

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

May 13, 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 13th day of May, 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:

Pam Kerr	President
Katrina Thornhill	Vice President
Mary DuBois	Secretary
Michael Williams	Assistant Vice President
Jennifer Elms	Assistant Secretary

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

Also present were Tracey Brown, District Resident; Deputy Steve Arhelger of the Harris County Sheriff's Office; Tracey Scott of Myrtle Cruz, Inc.; Alene Efaw of BGE, Inc. ("BGE"); Shannon Waugh of Off Cinco; Esther Flores of Tax Tech, Inc.; Stephen Woodring, Ginny Woodring and Scott Barr of Regional Water Corporation ("RWC"); Avik Bonnerjee of B&A Municipal Tax Service, LLC; and Katie Carner and Ashley Arvie of Allen Boone Humphries Robinson LLP ("ABHR").

Director Kerr called the meeting to order at 6:00 p.m.

SALES TAX AUDIT REPORT

Mr. Bonnerjee reviewed a 2019 sales tax permit audit report, a copy of which is attached, and confirmed that an annual update of accounts has been provided to the City of Houston. After discussion, the Board concurred to accept the report.

Mr. Bonnerjee exited the meeting at 6:04 p.m.

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 2018 taxes collected as of April 30, 2019.

Following review and discussion, Director Kerr moved to approve the tax assessor/collector's report. Director Thornhill seconded the motion, which carried unanimously.

COMMENTS AND WEBSITE INQUIRIES FROM THE PUBLIC

Ms. Woodring updated the Board regarding emails received through the District website and response returned to the customers making inquiries.

Director Williams commented that his wife expressed concern with her treatment by RWC customer service. Discussion ensued regarding the operator's training methods and procedures for customer service employees.

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 6:13 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. Arvie also were present.

Deputy Arhelger left the meeting at 6:33 p.m.

RE-CONVENE IN OPEN SESSION, SECURITY REPORT

At 6:41 p.m., the Board reconvened in open session.

MINUTES

The Board considered approving the minutes of the April 8, 2019, regular meeting. Following review and discussion, Director Kerr moved to approve the meeting minutes for the April 8, 2019, regular meeting, as amended. Director Williams seconded the motion, which passed unanimously.

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

Ms. Carner reviewed memorandum received from Mike Stone Associates regarding park maintenance, repairs, and development. She stated the memorandum provides that the splash pad was damaged due to a lightning strike or power surge, and repairs should be completed on or before May 17, 2019. Ms. Carner stated the memorandum provides that Four Seasons Development is addressing final punch items for the Bundy Lake fencing project and they are expected to complete all items by May 22, 2019. A copy of the memorandum is attached.

GARBAGE COLLECTION AND RECYCLING

There was no discussion for this agenda item.

TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR ASSOCIATION OF WATER BOARD DIRECTORS SUMMER CONFERENCE

The Board discussed the upcoming Association of Water Board Directors ("AWBD") summer conference. After discussion, Director Thornhill moved to authorize a maximum of 4 per diems, 3 hotel nights and up to \$50 per day for meals for all directors who attend the AWBD summer conference, all in accordance with the requirements of the Travel Reimbursement Guidelines. 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 (1) approve the bookkeeper's report and investment report; and (2) authorize one fee of office to Director Kerr for work located at the District Administrative Building. Director Williams seconded the motion, which carried 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 reported on pumpage numbers for April 2019 and current water and wastewater capacity, updated the Board regarding the status of additional payment options for customers through BBVA Compass Bank, and reviewed and discussed a high volume water users report for the month of April 2019. Following review and discussion, Director Kerr moved to approve the operator's report. Director Williams seconded the motion, which passed unanimously.

Ms. Carner commented regarding Harris County Municipal Utility District No. 287 ("No. 287") water conservation plan and research of the operator's report and water loss audit for No. 287. She stated that No. 287's operator explained that although they do not include estimated water loss due to flushing or other routine maintenance in their monthly accountability calculations, they do perform routine flushing. Discussion ensued regarding the format of the District's operator's report.

The Board concurred to direct RWC to remove the column regarding estimated water loss due to flushing from the accountability page in the monthly operator's report.

Discussion ensued regarding the status of the District's agreement with BBVA Compass Bank for additional payment options. The Board concurred to invite Jeff Lewis, Vice President and Municipal Utilities Manager of BBVA Compass, to the May special Board meeting.

Mr. Woodring discussed the manhole and water valve survey project development. He presented a cost estimate for exercising the valves. Following review and discussion, Director Kerr moved to table discussing whether to exercise the valves until the project is fully complete. Director Williams seconded the motion, which passed by unanimous vote.

CRITICAL LOAD

Ms. Carner next reviewed the District's Critical Load List. She said that the District engineer, operator and bookkeeper have reviewed the Critical Load List and verified that the information is accurate. She said ABHR will file the Critical Load List with Harris County and State agencies. Upon a motion by Director Thornhill and a second by Director Elms, the Board voted unanimously to authorize filing of the Critical Load List with Harris County and State agencies.

CONSUMER CONFIDENCE REPORT

Mr. Woodring requested to defer discussion of this item to the May special meeting.

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.

Mr. Brown stated his account had been disconnected for non-payment and that he felt he was treated poorly by the individuals at the Jones Road office when he went to pay

the bill. He requested that the Board set a policy not to disconnect accounts for de minimis amounts.

Following review and discussion, Director Kerr moved to authorize termination of delinquent accounts in accordance with the District's Rate Order, and that further taps be withheld from DNR Utilities until back-charges are paid. The motion was seconded by Director Elms and passed unanimously.

Discussion ensued regarding the current Rate Order provisions related to disconnection for non-payment, including placing of door tag notices.

DISTRICT WEBSITE

Ms. Waugh presented and reviewed a yearly review of website maintenance services and a new proposal for such services, a copy of which is attached. Discussion ensued regarding various updates to the District website. Following review and discussion, Director Elms moved to approve the proposal. Director Dubois seconded the motion, which passed unanimously.

ENGINEERING MATTERS

Ms. Efaw presented the attached engineer's report and updated the Board regarding engineering matters and the status of current construction projects more specifically described in the report.

Ms. Efaw discussed options for replacement of the generator at water plant no. 2, including alternative fuel options.

Ms. Efaw presented and recommended that the Board approve pay estimate no. 22 and final for the water plant no. 1 and no. 2 improvements, in the amount of \$112,628.53, a copy of which is attached to the engineer's report. She then recommended that the Board accept the project.

Ms. Efaw commented regarding the completion status of the wastewater treatment plant improvements contract awarded to R&B Group, Inc. ("R&B"). Discussion ensued regarding correspondence to R&B regarding the timing for completion of the project. Ms. Efaw presented and reviewed Change Order No. 1 to the contract with R&B for modifications to the mixed liquor pump panel, as an increase to the contract in the amount of \$15,168.04, a copy of which attached to the engineer's report. The Board determined Change Order No. 1 is beneficial to the District.

Following review and discussion, Director Elms moved to (1) approve the engineer's report; (2) approve pay estimate no. 22 and final, in the amount of \$112,628.53,

and accept the project, as recommended; and, (3) approve Change Order No. 1 in the amount of \$15,168.04 as an increase to the contract with R&B, based upon the Board's finding that the Change Order is beneficial to the District and the engineer's recommendation. Director Thornhill seconded the motion which passed unanimously.

SUMMER EVENT

Discussion ensued regarding the date and activities for the District's summer event. Following review and discussion, the Board concurred to hold the event on Saturday, August 3, 2019, from 10 a.m. - 1 p.m.

DIRECTORS AND DISTRICT CONSULTANT'S REPORTS

The Board discussed disposition of surplus items retrieved from the District Administrative Building closet.

ATTORNEY'S REPORT

The Board reviewed and revised the Action List and discussed and amended the status of the items listed. The Board directed ABHR to include action list item origination dates within the list going forward. The Board discussed rescheduling the May special meeting due to the Memorial Day holiday and reviewed agenda items for the meeting.

ARBITRAGE REPORT REPORTS 2014 AND 2014A

Ms. Carner presented Omnicap, LLC's arbitrage rebate and yield restriction calculations for the District's Series 2014 and 2014A Bonds and said the reports conclude that no rebates are due to the Internal Revenue Service.

There being no additional business to consider, Director Thornhill moved to adjourn the meeting at 8:45 p.m. Director DuBois seconded the motion, which passed unanimously.


Secretary, Board of Directors



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