

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

September 10, 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 10<sup>th</sup> day of September, 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 Arhelger of the Harris County Sheriff's Office; Christine Crotwell of Masterson Advisors, LLC; Esther Flores of Tax Tech, Inc.; Steve Woodring, Scott Barr and Ginny Woodring of Regional Water Corporation ("RWC"); Alene Efaw of BGE, Inc. ("BGE"); 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 an email received through the District website and the response returned to the customer making an inquiry.

Ms. Miller provided copies of Board correspondence received at the offices of ABHR, including correspondence from District customer, Yuki Richards, and an event notification from the West Harris County Regional Water Authority ("WHCRWA"). Mr. Woodring confirmed that RWC followed up with Ms. Richards and answered her questions.

MINUTES

The Board considered approving the minutes of the August 13, 2018, regular meeting and the July 25, 2018, special meeting. Following review and discussion, Director DuBois moved to approve the minutes of the July 25, 2018, special meeting, as written. The motion was seconded by Director Kerr and passed unanimously. Director

Elms then moved to approve the minutes of the August 13, 2018, regular meeting, as amended. The motion was seconded by Director Kerr 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 6:03 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 6:25 p.m., the Board reconvened in Open Session.

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

Ms. Miller provided an update from Nick Cooke of Mike Stone Associates, Inc. reporting that the contractor for Bundy Lake Park Enhancements will be onsite tomorrow to begin work, weather permitting.

GARBAGE COLLECTION AND RECYCLING

There was no discussion regarding this agenda item.

2018 TAX RATE

Ms. Crotwell discussed the process for establishing the 2018 tax rate. Ms. Crotwell recommended a levy of \$0.53 per \$100 valuation for debt service. The Board discussed a proposed \$0.25 rate for operations and maintenance. The Board also discussed historical home values, water and sewer rates and the parity tax rate which produces the same revenue as last year. A copy of the tax rate analysis is attached.

Ms. Efaw reviewed proposed capital improvement projects for District facilities and joint facilities and discussion ensued regarding account reserves and remaining bond authorization.

After discussion, Director Smith moved to authorize the tax assessor to publish in the Katy Times notice of a public hearing on October 8, 2018 regarding the District's proposed adoption of a 2018 tax rate of \$0.79, comprised of a levy of \$0.53 for debt service and \$0.26 for operations and maintenance. Director Elms seconded the motion, which passed by unanimous vote.

The Board concurred to request that the notice of public hearing for the proposed 2018 tax rate also be posted on the District's website.

#### TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Flores reviewed the monthly tax assessor/collector's report, including an update on 2017 taxes collected as of August 31, 2018. After review and discussion, Director Thornhill 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 DuBois seconded the motion, which carried unanimously. A copy of the tax assessor/collector's report is attached.

#### RESOLUTION REQUESTING APPRAISAL OF PROPERTY AND CERTIFICATE OF ESTIMATED APPRAISED VALUE

The Board next considered requesting, by resolution, an appraisal of property within the District and a certificate of estimate of value. Following review and discussion, Director Smith moved to approve a Resolution Requesting Appraisal of Property and Certificate of Value and authorize the District Tax Assessor Collector to submit the resolution to the Harris County Appraisal District. The motion was seconded by Director Elms and 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. After review and discussion, Director Thornhill moved to approve the bookkeeper's report and investment report, with the exception of check no. 1855, pending discussion under the engineer's report. Director Elms seconded the motion, which carried unanimously.

#### ANNUAL REPORT

Ms. Carner reviewed an Annual Report containing updated financial and operating data to be filed in accordance with the continuing disclosure provisions contained in the District's bond resolutions. Following review and discussion, Director Smith moved to approve the Annual Report and authorize the attorney to submit the District's updated financial and operating data in compliance with the continuing disclosure provisions contained in the bond resolutions, and direct that the Annual Report be filed appropriately and retained in the District's official records. Director Elms seconded the motion, which passed unanimously.

## CONTINUING DISCLOSURE COMPLIANCE

The Board reviewed the District's procedures for continuing disclosure compliance. The Board concurred that no changes are required at this time.

## 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. He provided an update on pending insurance claims for repairs to District facilities and insurance payments received. Mr. Woodring reported on pumpage numbers for August, 2018 and current water and wastewater capacity, and reviewed and discussed a high volume water users report for the month of August 2018.

Mr. Woodring updated the Board regarding the status of additional payment options for customers through BBVA Compass Bank.

Mr. Woodring discussed the District's repair approval policy last updated July 25, 2018. He recommended returning to the previous policy whereby emergency repairs up to the amount of \$5,000.00 require approval by the Operator liaison, repairs between \$5,000.00 and \$10,000.00 require approval by two Board members, and repairs over \$10,000.00 require Board approval. Following discussion, and based upon the operator's recommendation, Director Thornhill moved to (1) authorize the Board liaison to authorize the District operator to make emergency repairs up to \$7,500; and (2) authorize the District operator to make emergency repairs between \$7,500 and \$15,000, with approval from 2 Board members. Director DuBois seconded the motion which passed unanimously.

Following review and discussion, Director Kerr 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 updated the Board regarding customer compliance with previously approved customer payment plans and said LaToya Rice has paid in full and should be removed from the payment plan program.

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 Smith moved to authorize termination of delinquent accounts in accordance with the District's Rate Order, with the exception of Caryn LeBlanc, and that further taps be withheld from Royce Builders, Trophy Homes, Vestalia Homes, Censeo Homes and Colina Homes until back-charges are paid. The motion was seconded by Director Kerr and passed unanimously.

### 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 construction at water plant no. 1 and recommended the Board approve Pay Estimate No. 18 in the amount of \$28,147.50, payable to Long & Sons, Inc. Discussion ensued regarding costs incurred by the District related to a natural gas line strike by Long & Sons, Inc., CenterPoint Energy's emergency repair of same, and painting and project completion schedules.

Ms. Efaw said BGE received a request for a capacity commitment to serve restaurants and a retail center at 21751 Clay Road, but said the capacity requested was greater than the number of connections the District allows per developed acre and will be revised and resubmitted.

Ms. Efaw discussed multiple easements needed for plan approval for future development of the proposed annexation of a 14.288 acre tract. Following discussion, the Board concurred to defer discussion regarding the easements requested until the land is annexed into the District.

Ms. Efaw next discussed a 15' sanitary sewer easement between Clay Road and Mason Road necessary to serve a Popeye's Louisiana Kitchen at 21751 Clay Road.

Following review and discussion, Director Elms moved to approve the engineer's report and, based on the engineer's recommendation to; (1) approve check no. 1855 for payment of Pay Estimate No. 18 in the amount of \$28,147.50, payable to Long & Sons, Inc.; and (2) accept a 15' sanitary sewer easement necessary to serve a Popeye's Louisiana Kitchen at 21751 Clay Road. Director Smith seconded the motion, which passed unanimously.

### DISTRICT WEBSITE AND ELECTRONIC COMMUNICATION MATTERS

Director Elms reported on the number of email and text subscribers for emergency notifications and mass messaging through the District's website.

DIRECTORS AND DISTRICT CONSULTANT'S REPORTS

There was no discussion regarding this agenda item.

DISCUSS HOLIDAY IN THE PARK

The Board reviewed an event flyer for Holiday in the Park on December 15, 2018, from 4:00 p.m. to 6:00 p.m. Following discussion, Director Kerr moved to approve the proposed flyer for distribution within customer utility bills in December, 2018. Director DuBois seconded the motion, which passed unanimously.

RENEWAL OF INSURANCE

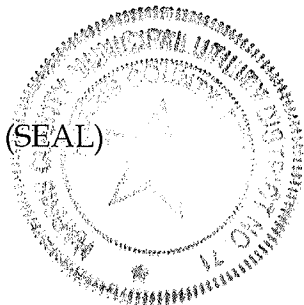
The Board discussed the October 1, 2018 expiration of the District's current insurance policies and reviewed renewal proposals from Arthur J. Gallagher & Co. Following review and discussion, Director Smith moved to renew the District's current policies through Arthur J. Gallagher & Co. The motion was seconded by Director DuBois and passed by a vote of 4 to 0, with Director Thornhill abstaining.

Discussion ensued regarding the optional worker's compensation coverage in the proposal from Arthur J. Gallagher & Co. Following discussion, Director Smith moved to approve the worker's compensation coverage. The motion was seconded by Director Elms and passed by a vote of 3 to 1, with Director Thornhill abstaining from voting and Director Kerr voting against the motion.

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 September special meeting.

There being no additional business to consider, Director Thornhill moved to adjourn the meeting at 8:13 p.m. Director Smith seconded the motion, which passed unanimously.



*Mary DuBois*  
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Secretary, Board of Directors

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