

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

January 14, 2019

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 14<sup>th</sup> day of January, 2019, 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
Vacant	Assistant Vice President
Jennifer Elms	Assistant Secretary

and all of the above were present, thus constituting a quorum.

Also present were Arlyn Wassinger, Tonya Wassinger, Mike Thornhill and Mike Owens, District residents; Esther Flores of Tax Tech, Inc.; Steve Woodring, Scott Barr and Ginny Woodring of Regional Water Corporation ("RWC"); Nick Cooke of Mike Stone Associates ("MSA"); Tracey Scott of Myrtle Cruz, Inc.; Alene Efaw of BGE, Inc. ("BGE"); Casey Collins and Chad Easter of Halff Associates, Inc.; 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

Director Thornhill reminded meeting attendees of the District's policy limiting public comments to 3 minutes in length.

Mr. Woodring updated the Board regarding emails received through the District website and said there were none requiring a Board response. The Board concurred to request that RWC respond to a website inquiry from District resident, Tim McClendon, regarding requested sidewalk improvements and pool repairs and direct him to contact his homeowner's association.

Mr. Wassinger commented regarding a revised Right of Entry Agreement he submitted in response to the Right of Entry Agreement he received from the District to allow access on his property to remove existing fencing between his home and new fencing to be installed by the District on the District's property line. He said he believes the Right of Entry proposed by the District does not adequately protect him as a homeowner. The Board concurred to defer discussion to agenda item no. 7.

RESIGNATION OF DIRECTOR SMITH, RESOLUTION COMMENDING DIRECTOR SMITH FOR SERVICE TO THE DISTRICT AND PROCEDURES RELATED TO THE VACANCY

Ms. Carner said that Director Smith submitted his resignation to the Board, effective December 17, 2018. Following review and discussion, Director Kerr moved to (1) accept the resignation of Phillip Smith from the Board of Directors; and (2) adopt a Resolution Commending Director Smith for Service to the District. Director DuBois seconded the motion, which passed unanimously. Discussion ensued regarding procedures to fill the vacancy. Following review and discussion, Director Kerr moved to follow the District's customary procedure for accepting applications to fill the vacancy on the Board. Director Elms seconded the motion, which 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 6:06 p.m., the Board met in executive session to deliberate the deployment or specific occasions for implementation of security personnel or devices. Ms. Carner and Ms. Miller also were present.

RE-CONVENE IN OPEN SESSION, SECURITY REPORT

At 6:09 p.m., the Board reconvened in Open Session.

INTERLOCAL AGREEMENT FOR LAW ENFORCEMENT SERVICES

The Board next considered approving an Interlocal Agreement ("ILA") for Law Enforcement Services with Harris County to continue patrol services with the Harris County Sherriff's Department. Following review and discussion, Director Elms moved to approve and authorize execution of the ILA for 2019 law enforcement services in the District. The motion was seconded by Director DuBois and passed unanimously.

MINUTES

The Board considered approving the minutes of the December 10, 2018, regular meeting. Following review and discussion, Director Elms moved to approve the meeting minutes for the December 10, 2018, regular meeting, as amended. Director DuBois seconded the motion, which passed unanimously.

## GARBAGE COLLECTION AND RECYCLING

Discussion ensued regarding industry wide issues with recycling collection.

## TAX ASSESSMENT AND COLLECTIONS MATTERS

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

## REPORT ON PARK, LANDSCAPE AND LAKE MAINTENANCE

Mr. Cooke reported on the status of fencing improvements proposed as part of the Bundy Lake Park Enhancements and recommended the Board approve Quantity Contract Adjustment No. 3 removing 62 linear feet of 6' fencing for a contract deduction in the amount of \$2,884.86 and adding 62 linear feet of 4' fencing adding \$1,690.74 to the contract amount resulting in a net contract deduction in the amount of \$1,194.12. He also reviewed and recommended approval of Change Order No. 3 to the contract with Four Seasons Development Co. for Bundy Lake perimeter fencing to increase the contract in the amount of \$2,120. The Board determined that Change Order No. 3 is beneficial to the District. After review and discussion, Director Kerr moved to (1) approve Quantity Contract Adjustment No. 3 removing 62 linear feet of 6' fencing for a contract deduction of \$2,884.86 and adding 62 linear feet of 4' fencing adding \$1,690.74 to the contract total for a net contract deduction in the amount of \$1,194.12; and (2) approve Change Order No. 3 in the amount of \$2,120 as an increase to the contract with Four Seasons Development Co., based upon the Board's finding that the Change Order is beneficial to the District and MSA's recommendation. Director Elms seconded the motion, which passed by unanimous vote.

Mr. Collins and Mr. Easter reviewed a revised plan for Phase 2 of proposed Bundy Lake Park Enhancements, including plans for walkouts over Bundy Lake and removal of existing retaining walls. Mr. Cooke also discussed proposed schedules for bidding the project following Board design approval. Director Thornhill requested additional information regarding maintenance of retaining walls and a revised project project budget.

Ms. Carner discussed Mr. Wassinger's earlier comments regarding the Right of Entry Agreement he received from the District and his proposed, draft revised Right of Entry Agreement. Mr. Wassinger reiterated his earlier stated issues regarding the District's proposed Right of Entry Agreement and commented regarding fence

placement adjacent to other homeowner lots. Following discussion, Director Thornhill moved to deny the proposed revisions to the District's existing Right of Entry Agreement form. Director DuBois seconded the motion, which passed unanimously.

Discussion ensued regarding pending Right of Entry Agreements for residents affected by fence installation on the District's property at Bundy Lake Park. Following discussion, the Board concurred to authorize ABHR to send a letter to affected property owners who have not yet returned executed Right of Entry Agreements reminding them of the District's offer to remove existing fencing on their property and setting a deadline of January 28, 2019 at the close of business to receive the executed agreements.

Mr. Cooke updated the Board regarding air conditioning issues in the Administration Building and said MSA will replace damaged ceiling tiles and replace the locking cover for the thermostat.

#### 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 draft joint facilities budget for the fiscal year ending March 31, 2020. 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, 2020 to Harris County Municipal Utility District No. 287. Director DuBois 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 certain 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 Thornhill 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

Ms. Wooding updated the Board regarding a previous customer service complaint from customer, Janelle Smith. Ms. Woodring reported that she pulled and listened to the customer service calls in response to Ms. Smith's comment that RWC disconnected her calls to customer service. Ms. Woodring said there were seven total customer service

calls, and on the final call customer service spent a significant amount of time answering Ms. Smith's questions and then politely terminated the call.

Ms. Woodring updated the Board regarding customer Maria Quintero's previous report of late delivery of her utility bill payment and complaints regarding customer service and payment options available to customers. Ms. Woodring said RWC made two attempts to reach Ms. Quintero by phone, but never received a return phone call from Ms. Quintero. Ms. Woodring said RWC also sent an email to Ms. Quintero forwarding a copy of her current bill and an ACH form, but never received a reply from Ms. Quintero. She stated RWC has since received the previously discussed payment, and it was postmarked December 19, 2018, suggesting it may have been lost in the mail by the U.S. Postal Service for a period of time.

Ms. Woodring also notified the Board regarding a leak adjustment request submitted by customer, Natalie Nunez at 22223 Guston Hall, but said Ms. Nunez is not eligible for a leak adjustment since her request was not received within the time allowed under the District's leak adjustment policy.

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

Mr. Woodring reported regarding the high volume water users report for the month of January, 2019, pumpage numbers for December, 2018, and current water and wastewater capacity. Discussion ensued regarding the effectiveness of the high volume water users program.

Mr. Woodring discussed repair and maintenance of District facilities, and requested authorization to repair a tap line leak at 3707 Hidden Brook in the amount of \$3,100. Following review and discussion, Director Thornhill moved to authorize repair of the tap line leak in the amount of \$3,100. Director DuBois seconded the motion, which passed unanimously.

Mr. Woodring also recommended repair of the seal on the gear box of the main clarifier at the wastewater treatment plant for an estimated amount of \$5,400. Following discussion, Director Thornhill moved to approve the repair. Director Kerr seconded the motion, which passed unanimously.

Mr. Woodring next reviewed options to repair the electric motor at Water Supply Plant No. 2, including the option to replace the starter with a soft starter. Mr. Woodring also reported on emergency repairs to the automated transfer switch ("ATS") on the generator at Water Supply Plant No. 2 for an estimated amount of \$4,700. Following

review and discussion, Director Kerr moved to approve installation of a new electric motor for an estimated amount of \$72,904. Director Elms seconded the motion, which passed unanimously.

Discussion ensued authorizing the District operator to make reasonable and necessary, non-emergency repairs between meetings without prior Board approval. Following review and discussion, Director Elms moved to authorize the District operator to make reasonable and necessary, non-emergency repairs up to \$3,500 without prior Board approval. Director Thornhill seconded the motion, which passed unanimously.

Following review and discussion, Director Elms 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 DuBois moved to authorize termination of delinquent accounts in accordance with the District's Rate Order, with the exception of Tiffany Bailey 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 Elms 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.

The Board discussed the status of and issues regarding the construction at water plant no. 1. Ms. Efaw reported that the contractor erroneously coated the safety climb rails and had to drain the tank to replace the rails. Discussion ensued regarding water lost from the District's tank as a result of the contractor error.

Following review and discussion, Director Elms moved to approve the engineer's report. Director Kerr 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 and discussed Off Cinco's removal of emails returned as undeliverable. The Board concurred to defer discussion regarding review of the "Frequently Asked Questions" page content on the District website to the next regular meeting.

## DIRECTORS AND DISTRICT CONSULTANT'S REPORTS

The Board reviewed a list of consultant contracts and recommendations regarding updating contracts. Following discussion, the Board concurred to defer discussion pending further Board review of the recommendations.

The Board next reviewed and reorganized the Director Liaison Chart, designating Director Kerr as parks liaison, Director Elms as operator liaison and Director Thornhill as stormwater liaison.

The Board also discussed surplus dinnerware, linens and glassware items in storage at the Administration Building. Following discussion, Director Kerr moved to approve sale of the surplus property to RWC for the amount of \$50. The motion was seconded by Director Elms and passed unanimously.

## HOLIDAY IN THE PARK AND POTENTIAL SPRING EVENT

Ms. Woodring reviewed invoices paid and pending following the District's annual Holiday in the Park on December 15, 2018. Discussion ensued regarding replacing the holiday tree and photo backdrop.

## 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, 2019 special meeting and concurred to reschedule the Board meeting to January 30, 2019, or alternatively, January 28, 2019 with a 6:30 p.m. meeting start time, depending on Mr. Cooke's availability for January 30, 2019.

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.

The Board reviewed the most recent version of the District's media information kit and submitted revisions.

There being no additional business to consider, Director Thornhill moved to adjourn the meeting at 8:15 p.m. Director DuBois seconded the motion, which passed unanimously.

*Mary DuBois*

Secretary, Board of Directors

(SEAL)

