

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

March 12, 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 12th day of March, 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 Deputy Steve Arhelger of the Harris County Sheriff's Office; Tracey Scott of Myrtle Cruz, Inc.; Alene Efaw of BGE, Inc. ("BGE"); Laura Flores of Tax Tech, Inc.; Stephen Woodring, Ginny Woodring and Scott Barr of Regional Water Corporation ("RWC"); Nick Cook and John Fletcher of Mike Stone Associates, Inc. ("MSA"); Tim May of Halff Associates, Inc. ("Halff"); 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 and response returned to the customers making inquiries.

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 6:01 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 6:15 p.m., the Board reconvened in Open Session.

MINUTES

The Board considered approving the minutes of the February 12, 2018 regular meeting. Following review and discussion, Director Smith moved to approve the February 12, 2018 regular meeting, as submitted. The motion was seconded by Director Kerr and passed unanimously.

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

Mr. May presented a conceptual plan for proposed sidewalk and fencing renovations at Bundy Lake Park. Discussion ensued regarding design components including walkouts around Bundy Lake; elimination or redesign of retaining walls; additional site furnishings within proposed walkout areas; creating curvature in the proposed fence line around Bundy Lake, relocating; fencing or screening the control panel for the Bundy Lake monument and raising sidewalks to grade at cul-de-sacs adjacent to Bundy Lake. The Board also discussed costs for additional fencing required to create curvature in the fence line and future maintenance costs. The Board requested mockups of the proposed re-design of those retaining walls that would remain part of the design.

Mr. Cooke next reviewed a parks maintenance and repair budget and a parks capital improvement project plan for the fiscal year ending March 31, 2019.

MOWING AGREEMENT

Ms. Carner presented a Mowing Agreement with the Harris County Flood Control District ("HCFCD") for the U-501-02-00 channel. Following review and discussion, Director Elms moved to approve the agreement. Director DuBois 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, a copy of which is attached, including an update on 2017 taxes collected as of February 28, 2018.

Discussion ensued regarding exemptions available to homeowners in the District through other taxing jurisdictions.

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 Thornhill 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 Thornhill moved to adopt the Resolution Concerning Exemptions from Taxation for the 2018 tax year, 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 DuBois seconded the motion, and it passed unanimously.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Scott reviewed a summary of the bookkeeper's report and investment report, copies of which are attached, and presented the bills for payment. Ms. Scott also reviewed a District budget for the fiscal year ending March 31, 2019, and Ms. Efav discussed capital improvement engineering projects for 2019 included in the budget draft. After review and discussion, Director Kerr moved to (1) approve the bookkeeper's report and investment report; and (2) approve the District budget for the fiscal year ending March 31, 2019, amended as discussed. Director DuBois seconded the motion, which carried unanimously. Discussion ensued regarding the deposit remaining and additional expected work required for the proposed annexation of the 14.288-acre tract near Morton Ranch Road and Mason Road. The board directed Ms. Scott to invoice the developer for an additional \$5,000 deposit.

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 February 2018 and current water and wastewater capacity, and reviewed and discussed a high volume water users report for the month of February 2018.

Mr. Woodring next reported an excursion in Lakes at Mason Park over the weekend due to disposable wipes clogging the pumps at lift station no. 4 and discussed reporting same to the Texas Commission on Environmental Quality ("TCEQ") and associated notice requirements.

Discussion ensued regarding meter replacement throughout the District. The Board concurred to request that RWC bring a meter replacement proposal to the next regular meeting.

Mr. Woodring discussed maintenance and repair of District facilities during the month of February, 2018 and requested authorization to make the following repairs:

1. Tap line leak at 2707 Morning Gate Court for an estimated amount of \$3,100; and
2. Replacement of the fine bubble system diffuser at the wastewater treatment plant for an estimated amount of \$17,000.

Following review and discussion, Director Smith moved to (1) approve the operator's report; and (2) approve and authorize the repairs listed above. 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 Kerr 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 Elms and passed unanimously.

ANNUAL REPORT ON IMPLEMENTATION OF WATER CONSERVATION PLAN AND ANNUAL WATER LOSS AUDIT

The Board concurred to defer the Water Conservation Plan annual report for the March, 2018 special meeting.

Mr. Woodring discussed the May 1, 2018 deadline to file the annual water loss audit with the Texas Water Development Board. Following review and discussion, Director Thornhill moved to authorize the District operator to prepare the annual water

loss audit for filing with the Texas Water Development Board. Director Smith seconded the motion, which passed unanimously.

ANNUAL REVIEW OF DROUGHT CONTINGENCY PLAN

The Board next reviewed the District's Drought Contingency Plan. Following review and discussion, the Board concurred that no revisions were necessary.

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 updated the Board regarding the status of emergency repair of the 12-inch potable water line that spans Mayde Creek and associated bacteriological testing. She said the contractor has completed all connections and is backfilling the trench today.

Ms. Efaw also reported on the status of startup of water plant 3 and stated the well motor was installed and well performance testing has been completed. She said bacteriological testing results have been submitted to the TCEQ. Ms. Efaw said BGE is coordinating with the operator for Harris County Municipal Utility District No. 287 ("No. 287") to confirm that all valves for water flowing from water plant no. 3 are open and operational.

Discussion ensued regarding the schedule to remove Water Plant No. 1 from service for improvements. The Board requested that ABHR and BGE prepare a notice letter to Long & Sons, Inc. for the Board's review, prior to permitting Long & Sons to take the plant offline.

Ms. Efaw next discussed a request for capacity from Harris and Montgomery Counties Farm Stores for a proposed convenience store at 3830 Mason Road. Ms. Carner presented a draft utility commitment letter for same.

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; and (2) approve a utility commitment letter to Harris and Montgomery Counties Farm Stores, as discussed.

The Board discussed, but concurred to defer action on conveyance of Bridgewater Meadow, Section 4, Reserves I and J detention to the District until the March special

meeting. The Board requested confirmation from Storm Water Solutions that the contractor has completed all requested work.

SUMMER EVENT

The Board discussed plans and participants for the proposed summer event and concurred to tentatively schedule the summer event for June 2, 2018, at Directors Park.

DISTRICT WEBSITE

Director Elms updated the Board regarding the number of email and text message subscribers signed up through the District website for mass message distributions from the District.

DIRECTORS AND DISTRICT CONSULTANT'S REPORTS

There was no 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 March special meeting.

ARBITRAGE REBATE

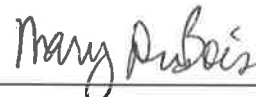
Ms. Carner presented Omnicap, LLC's arbitrage rebate and yield restriction calculation for the District's Series 2013 Bonds and said the report concludes that no rebate is due to the Internal Revenue Service.

2018 DIRECTORS ELECTION

Ms. Carner discussed procedures related to the 2018 Directors Election. She presented a Certificate Declaring Unopposed Status of Candidates for Election to the Board of Directors executed by the Board Secretary stating that the District received two candidate applications for the two director positions for the May 5, 2018, Directors Election. Following review and discussion, Director Thornhill moved to accept the Certificate Declaring Unopposed Status of Candidates for Election to the Board of Directors and direct that the Certificate be filed appropriately and retained in the District's official records. Director Kerr seconded the motion, which passed unanimously.

Ms. Carner presented an Order Cancelling Election and Declaring Unopposed Candidates Elected to Office (the "Order Cancelling") stating that the May 5, 2018, Directors Election is cancelled and that the unopposed candidates, Mary DuBois and Phillip Smith, are declared elected to office to serve from the May 5, 2018, election until the May 7, 2022, Directors Election. She reviewed the posting requirements for the Order Cancelling. Following review and discussion, Director Thornhill moved to adopt the Order Cancelling Election and Declaring Unopposed Candidates Elected to Office, authorize the Secretary's agent to post the Order Cancelling, as required, and direct that the Order Cancelling be filed appropriately and retained in the District's official records. Director Kerr seconded the motion, which passed unanimously.

There being no additional business to consider, Director Thornhill moved to adjourn the meeting at 8:01 p.m. Director DuBois seconded the motion, which passed unanimously.



Secretary, Board of Directors

(SEAL)

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