

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

January 8, 2018

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 January, 2018, 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 Starr Luu, Steve Luu and Caryn LeBlanc, District residents; Tina Kelsey of Myrtle Cruz, Inc.; Deputy Steve Arhelger of the Harris County Sheriff's Office; Alene Efaw of BGE, Inc. ("BGE"); Laura Flores of Tax Tech, Inc.; Steve Woodring, Ginny Woodring and Scott Barr of Regional Water Corporation ("RWC"); Lieutenant Simon VanDyk and Commissioner Russell Solomon of Harris County Emergency Services District No. 48 ("ESD48"); Nino Corbett of Compass Land Development, LP; Avik Bonnerjee of Municipal Tax Service, LLC; 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

Mr. Woodring updated the Board regarding emails received through the District website.

Mr. and Ms. Luu reported that their November water bill payment was returned to them after the bill due date as undeliverable. Mr. and Ms. Luu requested that the Board consider waiving late fees assessed due to a postal service error. Discussion ensued regarding relief available to the customer pursuant to the District Rate Order. Following discussion, the Board directed RWC to investigate and to follow the District Rate Order under which the customer's postmarked envelope is evidence of timely payment received and delinquent fees applied to the customer's account accordingly would be removed.

## ENGINEERING MATTERS

Mr. Corbett updated the Board regarding the status of the feasibility study completion and development schedules for the 14.288 acre tract south of Morton Ranch Road and west of Mason Road. Ms. Carner discussed the proposed terms and conditions of a letter annexation agreement between the District and Morton Ranch Katy, LLC.

## 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 Deputy Arhelger. Ms. Carner and Ms. Miller also were present.

## RE-CONVENE IN OPEN SESSION, SECURITY REPORT

At 6:30 p.m., the Board reconvened in Open Session.

## PUBLIC COMMENT (CONTINUED)

Ms. LeBlanc requested that the Board reconsider its previous decision regarding her appeal of and request for an adjustment on an unexpectedly high water bill during the month of September 2017. Ms. Woodring reported that Ms. LeBlanc made a partial first payment on the payment plan previously approved by the Board. Director Smith inquired if Ms. LeBlanc was one of the top ten water users reported to the Board during the month of September, 2017. Upon inquiry by Director Thornhill, Ms. LeBlanc confirmed that neither her home nor street was flooded during Hurricane Harvey. Following discussion regarding relief available to the customer pursuant to the District Rate Order, Ms. LeBlanc requested that RWC replace her water meter. Following review and discussion, the Board concurred to authorize RWC to replace Ms. LeBlanc's water meter and to discuss offering Ms. LeBlanc a 12 month payment plan under the operator's report.

## SALES TAX REPORT

Mr. Bonnerjee reviewed a November, 2017 sales tax permit audit report and confirmed that an annual update of accounts has been provided to the City of Houston. Discussion ensued regarding the District's Strategic Partnership Agreement boundary for limited purpose annexation and imposition of sales tax.

## 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 and 2017 taxes collected as of December 31, 2017.

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

## MINUTES

The Board considered approving the minutes of the December 11, 2017 regular meeting. Following review and discussion, Director Smith moved to approve the December 11, 2017 regular meeting minutes, as submitted. The motion was seconded by Director Elms and passed by a vote of 4 to 0, with Director Kerr abstaining from voting.

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

Ms. Carner updated the Board regarding correspondence from Eric Heppen regarding proposed construction of a sidewalk on the west side of Lakes of Bridgewater Drive from north of Clay Road to McDonald Junior High.

Discussion ensued regarding management and oversight of the District's contract with Storm Water Solutions, LLP. Following discussion, the Board concurred to continue without MSA oversight of SWS contracts and to continue a direct relationship with Storm Water Solutions, LLP with Director Smith acting as the Board liaison.

Director Smith reported wind damage to the State of Texas flag at Bundy Lake Park and said MSA is getting information regarding purchase of a more durable flag replacement.

The Board also discussed a request from ESD48 to host a first responder training event at Directors Park.

The Board also discussed potentially joining the Katy Economic Development Committee, but took no action pending receipt of additional membership application information.

## RENEWAL OF INTERLOCAL MOWING AGREEMENT FOR U501-02-00

The Board next considered renewing the District's Interlocal Agreement with Harris County Flood Control District ("HCFCD") for mowing of. Following review and discussion, Director Kerr moved to authorize ABHR to notify HCFCD of the District's intent to renew the interlocal agreement prior to the expiration of the agreement on November 30, 2018. Director Elms seconded the motion, which passed unanimously.

## GARBAGE COLLECTION AND RECYCLING

There was no discussion for this agenda item.

## 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, 2019. After review and discussion, Director Kerr 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, 2019 to Harris County Municipal Utility District No. 287. Director Elms 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 Kerr 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 Elms seconded the motion, which passed 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 on pumpage numbers for December 2017 and current water and wastewater capacity and reported a higher than usual number of customers reporting unusual water usage following Hurricane Harvey.

The Board next reviewed and discussed a high volume water users report for the month of December 2017.

Mr. Woodring reported issues with booster pump no. 2 at water plant no. 2 and said he would bring estimates for the Board's review when received.

Mr. Woodring reported that Harris County has requested use of the District Administration Building for future election dates.

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 and said that Jemesia McDonald's account is now current and paid in full. He also reported a customer appeal from customer Chris Soto of a previous Board decision to deny his leak adjustment request, for which he did not complete the District's leak adjustment form. Ms. Woodring noted that Mr. Soto has not paid his account in full.

As a follow up to previous discussion regarding Ms. LeBlanc's account, Director Kerr moved to authorize RWC to offer Ms. LeBlanc a 12-month payment plan and remove her name from the list of accounts to be terminated. Director Smith seconded the motion, which passed unanimously.

Ms. Woodring reported regarding investigation of Kelly Wilson's meter and said RWC adjusted her account due to an accurate, but difficult-to-read meter. Following review and discussion, Director Elms moved to replace Ms. Wilson's meter and remove her account from the list of accounts recommended for termination for non-payment of delinquent accounts. The motion was seconded by Director DuBois and passed unanimously. The Board directed RWC to make sure Ms. Wilson receives a letter documenting the amount owed following RWC's adjustment of her account.

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 Kelly Wilson, Caryn LeBlanc and Steve and Starr Luu and that further taps be withheld from Royce Homes, Trophy

Homes, Colina Homes, Vestalia Homes and History Maker Homes until back-charges are paid. The motion was seconded by Director DuBois and passed unanimously.

#### OPERATION OF DISTRICT FACILITIES (CONT'D)

Lt. VanDyk and Commissioner Solomon enter the meeting. They discussed and requested permission to hold a first responder training event in Directors Park on April 13, 2018. Lt. VanDyk discussed the proposed scope of event, including event preparation work ESD48, with its 811 sponsor, would need to complete prior to the event start date/time. Following discussion, the Board concurred to authorize ESD48 to work with MSA and BGE to identify a site within Directors Park to install a pipe for use during the proposed training and make a recommendation to the Board at the February, 2018 Board meeting.

#### WATER USAGE REPORTING FORM

The Board considered authorizing RWC to submit an annual Water Usage Reporting Form to the West Harris County Regional Water Authority ("WHCRWA"). Following review and discussion, Director Smith moved to authorize RWC to submit the report by the deadline. Director DuBois seconded the motion, which passed unanimously.

#### WHCRWA

The Board next considered nominating a Candidate to serve as a Director for Precinct 4 on the Board of Directors of the West Harris County Regional Water Authority. No action was taken following discussion.

#### ENGINEERING MATTERS (CONT'D)

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 updated the Board regarding the status of emergency repair of the 12-inch potable water line that spans Mayde Creek and said the pipe brackets are installed on the bridge.

Ms. Efaw also reported the status of bringing power to water plant 3 and said that the meter site has been requested and should be installed by January 16, 2018. Ms. Efaw requested authorization to have Director Thornhill execute the necessary documents for addition of the meter at water plant no. 3 when received. Following discussion, Director Smith moved to authorize Director Thornhill to execute the

necessary documents to add an electric meter at water plant no. 3, as discussed. Director Elms seconded the motion, which passed unanimously.

Ms. Efaw next updated the Board regarding contractor completion of punch list items associated with the wastewater treatment plant improvements and said the start-up on the pumps will be completed when the clarifier drive is repaired.

Ms. Efaw next presented a request from the developer in Bridgewater Meadow, Section 4, that the District also accept Reserve I (an additional 0.0925 acre) as part of the Bridgewater Meadow, Section 4 detention proposed for conveyance. Ms. Efaw explained that this reserve was not previously platted with the detention facilities. Ms. Carner reminded the Board of the earlier review of the proposed annexation letter agreement with Morton Ranch Katy, LLC.

Following review and discussion, upon a motion by Director Elms and a second by Director DuBois, the Board voted unanimously to (1) approve the engineering report; (2) authorize addition of a 0.0925 acre reserve to the detention area proposed for conveyance to the District in Bridgewater Meadow, Section 4, including authorization to Berg Oliver Associates to include the additional reserve in the District's previous approval of a Phase I survey of the detention property; and (3) approve an annexation agreement letter to Morton Ranch Katy, LLC, subject to attorney review.

#### REPORT ON PARK, LANDSCAPE AND LAKE MAINTENANCE AND REPAIR AND DEVELOPMENT OF DISTRICT LAKES, PARKS AND RECREATIONAL FACILITIES (CONT'D)

Director Smith reported regarding continuing issues with the control board for the lighting program at the Bundy Lake monument and said Spark Lighting is going to look at the control board. The Board also discussed and concurred to hold the March, 2018 special meeting on March 29, 2018.

#### SPRING EVENT

The Board concurred to defer discussion of this agenda item until the January, 2018 special meeting.

#### DISTRICT WEBSITE

Director Elms reviewed a website analytical report, noting a loss of subscribers, and requested that the Board consider offering translated information on the District website in Spanish. Discussion ensued regarding customer service options available in Spanish. Mr. Woodring also reported that an email alert was distributed to subscribers prior to the recent freeze.

## DIRECTORS AND DISTRICT CONSULTANT'S REPORTS

There was no additional discussion for 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 January special meeting.

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 in the District's official records.

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.

## 2018 DIRECTORS ELECTION

Ms. Carner discussed procedures related to the 2018 Directors Election. She reviewed a Resolution Designating an Agent of the Secretary of the Board of Directors During the 2018 Directors Election Period. Following review and discussion, Director Kerr moved to adopt a Resolution Designating an Agent of the Secretary of the Board During the 2018 Directors Election Period appointing Jane H. Miller as the agent of the Secretary of the Board of Directors to perform the duties of the District's Directors Election, authorize the agent to post the related notice as required, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Smith seconded the motion, which was approved by unanimous vote.

Ms. Carner reported on requirements to post a Notice of Deadline to File Applications for Place on the Ballot for the 2018 Directors Election. Following discussion, Director Kerr moved to authorize the Secretary's agent to post the notice as required. Director Smith seconded the motion, which was approved by unanimous vote.

Ms. Carner discussed exemptions from using electronic voting systems during the 2018 Directors Election. She stated that the basis of the District's exemption is there were fewer than 250 voters in the previous Director's election. Following discussion, Director Kerr moved to authorize the Secretary's agent to publish Notice of Exemption in a newspaper of general circulation. Director Smith seconded the motion, which was approved by unanimous vote.



The Board discussed pay for election officials during the 2018 Directors Election. Following discussion, Director Kerr moved to set the pay for election officials at \$15.00 per hour. Director Smith seconded the motion, which was approved by unanimous vote.

There being no additional business to consider, Director Thornhill moved to adjourn the meeting at 8:44 p.m. Director Smith seconded the motion, which passed unanimously.

  
Asst. Secretary, Board of Directors

(SEAL)



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