

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

August 8, 2011

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 8th day of August, 2011, 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
Garth Freeze	Assistant Vice President
Phillip Smith, Jr.	Assistant Secretary

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

Also present were Chris Browne of Edminster, Hinshaw, Russ & Associates, Inc. ("EHRA"); David Glunt, representing Buffington Mason Park, Ltd. and Six J Investments, Inc.; Dana Davis of Myrtle Cruz, Inc.; Rodney Heisch of Brown & Gay Engineers, Inc. ("Brown & Gay"); Greg Ordeneaux of Tax Tech, Inc.; Steve Woodring and Ginny Woodring of Regional Water Corporation ("RWC"); and Nancy Carter and Susan Hostetler of Allen Boone Humphries Robinson LLP ("ABHR").

Director Thornhill called the meeting to order at 6:03 p.m.

COMMENTS AND WEBSITE INQUIRIES FROM THE PUBLIC

There were no comments from the public.

Mr. Woodring noted that RWC responded to additional website inquiries pursuant to the District's website response policy, and that the website inquiries are summarized in the operator's memorandum, a copy of which is attached. He reported that a resident has requested another survey regarding recycling. The Board directed Mr. Woodring to inform the resident that the Board has taken the request under advisement.

MINUTES

The Board considered approving the minutes of the regular meeting on July 11, 2011. The Board discussed corrections to the minutes. Following review and discussion, Director Kerr moved to approve the minutes of the July 11, 2011, regular meeting as corrected. Director Smith seconded the motion, which carried unanimously.

GARBAGE COLLECTION

There was no update regarding garbage collection.

DEVELOPMENT IN THE DISTRICT

Mr. Glunt discussed development in Lakes at Mason Park and Bridgewater Place. Regarding construction of water, sewer, and drainage facilities to serve Lakes of Mason Park, Section 2, Mr. Glunt reported that Jaho, Inc. did not provide the requested financial information by the deadline. He stated that, per the Board's direction, contracts with Bay Utilities, LLC have been prepared. Mr. Glunt reported that Jaho, Inc. has issued a letter acknowledging award of the contract to another contractor.

FINANCIAL AND BOOKKEEPING MATTERS, INCLUDING PAYMENT OF THE BILLS, REVIEW OF INVESTMENTS, AMEND BUDGET FOR FISCAL YEAR ENDING SEPTEMBER 30, 2011, AND BUDGETS FOR FISCAL YEAR ENDING SEPTEMBER 30, 2012

Ms. Davis reviewed the bookkeeper's report and investment report, and presented the bills for payment. The Board reviewed a proposed joint facilities budget for the fiscal year ending September 30, 2012. After review and discussion, Director DuBois moved to (1) approve the bookkeeper's report and investment report; (2) approve the bills presented for payment by the District; (3) adopt the joint facilities budget for the fiscal year ending September 30, 2012; and (4) authorize submittal of the joint facilities budget to Harris County Municipal Utility District No. 287 ("MUD 287"). Director Thornhill seconded the motion, which carried unanimously. Copies of the bookkeeper's report and investment report are attached.

The Board agreed to consider adopting the District's budget for the fiscal year ending September 30, 2012, at the next regular meeting.

TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Ordeneaux reviewed the monthly tax assessor/collector's report. He reported that the 2010 taxes are 98.63% collected as of July 31, 2011. After review and discussion, Director Thornhill moved to approve the tax assessor/collector's report and payment of the bills presented for payment from the tax account. Director Smith seconded the motion, which carried unanimously. A copy of the tax assessor/collector's report is attached.

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. Mr. Woodring stated that during the period June 24, 2011, through July 22, 2011, water accountability was 94.1%, and 14 new residential taps were installed in the District.

He reported that three water quality complaints were received during this period. He updated the Board regarding well run time at the water plants. Mr. Woodring noted there were no violations of the permitted parameters at the wastewater treatment plant in July.

Mr. Woodring reported the insurance claim for the well motor failure at water plant no. 2 has been filed.

Mr. Woodring reported that CenterPoint Energy has begun implementation of mandatory electric power curtailment as part of the District's participation in the Demand Response Program. He discussed District expenses and income relating to participation in the program.

Mr. Woodring then reviewed the District's Build-Out Projection Report and Joint Build-Out Projection Report with MUD 287, copies of which are attached.

Following review and discussion, Director Smith moved to approve the operator's report. Director Thornhill seconded the motion, which carried unanimously.

TERMINATION OF UTILITY SERVICE

The Board then conducted a hearing on the termination of utility service and withholding of taps. Mr. Woodring reviewed an appeal of the resident at 20927 Imperial Landing, requesting replacement of the water meter due to high water usage at the home. A copy of the appeal is attached. Mr. Woodring noted that RWC's investigation of the resident's report of high water usage has not shown any leak on the District's side of the tap. Following review and discussion, Director Freeze moved to replace the meter at 20927 Imperial Landing. Director Smith seconded the motion, which carried by unanimous vote.

Mr. Woodring reported that taps for Royce Homes, Trophy Homes, and NuWay Homes are on hold due to delinquent backcharges.

Mr. Woodring reported that the residents and builders on the attached termination and tap withholding list were mailed written notice prior to this meeting in accordance with the District's Rate Order, notifying them of the opportunity to appear before the Board to explain, contest, or correct the utility service bill and to show reason why service should not be terminated for reason of nonpayment. Director Kerr then moved that since the residents and builders on the termination list were neither present at the meeting nor had presented any statement on the matter, utility service should be terminated or taps should be withheld in accordance with the procedures set forth in the District's Rate Order. Director DuBois seconded the motion, which carried unanimously.

ENGINEERING MATTERS

Mr. Heisch presented the engineer's report and updated the Board regarding engineering matters and the status of current construction projects in the District. A copy of the engineer's report is attached.

Regarding the lift station at the wastewater treatment plant, Mr. Heisch reported that plans have been approved by all agencies. He requested the Board's authorization to install an Ebara pump on a trial basis at the District's lift station, and reviewed a proposal from JDC Fluid Equipment, LLC ("JDC") for \$540 per month. The Board asked Mr. Heisch to confirm that JDC will pay for any service, repair, and replacement costs for the pump.

Mr. Heisch stated that design and plan preparation is ongoing regarding the construction of water, sewer, and drainage facilities to serve Vineyard Meadow, Sections 5 and 6.

Mr. Heisch reported that Brown & Gay has confirmed that surge protection is installed at two locations at existing wells.

Mr. Heisch reviewed the seven bids received by the District for construction of the Vineyard Meadow detention basin expansion and recommended that the District award the contract to Double Oak Construction, Inc. in the amount of \$516,339. The Board agreed that Double Oak Construction, Inc. is a responsible bidder whose bid will result in the best and most economical completion of the District's project.

Regarding sanitary sewer rehabilitation for Westland Creek Village, Section 1, Phase 2, Mr. Heisch reviewed and recommended payment of Pay Estimate No. 5 and Final in the amount of \$22,572.50 to BC Liner, LLC.

Mr. Heisch updated the Board regarding construction of remote well no. 4. He stated the contractor has installed the pump and the motor has been ordered.

Mr. Heisch reviewed and recommended payment of Pay Estimate No. 3 in the amount of \$7,530.05 to Triple B Services, L.L.P. for construction of water, sewer, and drainage facilities to serve Vineyard Meadow, Section 3. He stated that paving and utility construction is complete and an inspection by Harris County has been requested.

Mr. Heisch reviewed and recommended payment of Pay Estimate No. 1 in the amount of \$87,574.10 to Bay Utilities, LLC for construction of water, sewer, and drainage facilities to serve Vineyard Meadow, Section 4. Mr. Heisch reported that the first stage of utilities has been installed and paving construction will begin August 15, 2011.

Mr. Heisch updated the Board regarding construction of water, sewer, and drainage facilities to serve Lakes of Mason Park, Section 2. He stated Jaho, Inc. did not provide the requested financial information and, therefore, at the Board's direction and

pending approval of the payment and performance bonds, the contract was awarded to Bay Utilities, LLC, the second lowest bidder.

Regarding construction of booster pumps and piping improvements at water plant no. 1, Mr. Heisch reported that the booster pumps have been ordered for delivery in September.

Mr. Heisch reviewed and recommended payment of Pay Estimate No. 2 and Final in the amount of \$24,376.06 to Canyon Construction Co., Inc. for the Director's Park drainage and sidewalk improvements. He reported that all punch list items have been completed.

Mr. Heisch reported that Allgood Construction Company has completed the Mason Road water line adjustment and next will make the two adjustments along Elrod Road. Mr. Woodring stated RWC will coordinate with Holy Covenant Church regarding water service during the construction on Elrod Road.

Mr. Heisch reported that upon discussion with the Texas Commission on Environmental Quality, it has been determined that the District's application for lowering its design criteria at the wastewater treatment plant will be included in bond application no. 13.

The Board reviewed a utility commitment letter and a Wastewater Services Contract for Evergreen Cottages, LP.

Mr. Heisch reported that a broker for several tracts on and near Clay Road and Mason Road has requested a letter stating the District will provide water and wastewater service to the tracts. Mr. Heisch reviewed a letter from Brown & Gay to the previous landowner, Satya, Inc., in 2004, regarding the District's capacity to serve the tracts. The Board discussed criteria for issuance of a letter regarding the available capacity. The Board directed ABHR to issue the District's utility commitment letter to the current owner, NewFirst Bank, stating that the District will provide no more than five equivalent single family connections ("ESFCs") per acre, due to capacity limitations at the wastewater treatment plant.

Mr. Heisch reported on preparation of bond application no. 13.

Following review and discussion and based upon the engineer's recommendation, Director Thornhill moved to: (1) approve the engineer's report; (2) authorize installation of an Ebara pump on a trial basis at the lift station at the wastewater treatment plant, at a cost of \$540 per month and contingent upon JDC covering any service, repair, and replacement costs for the pump; (3) pending approval of the payment and performance bonds, award the contract for construction of the Vineyard Meadow detention basin expansion to Double Oak Construction, Inc. in the amount of \$516,339; (4) approve Pay Estimate No. 5 and Final in the amount of \$22,572.50 to BC Liner, LLC for the sanitary sewer rehabilitation of Westland Creek Village, Section 1, Phase 2; (5) approve Pay

Estimate No. 3 in the amount of \$7,530.05 to Triple B Services, L.L.P. for construction of water, sewer, and drainage facilities to serve Vineyard Meadow, Section 3; (6) approve Pay Estimate No. 1 in the amount of \$87,574.10 to Bay Utilities, LLC for construction of water, sewer, and drainage facilities to serve Vineyard Meadow, Section 4; (7) contingent upon approval of the payment and performance bonds, acknowledge award of the contract for construction of water, sewer, and drainage facilities to serve Lakes of Mason Park, Section 2, to Bay Utilities, LLC, and authorize execution of the construction contracts; (8) approve Pay Estimate No. 2 and Final in the amount of \$24,376.06 to Canyon Construction Co., Inc. for the Director's Park drainage and sidewalk improvements; (9) approve the utility commitment letter and Wastewater Services Contract to Evergreen Cottages, LP for five ESFCs; and (10) approve a utility commitment letter to NewFirst Bank for capacity of up to five ESFCs per acre for the tracts along Mason and Clay Roads. The motion was seconded by Director Kerr, and carried by unanimous vote.

DEVELOPMENT AND MAINTENANCE OF DISTRICT WATER AND SANITARY SEWER FACILITIES, DETENTION PONDS, LAKES, PARKS, AND RECREATIONAL FACILITIES, INCLUDING DONATION TO AND DEVELOPMENT OF 6-ACRE PARK BY HARRIS COUNTY

Mr. Browne updated the Board regarding the Bundy Lake monument and stated he will circulate a schedule for construction shortly.

Mr. Browne reviewed a low impact drainage proposal for the Administration Building area, a copy of which is attached. Mr. Browne and Ms. Carter stated that certain agencies may provide funds toward projects like the one outlined in the proposal, in order to monitor its impact on stormwater quality.

Mr. Woodring reported that Greenway Environmental Services has provided an estimate of \$350 per month to maintain the landscaping proposed to be installed at the wastewater treatment plant.

Mr. Woodring reviewed a proposal from Storm Water Solutions to provide ant treatment at the splash pad and Administration Building, at a cost of \$2,926 per application. A copy of the proposal is attached.

The Board then discussed the proposal of Bartlett Tree Experts in the amount of \$3,175 to remove four trees, including stumps, and application of pine bark beetle treatment at Director's Park. A copy of the proposal is attached.

The Board requested an estimate for an irrigation system for the area, as well as recycling of runoff from the splash pad.

Following review and discussion, Director Kerr made a motion that RWC continue to provide ant control on an as-needed basis. The motion was seconded by Director DuBois, and carried by unanimous vote.

Following review and discussion, Director Smith moved to approve Bartlett Tree Experts' proposal in the amount of \$3,175 for removal of four trees and application of pine bark beetle treatment at Director's Park. The motion was seconded by Director Freeze, and carried by unanimous vote.

The Board reviewed Harris County's plans for the six-acre park. A copy of Harris County's plans is attached. The Board discussed maintenance of the proposed improvements and terms of the deed conveying the six-acre tract contingent upon the District's approval of the plans. Following review and discussion, Director DuBois moved to approve Harris County's plans for the six-acre park. Director Thornhill seconded the motion. Upon the question being called, Directors DuBois, Thornhill, and Freeze voted aye. Directors Kerr and Smith voted nay. The motion carried.

ADMINISTRATION BUILDING AND GAZEBO, INCLUDING RENTALS AND REPAIRS, AND SPLASH PAD

There was no additional report regarding the Administration Building and Gazebo.

REVIEW AND AMEND PARK RULES

The Board concurred to table review of the Park Rules until the special meeting.

SOLICITATION OF INSURANCE

The Board considered renewal of insurance and noted the current policy, placed through Highpoint Insurance Group, expires October 1, 2011. Following review and discussion, Director Kerr moved to authorize solicitation of proposals for renewal of the District's insurance. The motion was seconded by Director Smith, and carried by unanimous vote.

DIRECTOR LIAISON POSITIONS

Following discussion, the Board concurred that the directors retain their current liaison positions, as follows:

Director Kerr:	ABHR, EHRA, Best Trash
Director Smith:	Lake Pro, RWC, Off Cinco
Director DuBois:	Myrtle Cruz, McCall, HighPoint Insurance, Seaback
Director Thornhill:	Tax Tech, First Southwest Company
Director Freeze:	Brown & Gay, Storm Water Solutions, Security/Today's Integration

DEVELOPMENT AND MAINTENANCE OF DISTRICT WATER AND SANITARY SEWER FACILITIES, DETENTION PONDS, LAKES, PARKS, AND RECREATIONAL FACILITIES, INCLUDING DONATION TO AND DEVELOPMENT OF SIX-ACRE PARK BY HARRIS COUNTY

Director Thornhill requested that Storm Water Solutions inspect the detention ponds in Morton Ranch, and asked Mr. Woodring to follow up on this matter.

DISTRICT WEBSITE

There was no discussion regarding the District's website.

ACTION LIST

The Board reviewed the Action List, a copy of which is attached.

MEETING SCHEDULE

The Board agreed to schedule a special meeting to discuss parks on Monday, August 29, 2011. The Board discussed holding a special meeting on Monday, September 26, 2011, if Ms. Jarmon is available.

EXECUTIVE SESSION

The Board did not meet in Executive Session.

CONTINUED—PUBLIC COMMENT

Director Freeze discussed his term of office.

There being no further business to come before the Board, Director Thornhill moved to adjourn the meeting. The motion was seconded by Director DuBois and carried unanimously.

(SEAL)



Mary DuBois
Secretary Board of Directors

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