

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

September 9, 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 9th day of September, 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, thus constituting a quorum.

Also present were Mike Thornhill, District resident; Sara and Caleb Burson of Accurate Meter & Supply; Christine Crotwell of Masterson Advisors, LLC; Dina Davis of Myrtle Cruz, Inc.; Esther Flores of Tax Tech, Inc.; Steve Woodring, Ginny Woodring and Scott Barr of Regional Water Corporation ("RWC"); Alene Efaw of BGE, Inc.; Officer Jesus Gaspar and Officer Silvano Salinas of the Harris County Sherriff's Department; and Katie Carner and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

Director Kerr called the meeting to order at 5:30 p.m.

PRESENTATION FROM ACCURATE METER

The Board received a presentation from Accurate Meter & Supply. Discussion ensued.

SECURITY REPORT, INCLUDING CONVENIENCE 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. Officer Gaspar, Officer Salinas, Ms. Carner and Ms. Miller also were present.

RE-CONVENE IN OPEN SESSION

At 6:15 p.m., the Board reconvened in Open Session. No action was taken by the Board.

COMMENTS AND WEBSITE INQUIRIES FROM THE PUBLIC

Mr. Woodring provided a written report and reported to the Board regarding emails received through the District website and response returned to the customers making inquiries, none of which required Board action.

DIRECTORS AND DISTRICT CONSULTANT'S REPORTS

There was no discussion for this agenda item.

MINUTES

The Board considered approving the minutes of the August 12, 2019, regular meeting. Following review and discussion, Director Elms moved to approve the meeting minutes for the August 12, 2019, regular meeting, as submitted. Director Thornhill seconded the motion, which by a vote of 4 to 0, with Director DuBois abstaining from voting.

GARBAGE COLLECTION AND RECYCLING

Director Kerr updated the Board regarding a proposed recycling facilities tour and the Board concurred to tour on October 29 or 30, 2019.

TAX ASSESSMENT AND COLLECTIONS MATTERS AND AMENDED AND RESTATED AGREEMENT FOR TAX SERVICES

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 August 30, 2019.

Ms. Flores and Ms. Carner updated the Board regarding the status of finalizing an Amended and Restated Agreement for Tax Services. The Board took no action.

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

2019 TAX RATE

Ms. Crotwell discussed the process for establishing the 2019 tax rate. The Board discussed publishing a proposed \$0.79 total tax rate. The Board also discussed historical home values, water and sewer rates and the parity tax rate. A copy of the tax rate analysis is attached.

After discussion, Director Kerr moved to authorize the tax assessor to publish in the Katy Times notice of a public hearing on October 14, 2019 regarding the District's proposed adoption of a 2019 tax rate of \$0.79 per \$100 assessed valuation. Director DuBois seconded the motion, which passed by unanimous vote.

BOARD OF DIRECTOR ELECTION FOR HARRIS COUNTY APPRAISAL DISTRICT

There was no discussion and the Board took no action.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Davis 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 voided check no. 10942 to Director DuBois. Director Kerr 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 Kerr 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 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 discussed and requested authorization to install an expandable communication/control system at Water Plant No. 1 (Elrod Road remote well) for an estimated cost of \$29,000. Following review and discussion, Director Thornhill moved to authorize installation. Director Kerr seconded the motion, which passed unanimously. Mr. Woodring said he would send the specifications to BGE for review.

Mr. Woodring reported on pumpage numbers for August, 2019 and discussed a high volume water users report for the month of August, 2019. Discussion ensued regarding leaks reported from high volume water users.

Mr. Woodring said the water valve survey is complete and will be provided to BGE to incorporate into the Geographical Information System ("GIS"). Director Williams requested that RWC bring a proposal for preventative maintenance on the hydrants, including greasing and oiling the hydrants.

Discussed ensued regarding Accurate Meter's earlier presentation and the presentation from Kamstrup at the July, 2019 special Board meeting. Following review and discussion, the Board concurred to defer discussion and request presentations from Ferguson Waterworks for Mueller meters and from Master Meter at the October, 2019 special Board meeting.

The Board discussed the previous presentation by First Billing. Ms. Carner presented and reviewed a Payment Services Agreement with First Billing. The Board next discussed the proposed transition plan to move District utility billing from AVR to First Billing.

Ms. Carner next discussed implementation of Senate Bill 239 and other legislation effective on September 1, 2019.

Following review and discussion, Director DuBois moved to (1) approve the operator's report; and (2) approve a Payment Services Agreement with First Billing. Director Williams seconded the motion, which passed unanimously.

TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS

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 Elms moved to (1) authorize termination of delinquent accounts in accordance with the District's Rate Order; and (2) withhold taps to Censeo Homes until back charges are paid in full. The motion was seconded by Director DuBois and 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 stated that bids were received for construction of a Replacement Generator at Water Plant No. 2. Ms. Efaw recommended that the Board award the contract to Gemini Contracting Services, Inc. ("Gemini") in the amount of \$385,500. Discussion ensued regarding contractor references and required timeline for completion of the project. However, following review and discussion, the Board concurred that, in its judgment, the second lowest bidder, W.W. Payton was the most responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project. Following review and discussion, Director Kerr moved to award the contract for construction of a Replacement Generator at Water Plant No. 2 to W.W. Payton in the amount of \$445,000, based upon the Board's determination that said contractor was the most responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project and subject to approval of the payment and performance bonds and review of the certificate(s) of insurance and endorsements, if any, provided by the contractor. Director Thornhill seconded the motion, which passed by unanimous vote.

Ms. Efaw next reviewed a utility commitment request for 2.46 equivalent single family connections ("ESFCs") from Gamal Enterprises for a proposed office/warehouse complete.

Ms. Efaw also submitted a report containing data for the 5-year Energy Use Analysis recommendations to reduce energy consumption, a copy of which is attached to the engineer's report.

Discussion ensued regarding adding installation of smart meters to the District's capital improvements plan.

Following review and discussion, Director Elms moved to (1) approve the engineer's report; (2) approve a utility commitment to Gamal Enterprises for 2.46 ESFCs; and (3) approve the 5-year energy use analysis and direct that the report be filed appropriately and retained in the District's official records. Director Kerr seconded the motion, which passed unanimously.

DISTRICT WEBSITE

Director Elms reported additional website traffic and subscribers added since the last meeting.

HOLIDAY IN THE PARK

The Board concurred to schedule the District's annual Holiday in the Park on December 14, 2019 from 4:00 p.m. to 6:00 p.m. Discussion ensued regarding contracts for holiday décor and budget for the Holiday in the Park event.

INSURANCE RENEWAL

The Board discussed renewal of the District's insurance on October 1, 2019, and concurred to defer pending confirmation from the District engineer that the property values listed in the renewal proposal match those reported by BGE to the District's insurance carrier.

ATTORNEY'S REPORT

The Board reviewed and revised the Action List and discussed and amended the status of the items listed. The Board reviewed agenda items for the September, 2019 special meeting.

The Board also discussed options for additional parking at Directors Park.

EXECUTIVE SESSION PURSUANT TO SECTION 551.072 TEXAS GOVERNMENT CODE

The Board determined it was not necessary to convene in executive session to deliberate the purchase and value of real property.

There being no additional business to consider, Director Kerr moved to adjourn the meeting at 8:23 p.m. Director DuBois seconded the motion, which passed unanimously.

Mary DuBois
Secretary, Board of Directors



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