

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

September 12, 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 12th day of September, 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.

Also present were David Glunt, representing Buffington Mason Park, Ltd. and Six J Investments, Inc.; Mary Jarmon of Myrtle Cruz, Inc.; Rodney Heisch of Brown & Gay Engineers, Inc. ("Brown & Gay"); Anthea Moran of First Southwest Company; Greg Ordeneaux of Tax Tech, Inc.; Steve Woodring and Ginny Woodring of Regional Water Corporation ("RWC"); Josh Hargrave of HARCO Insurance Services; Joseph Ellis of McCall Gibson Swedlund Barfoot PLLC; and Lynne B. Humphries and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

Director Thornhill called the meeting to order at 6:05 p.m.

COMMENTS AND WEBSITE INQUIRIES FROM THE PUBLIC

There were no comments from the public.

MINUTES

The Board considered approving the minutes of the regular meeting on August 8, and the special meeting on August 29, 2011. Following review and discussion, Director Kerr moved to approve the minutes of the August 8, 2011, regular meeting and the August 29, 2011, special meeting, both as submitted. Director DuBois seconded the motion, which carried unanimously.

AUDIT FOR FISCAL YEAR END SEPTEMBER 30, 2011

The Board considered engaging an auditor to conduct the audit for the fiscal year ending September 30, 2011. Mr. Ellis presented and reviewed an engagement letter. He

stated that the District will be billed on an hourly basis and that fees are estimated to be between \$16,000 and \$17,500 for the District audit and between \$1,800 and \$2,000 for audit of the joint accounts. Following review and discussion, Director DuBois moved to engage McCall Gibson Swedlund Barfoot PLLC to conduct the District's audit of the District account and the joint accounts for the fiscal year ending September 30, 2011. Director Kerr seconded the motion, which passed by unanimous vote.

GARBAGE COLLECTION

There was no update regarding garbage collection.

REPORT ON DEVELOPMENT IN THE DISTRICT

Mr. Glunt discussed development and in Lakes at Mason Park and Bridgewater Place, design of future sections of Lakes at Mason Park and pending lot sales to homebuilders.

ANNUAL REVIEW OF INVESTMENT POLICY AND ADOPTION OF AMENDED INVESTMENT POLICY

Ms. Humphries discussed a bill that passed during the legislative session which necessitated several changes in the District's investment policy. Ms. Humphries next presented an Amended and Restated Investment Policy. After review and discussion, Director Thornhill moved to approve an Amended and Restated Investment Policy. Director DuBois seconded the motion which passed unanimously.

RESOLUTION ESTABLISHING THE AUTHORIZED DEPOSITORY INSTITUTIONS AND ADOPTING LIST OF QUALIFIED BROKER/DEALERS WITH WHOM THE DISTRICT MAY ENGAGE IN INVESTMENT TRANSACTIONS

The Board then reviewed the District's list of qualified broker/dealers with whom the District may engage in investment transactions. Ms. Humphries noted that the District's bookkeeper has submitted an updated list of authorized depository institutions and qualified broker/dealers, which includes all banks where the District maintains authorized depository accounts. Following review and discussion, Director Thornhill moved to adopt a Resolution Establishing Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions, and direct that the resolution be filed appropriately and retained in the District's official records. Director Freeze seconded the motion, which passed by unanimous vote.

RENEWAL OF DISTRICT INSURANCE POLICIES

The Board discussed its insurance coverage for the period October 1, 2011 through September 30, 2012, and reviewed proposals from Harco Insurance and Highpoint Insurance for same and discussed coverage components offered through each carrier. Upon a motion by Director Freeze and a second by Director Smith, the Board authorized renewal of the District's insurance through Highpoint Insurance by a vote of 4 to 0 with Director Dubois abstaining from the vote.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Mr. Ordeneaux reviewed the monthly tax assessor/collector's report. He reported that the 2010 taxes are 99.06% collected as of August 30, 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.

2011 TAX RATE

Ms. Humphries discussed the public hearing process for establishing a tax rate. Ms. Moran recommended a levy of \$0.84 per \$100 valuation for debt service and \$0.26 for operations and maintenance. Upon a motion made by Director Smith and seconded by Director Kerr, the Board unanimously authorized the tax assessor to publish in the Katy Times notice of public hearing on October 10, 2011, regarding the District's proposed adoption of a tax rate of \$1.10, comprised of a levy of \$0.84 for debt service and \$0.26 for operations and maintenance.

BUDGET FOR FISCAL YEAR END SEPTEMBER 30, 2012

The Board then reviewed the budget for the fiscal year ending September 30, 2011. Ms. Moran and Ms. Humphries commented regarding funds available for special projects and reserve available for future system repairs. Following review and discussion, the Board concurred to defer action until the Board's special meeting on September 29, 2011.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Jarmon 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; and (2) approve the bills presented for payment by the District. Director Kerr seconded the

motion, which carried unanimously. Copies of the bookkeeper's report and investment report are 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, including two tap line leaks. Upon a motion by Director Smith and a second by Director Thornhill, the Board unanimously approved an expenditure in the amount of \$3,100 for repair of two tap line leaks. Mr. Woodring stated that the water accountability for the month of August was 91.9%, and 25 new residential taps were installed in the District. He discussed District well run times and water usage and reported that the District has not yet reached the well run times necessary to declare stage 1 drought conditions, but that signs encouraging voluntary conservation have been posted throughout the District, as authorized by the Board. Mr. Woodring noted there were no violations of the permitted parameters at the wastewater treatment plant in August.

Mr. Woodring updated the Board on the insurance claim for the well motor failure at water plant no. 2 and said that Alsay, Inc. found additional damage to the motor and recommended replacing the motor for an additional \$8,200. He said that the recommendation to replace the motor has been reported to the carrier and that claim reserves have been increased accordingly.

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

TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS

The Board then conducted a hearing on the termination of utility service. Mr. Woodring reviewed an appeal of the resident at 2822 Morton Cove requesting that the Board waive the reconnection fee and an additional deposit totaling \$60.00. Mr. Woodring also reviewed an appeal of the resident at 20927 Imperial Landing Lane requesting relief from unusually high water bills from unexplained usage. Copies of the appeals are attached. Following discussion and consideration of information provided by the District operator, Director DuBois moved to deny the appeal of the resident at 2822 Morton Cove. Director Freeze seconded the motion which passed unanimously. Then, upon a motion by Director DuBois and a second by Director Kerr, the Board voted unanimously to authorize Mr. Woodring to waive previous delinquent charges of the resident at 20927 Imperial Landing Lane and adjust the bill based upon an average of \$251.20, subject to routine checking and flagging of the meter.

Mr. Woodring reported that the residents on the attached termination 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 on the termination list were neither present at the meeting nor had presented any statement on the matter, utility service should be terminated in accordance with the procedures set forth in the District's Rate Order, with the exception of 20927 Imperial Landing Lane, for which payment arrangements were approved. 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.

Mr. Heisch updated the Board on the proposed trial installation of the Ebara pump at the lift station at the wastewater treatment plant by JDC Fluid Equipment, LLC ("JDC") for a rental cost of \$540 per month. He continued that JDC has not agreed to pay for any service, repair, and replacement costs for the pump in the event of failure, as requested by the Board.

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 updated the Board regarding construction of remote well no. 4 and recommended that the Board approve Pay Estimate No. 5 in the amount of \$32,583.38, payable to Weisinger, Inc. Mr. Heisch said that the well motor is available and will be installed when electric service is established at the site. Ms. Humphries then presented an addendum to the District's contract with Mid American Energy Company adding a meter at 3111 ½ Eldrod Road, Katy, Texas 77449.

Mr. Heisch said that utilities and paving to serve Vineyard Meadow, Section 3 are complete and pending inspection by Harris County.

Mr. Heisch reported that utilities and the first stage inlets are complete in Vineyard Meadow, Section 4 and that paving should begin within weeks.

Mr. Heisch reported regarding the status of construction of the Vineyard Meadow detention basin expansion and presented contracts for signature.

Regarding construction of booster pumps and piping improvements at water plant no. 1, Mr. Heisch reported that the booster pumps are on hand and that the contractor expects to mobilize next week.

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. Heisch reported that the District's bond application will be submitted to the Texas Commission on Environmental Quality ("TCEQ") this week.

Mr. Heisch reported regarding notices received from the West Harris County Regional Water Authority ("WHCRWA") regarding drought and conservation efforts and upcoming workshop to discuss same. The Board concurred the workshop on conservation would be worthwhile for Directors to attend, if possible.

The Board next discussed screening the disinfection system at Elrod Road water plant. Following discussion, the Board requested that Mr. Woodring obtain an estimate to plant a screen of oleander and that Mr. Heisch obtain proposals for building cover/screening options for consideration at the Board's special meeting on September 29, 2011.

Following review and discussion and based upon the engineer's recommendation, Director Thornhill moved to: (1) approve the engineer's report; (2) approve rental of an Ebara pump at the lift station at the wastewater treatment plant for \$540 per month and to add the pump to the District's insurance policy; (3) approve an addendum to the District's contract with Mid American Energy Company adding a meter at 3111 1/2 Elrod Road, Katy, Texas 77449; and (4) approve Pay Estimate No. 5 in the amount of \$32,583.38, payable to Weisinger, Inc. for construction of remote well no. 4. The motion was seconded by Director Kerr, and carried by unanimous vote.

DEVELOPMENT AND MAINTENANCE OF DISTRICT, DETENTION PONDS, LAKES, PARKS, AND RECREATIONAL FACILITIES

Mr. Woodring said that Lake Pro, Inc. was putting together a proposal to clean and aerate Bundy Lake pond. Upon a motion by Director Smith and a second by Director Freeze, the Board voted unanimously to authorize clean up and aeration of Bundy Lake pond by Lake Pro, Inc. in an amount not to exceed \$5,000. Mr. Woodring said that the area was dewatered today to make ready for the monument work. No additional action was taken on this agenda item.

ADMINISTRATION BUILDING, GAZEBO AND RESTROOM AT BUNDY LAKE, INCLUDING RENTAL, REPAIRS, AND SPLASH PAD

Mr. Woodring discussed maintenance issues with water backing up into Morton Ranch detention pond from the Harris County Flood Control ditch. Director Thornhill said that she would contact Commissioner Radack regarding same.

DISTRICT WEBSITE

The Board concurred to post on the District's website notice of the proposed tax levy for 2011 and notice to residents regarding items that should not be disposed of in the District's sanitary sewer system and water conservation tips.

ACTION LIST

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

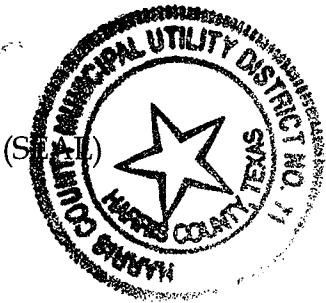
MEETING SCHEDULE

The Board agreed to schedule a special meeting on September 29, 2011 to discuss budget and parks.

EXECUTIVE SESSION PURSUANT TO SECTION 551.076

The Board determined that it was not necessary to convene to executive session.

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





Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
tax assessor/ collector's report	3
bookkeeper's report.....	4
investment report	4
operator's report	4
termination and tap withholding list	4
engineer's report	5
Action List	7