

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

October 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 October, 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 except Director Thornhill, thus constituting a quorum.

Also present were Deputy Arhelger and Deputy Gaspar of the Harris County Sheriff's Office; Esther Flores and Laura Flores of Tax Tech, Inc.; Steve Woodring, Scott Barr and Ginny Woodring of Regional Water Corporation ("RWC"); Tracey Scott of Myrtle Cruz, Inc.; Nino Corbett of Compass Land Development; Alene Efaw of BGE, Inc. ("BGE"); and Katie Carner and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

Director Kerr called the meeting to order at 6:01 p.m.

COMMENTS AND WEBSITE INQUIRIES FROM THE PUBLIC

Mr. Woodring updated the Board regarding emails received through the District website and said there were none requiring a Board response.

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 6:02 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 and Deputy Gaspar. Ms. Carner and Ms. Miller also were present.

RE-CONVENE IN OPEN SESSION, SECURITY REPORT

At 6:23 p.m., the Board reconvened in Open Session.

## RENEWAL OF HARRIS COUNTY DEPUTY CONTRACT

Following discussion of patrol staffing, the Board concurred to keep patrol staffing the same for 2019.

## ENGINEERING MATTERS

Mr. Corbett thanked the Board for authorizing preparation of multiple easements necessary for Compass Land Development's ("Compass") plan approval for future development of a 14.288 acre tract, for which annexation currently is under review by the City of Houston (the "City"). He updated the Board regarding plan approval and requested that the Board authorize BGE to advertise for bids for construction when plans are approved by the City of Houston and Harris County. Ms. Carner discussed, and Mr. Corbett requested that the Board authorize ABHR to prepare, a Development Financing Agreement and utility commitment letter with Compass d/b/a Morton Ranch Crossing and a utility commitment letter for a reduced capacity for Mason-Morton Ranch, LLC, all contingent upon the proposed annexation being completed. Following discussion, the Board concurred to authorize preparation of the Development Financing Agreement and utility commitment letters, as discussed.

## MINUTES

The Board considered approving the minutes of the September 10, 2018, regular meeting. Following review and discussion, Director Smith moved to approve the minutes of the September 10, 2018, regular meeting, as submitted. The motion was seconded by Director DuBois and passed unanimously.

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

Ms. Miller read an email update from Nick Cooke of Mike Stone Associates, Inc. regarding the status of Bundy Lake Park Enhancements.

## GARBAGE COLLECTION AND RECYCLING

There was no discussion regarding this agenda item.

## TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Laura Flores reviewed the monthly tax assessor/collector's report, including an update on 2017 taxes collected as of September 30, 2018. After review and discussion, Director Elms 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.

PUBLIC HEARING REGARDING DISTRICT'S TAX RATE, ORDER LEVYING TAXES, AND AMENDMENT TO INFORMATION FORM

Ms. Laura Flores confirmed that notice of the proposed levy had been published.

Director Kerr then opened the public hearing on the District's proposed tax levy. There being no comment from the public, the Board closed the public hearing and considered an Order Levying Taxes, reflecting a 2018 tax rate of \$0.79 per \$100 valuation consisting of \$0.53 for debt service and \$0.26 for operations and maintenance. The Board confirmed its intention that the 2018 tax levy includes a maintenance tax for the fiscal year ending March 31, 2019, and a debt service tax to pay debt service for the 2019 calendar year. The Board then considered authorizing execution of an amendment to the District's Information Form to reflect the tax rate for 2018. Upon a motion made by Director Kerr and seconded by Director Smith, the Board voted unanimously to adopt the Order Levying Taxes and authorized the execution and filing of the Amendment to the District's Information Form to reflect the tax rate for 2018.

ASSOCIATION OF WATER BOARD DIRECTORS FALL SEMINAR

The Board next discussed the Association of Water Board Directors ("AWBD") fall seminar. Following review and discussion, Director Kerr moved to authorize attendance for any Director interested in attending AWBD's fall seminar. The motion was seconded by Director Smith 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 Smith moved to approve the bookkeeper's report and investment report. Director DuBois seconded the motion, which carried unanimously.

The Board reviewed an analysis prepared by the District's financial advisor of taxable property value within Bridgewater Meadow, Section 4 and feasibility of reimbursement to Bridgewater Meadow IV, Ltd. (the "developer"). Ms. Carner and Ms. Scott discussed surplus bond and operating funds available to reimburse the developer. Following review and discussion, Director Kerr moved to authorize an agenda item on the October 22, 2018 special meeting agenda to authorize preparation of a surplus funds application and approve a Resolution Authorizing Application to the Texas Commission on Environmental Quality ("TCEQ") for Use of Surplus Funds. Director DuBois 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. He provided an update on pending insurance claims for repairs to District facilities and insurance payments received. Mr. Woodring reported on pumpage numbers for September, 2018 and current water and wastewater capacity, and said he would bring a high volume water users report for the month of September, 2018 to the October 22, 2018 special meeting.

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

Mr. Woodring next requested authorization to repair digester blower no. 4 at the wastewater treatment plant for an estimated cost of \$10,100. Following discussion, Director DuBois moved to authorize repair of digester blower no. 4 at the wastewater treatment plant for an amount not to exceed \$10,100. Director Kerr seconded the motion. Discussion ensued regarding the cost to replace the blower unit. Following discussion, Director DuBois rescinded her motion authorizing repair. The Board concurred to defer action until replacement unit costs are presented.

Ms. Woodring next discussed email correspondence received at ABHR from District customer, Gus Rodriguez, and reviewed Mr. Rodriguez' account information and meter usage. Mr. Barr said Mr. Rodriguez' water meter was stuck and replaced, but not leaking. Following review of the information provided by the District operator, the Board concurred that the customer's meter was faulty. Following review and discussion, Director Smith moved to adjust the customer's bill to the minimum 5,000 gallon water usage and apply the sewer, water and West Harris County Regional Water Authority ("WHCRWA") fees applicable for water usage of 5,000 gallons. Director Elms seconded the motion, which passed unanimously.

Ms. Woodring next reviewed an appeal from customer, Chantell Hatton, requesting a leak adjustment and presented proof of repair provided by the customer. She stated the request was in compliance with the District's leak adjustment policy. Following review and discussion, Director Elms moved to authorize RWC to apply the District's leak adjustment policy to the customer's account and issue a credit to the customer's July and August utility bills. The motion was seconded by Director Smith and passed unanimously.

Ms. Woodring next reviewed an appeal from customer, Alicia Moorehead, requesting a leak adjustment and presented proof of repair provided by the customer.

She stated the request was in compliance with the District's leak adjustment policy. Following review and discussion, Director Elms moved to (1) authorize RWC to apply the District's leak adjustment policy to the customer's account and issue a credit to the customer's July and August utility bills; and (2) offer the customer a six-month payment plan, if requested. The motion was seconded by Director Smith and passed unanimously.

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

#### HOLIDAY IN THE PARK

The Board discussed preparation and budgets for the District's annual Holiday in the Park on December 15, 2018, from 4:00 p.m. to 6:00 p.m.

#### 5-YEAR EVALUATION IN ACCORDANCE WITH SENATE BILL 902

Ms. Carner said that Senate Bill 902, adopted during the 2013 Legislative Session, and now codified in the Health & Safety Code § 388.005, requires districts with \$200,000 or more annually in electricity costs to evaluate their electricity consumption, establish goals to reduce electricity consumption, and identify and implement cost-effective energy efficiency measures at least once every 5 years (collectively, the "5-Year Evaluation"). Following review and discussion, Director Smith moved to authorize the District's engineer to prepare the 5-Year Evaluation. Director DuBois seconded the motion, which passed unanimously.

## DISTRICT INFORMATION KIT

The Board received a copy of the District's media information kit and discussed updating the document, but concurred to defer pending Board review.

## 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 first discussed the status of construction at water plant no. 1 and recommended the Board approve Pay Estimate No. 19 in the amount of \$74,542.50, payable to Long & Sons, Inc. and Invoice No. 18-8147 in the amount of \$470, payable to Tolunay-Wong Engineers, Inc. for materials testing. Ms. Efaw also discussed a revised contract completion date and charges pending for damage caused by the contractor due to a natural gas pipeline strike.

Ms. Efaw also reported on the status of construction of water plant 3 and recommended the Board approve Pay Estimate No. 8 and Final in the amount of \$457,443, payable to W.W. Payton Corporation. She then recommended that the Board accept the project

Ms. Efaw updated the Board regarding a pending request from Continental Superior Management for a capacity commitment to serve a convenience store and fast food restaurant at 21751 Clay Road.

Ms. Carner reviewed and the Board considered acceptance of the following easements to the District:

1. Storm Sewer Easement (0.774 Acre) from Mason - Morton Ranch, LLC;
2. Sanitary Sewer Easement (0.2063 Acre) from Continental Superior Management Groups, LP;
3. Storm Sewer Easement (0.146 Acre) from Compass Land Development, LLC; and
4. Water Line Easement (0.059 Acre) from Compass Land Development, LLC.

The Board discussed Mr. Corbett's earlier request that the District authorize advertisement for bids for the sanitary sewer, drainage, and detention facilities to serve Morton Ranch Crossing.

Following review and discussion, Director Elms moved to approve the engineer's report and, based on the engineer's recommendation to; (1) approve Pay Estimate No. 19 in the amount of \$74,542.50, payable to Long & Sons, Inc.; (2) approve payment of Invoice No. 18-8147 in the amount of \$470, payable to Tolunay-Wong Engineers, Inc.; (3) approve Pay Estimate No. 8 and Final in the amount of \$457,443, payable to W.W. Payton Corporation and accept the project; (4) authorize ABHR to prepare a utility commitment letter to Continental Superior Management to serve a convenience store and fast food restaurant at 21751 Clay Road; (5) accept a Storm Sewer Easement (0.774 Acre) from Mason - Morton Ranch, LLC; (6) accept a Sanitary Sewer Easement (0.2063 Acre) from Continental Superior Management Groups, LP; (7) accept a Storm Sewer Easement (0.146 Acre) and Water Line Easement (0.059 Acre), both from Compass Land Development, LLC; and (8) authorize advertisement for bids for the sanitary sewer, drainage, and detention facilities to serve Morton Ranch Crossing, subject to receipt of plan approval by all applicable agencies. 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. Discussion ensued regarding posting energy usage reports and an updated map to the District website.

#### DIRECTORS AND DISTRICT CONSULTANT'S REPORTS

Director Kerr discussed an article in the Community Impact newspaper regarding the rising cost of water.

Director Smith submitted a conflict disclosure form to be filed in the District's records and posted on the District's website.

#### 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 October 22, 2018 special meeting, confirmed a special meeting on November 26, 2018 and concurred to cancel the District's special meeting in December, 2018.

There being no additional business to consider, Director DuBois moved to adjourn the meeting at 8:20 p.m. Director Smith seconded the motion, which passed unanimously.

*Mary DuBois*

Secretary, Board of Directors

(SEAL)





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