passed unanimously. Director DuBois offered to contact Harris County Precinct 3 regarding the projects

#### GARBAGE COLLECTION AND RECYCLING

The Board reviewed a recycling and garbage collection tonnage report for the months of January, February and March, 2017 received from Best Trash, LLC ("Best Trash"), and requested that Best Trash provide a recycling/garbage tonnage comparison for 2016 and 2017. The Board also requested that Best Trash provide an informational flyer regarding recyclable materials for posting on the District website and provide additional information regarding additional recycling carts available for customer purchase. A copy of the recycling and garbage collection tonnage report is attached.

#### 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 April 30, 2017. 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 Elms seconded the motion, which carried unanimously.

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

The Board discussed the upcoming Association of Water Board Directors ("AWBD") summer conference. After discussion, Director Elms moved to authorize a maximum of 4 per diems, 3 hotel nights and up to \$50 per day for meals for all directors who attend the AWBD summer conference, noting that reimbursements must meet the requirements of the Travel Reimbursement Guidelines. The motion was seconded by Director DuBois, 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. 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 repair of 2 commercial meters identified in the commercial meter survey for an estimated cost of \$2,500. Following discussion, upon a motion by Director Thornhill and a second by Director Kerr, the Board voted unanimously to authorize repair of 2 commercial meters for an amount not to exceed \$2,500.

The Board next reviewed and discussed correspondence received from customer, Alexis Sweichert, and RWC's return replies to Ms. Sweichert, including delivery of documents requested by Ms. Sweichert. Ms. Woodring confirmed that the customer's balance is current and her service is connected. Discussion ensued regarding the customer's payment and termination history, and the Board reviewed documents and information provided by both the customer and RWC. Additional discussion ensued regarding procedures for documenting unclaimed mail, and current provisions and payment options available to the customer in the District's Rate Order.

Mr. Woodring updated the Board regarding the effectiveness of the screening equipment and impeller at the wastewater treatment plant.

Mr. Woodring reported on pumpage numbers for April 2017 and current water and wastewater capacity. He also reported on build out projections, and pending insurance claims. Discussion ensued regarding high volume water use and notifying

high volume water users of their monthly use in comparison with the average District household use.

Following review and discussion, Director Thornhill 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 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 Elms 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 DuBois and passed by unanimous vote.

#### CRITICAL LOAD

Ms. Carner next reviewed the District's Critical Load List and explained that the District is required to file annually with Harris County and State agencies whether the District has made any facility or personnel changes. Ms. Carner said that the District engineer, operator and bookkeeper have reviewed the revised Critical Load List and verified that the information is accurate. She said ABHR will file the Critical Load List with Harris County and State agencies. Upon a motion by Director Thornhill and a second by Director Kerr, the Board voted unanimously to authorize filing of the Critical Load List with Harris County and State agencies.

#### CONSUMER CONFIDENCE REPORT

Mr. Woodring said the Consumer Confidence Report ("CCR"), must be filed with the Texas Commission on Environmental Quality ("TCEQ") and mailed to District customers by July 1, 2016. After review and discussion, the Board concurred to defer approval until the next 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 more specifically described in the attached engineer's report.

The Board reviewed a summary of sites, budgeted funds, additional requirements and design status for generators to provide alternate power supply to the Mason Road, Mason Lakes, Bridgewater Meadows, Lakes at Mason Park and Vineyard Meadows lift stations. Ms. Efaw updated the Board regarding previous concerns regarding size issues with the proposed generator pad site for the Mason Road lift station. Discussion ensued regarding funding installation of the proposed generators with available surplus funds. Following review and discussion, Director DuBois moved to authorize BGE to proceed with design of all 5 lift station generators, as proposed and discussed. Director Kerr seconded the motion, which passed unanimously.

Ms. Efaw reported regarding construction of water plant no. 3 and recommended the Board approve Pay Estimate No. 3 in the amount of \$400,572, payable to W.W. Payton.

Ms. Efaw next updated the Board regarding renewal of the discharge permit for the wastewater treatment plant, discussed wastewater treatment plant improvements and recommended the Board approve Pay Estimate No. 5 in the amount of \$122,521.50 and Pay Estimate No. 6 in the amount of \$226,940.40, both payable to R&B Group and an invoice in the amount of \$1,288 payable to Tolunay-Wong Engineers.

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. 4 in the amount of \$13,608, payable to Crosstex Construction.

Following review and discussion, upon a motion by Director Thornhill and a second by Director DuBois, the Board voted unanimously to (1) approve the engineering report; (2) approve all pay estimates, change orders and invoices discussed above upon the recommendation of BGE; and (3) approve Resolution Authorizing Application to the TCEQ for Use of Surplus for installation of generators, as discussed.

## DISTRICT WEBSITE

The Board discussed and requested that Director Elms coordinate posting of an informational flyer regarding recyclable material to the District website and an email blast to subscribers alerting subscribers of new information posted to the website regarding recycling.

## PROPOSAL FROM ALWAYS IN SEASON

The Board discussed an updated and pending proposal for seasonal décor from Always in Season. The Board concurred to defer discussion until the May special meeting and requested that MSA get additional pricing from Spark Lighting.

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

There was no discussion under this agenda item.

## 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 May special meeting.

Ms. Carner reviewed with the Board Omnicap, LLC's ("Omnicap") analysis of cumulative excess earnings for the District's Series 2012 Unlimited Tax Bonds for the computation period from March 14, 2012 to March 14, 2017 and said Omnicap concluded no yield reduction payment is due to the Internal Revenue Service and no further action is required.

Ms. Carner next reviewed a Resolution Regarding Intent to Reimburse funds that may be advanced from the operating funds for the proposed generators from future bond funds. Following review and discussion, Director Thornhill moved to approve a Resolution Regarding Intent to Reimburse. The motion was seconded by Director Elms and passed unanimously.

## EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE

At 8:33 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 8:50 p.m. the Board reconvened in open session.

## OPERATION OF DISTRICT FACILITIES (CONTINUED)

The Board inspected and discussed items in the District Administration Building kitchen storage closet which are no longer in use or usable. Following inspection and

discussion, Director Thornhill moved to authorize the District operator and MSA to dispose of surplus kitchen items, as discussed. The motion was seconded by Director Kerr and passed unanimously.

There being no additional business to consider, Director Thornhill moved to adjourn the meeting at 9:00 p.m. Director Kerr seconded the motion, which passed unanimously.



*Mary DuBois*  
Secretary, Board of Directors

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