

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

October 10, 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 10th day of October, 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, except Directors DuBois and Freeze, thus constituting a quorum.

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"); Esther Flores of Tax Tech, Inc.; Steve Woodring and Ginny Woodring of Regional Water Corporation ("RWC"); Choudry Mamik, District resident; and Lynne B. Humphries and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

Director Thornhill called the meeting to order at 6:04 p.m.

COMMENTS AND WEBSITE INQUIRIES FROM THE PUBLIC

Mr. Mamik commented regarding an unexplained spike in water usage at his residence in the Lakes of Bridgewater from July 22, 2011 to August 22, 2011. Mr. Woodring said that RWC performed a consumption check and found no error with the District meter. Mr. Mamik said that he had a plumber inspect the house and that the plumber was unable to find any leaks or other problems. Mr. Mamik then left the meeting.

MINUTES

The Board considered approving the minutes of the regular meeting on September 12, 2011, and the special meeting on September 29, 2011. Following review and discussion, Director Kerr moved to approve the minutes of the September 12, 2011,

regular meeting and the September 29, 2011, special meeting, as amended. Director Smith seconded the motion, which carried unanimously.

GARBAGE COLLECTION

There was no discussion regarding garbage collection.

REPORT ON DEVELOPMENT IN THE DISTRICT

Mr. Glunt discussed development in the Lakes at Mason Park and Bridgewater Place, design of future sections of Lakes at Mason Park and pending lot sales to homebuilders. He also requested that the Board consider consenting to the assignment of reimbursement rights now owned by Buffington Mason Park, Ltd. to MUD Reimbursement Finance, LLC and presented an Assignment of Reimbursement Rights and Reimbursement Payment and a Notice of Security Interest. Upon a motion by Director Thornhill and a second by Director Kerr, the Board voted unanimously to approve Assignment of Reimbursement Rights and Reimbursement Payment from Buffington Mason Park, Ltd. to MUD Reimbursement Finance, LLC and a Notice of Security Interest, subject to confirmation that reimbursement rights have not been previously assigned to any other entity.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Jarmon reviewed the bookkeeper's report and investment report, 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) approve the bills presented for payment by the District. Director Smith seconded the motion, which carried unanimously. Copies of the bookkeeper's report and investment report are attached.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Flores reviewed the monthly tax assessor/collector's report. She reported that the 2010 taxes are 99.24% collected as of September 30, 2011 and discussed historical collections. 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.

HEARING REGARDING 2011 TAX RATE, ORDER LEVYING TAXES, AND AMENDMENT TO INFORMATION FORM.

Ms. Flores stated that Tax Tech, Inc. published the required Notice of Public Hearing stating that the District proposed levying a \$1.10 tax rate at this meeting.

Director Thornhill then opened the public hearing. No members of the public came forward to make comments. Director Thornhill closed the public hearing

The Board discussed the 2011 tax rate. Ms. Humphries presented to the Board an Order Levying Taxes with a total \$1.10 tax rate comprised of \$0.84 to pay the District's debt service and \$0.26 to pay operations and maintenance expenses of the District. Ms. Humphries also reviewed an Amendment to Information Form reflecting the tax rate. After review and discussion, Director Thornhill moved to adopt the Order Levying Taxes and Amendment to Information Form and direct that the Order and Amendment be filed appropriately and retained in the District's official records. Director Smith seconded the motion, which passed unanimously. The Board confirmed its intention that the 2011 tax levy includes a debt service component for the calendar year ending December 31, 2012, and a maintenance tax component for the fiscal year ending September 30, 2012.

HEARING REGARDING TAXATION OF GOODS-IN-TRANSIT UNDER TEXAS TAX CODE SECTION 11.253 AND RESOLUTION TO TAX GOODS-IN-TRANSIT

Ms. Humphries reviewed a memorandum prepared by ABHR regarding a tax exemption for goods-in-transit, as defined in Section 11.253, Texas Tax Code, and as amended by Article 48 of Senate Bill No. 1 of the First Called Session of the 82nd Texas Legislature. A copy of the memorandum is attached. Ms. Humphries reported that goods-in-transit will be exempt from taxation in the 2012 tax year and each year thereafter unless the District takes action by the end of the 2011 to tax such goods-in-transit. The Board opened a public hearing regarding the taxation of goods-in-transit. There being no members of the public in attendance wishing to address the Board, the public hearing was closed. Ms. Humphries presented a Resolution to Tax Goods-in-Transit ("Resolution") for the Board's consideration. After review and discussion, Director Kerr moved to adopt the Resolution and direct that the Resolution be filed appropriately and retained in the District's official records. Director Thornhill seconded the motion, which passed 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. Mr. Woodring stated that the water accountability for the month of September was 95.4% and 16 new residential taps were installed in the District. Mr. Woodring also reviewed an informational flyer/insert regarding the disposal of grease and recommended distributing same to District residents. After discussion, the Board concurred to delay distributing the flyers regarding disposal of grease until the spring. Mr. Woodring 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. Mr. Woodring noted there were no violations of the permitted parameters at the wastewater treatment plant in September.

Mr. Woodring updated the Board on the insurance claim for the well motor failure at water plant no. 2.

Mr. Woodring reported regarding comments and website inquiries and presented a request from Troylynn Johnson Robichaux requesting a refund of a \$100 security deposit made when opening a new account. Ms. Humphries reviewed the District's Rate Order requirements regarding security deposits. The Board did not approve the request.

Following review and discussion, Director Smith moved to approve the operator's report. Director Thornhill 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. Director Thornhill requested that the District operator provide a breakdown of West Harris County Regional Water Authority fees for Choudry Mamik's account and request that Mr. Mamik provide the plumber's report by the October special meeting. 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 Thornhill 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 account no. 1-71-25355-04, Choudry Mamik, pending the outcome of the investigation of his reported high water use. Director Smith 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 first requested authorization to design the plans necessary to bid the installation of a second portable generator to serve the lift stations.

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 and that plans will be ready for approval submissions in the next to 4 to 6 weeks.

Mr. Heisch presented solicited proposals to plug and abandon a 300 gallons per minute ("gpm") water well and said that Weisinger, Inc., the District's contractor for the construction of remote well no. 4, submitted the lowest proposal in the amount of \$17,800. Mr. Heisch said that Weisinger, Inc. agreed to plug and abandon the 300 gpm water well for \$13,570, if the project is written as a change order into the District's existing contract for construction of remote well no. 4.

Mr. Heisch next reviewed proposals for the construction of a concrete containment wall for the sodium hypochlorite tanks at Elrod Road water plant. Director Kerr requested that stenciling on the sodium hypochlorite tanks be smaller.

Mr. Heisch updated the Board regarding construction of remote well no. 4 and recommended that the Board approve Pay Estimate No. 6 in the amount of \$358,653.69, payable to Weisinger, Inc. Mr. Heisch said that the well motor is available and that electric service is now established at the site.

Mr. Heisch updated the Board on design of the lift station at the wastewater treatment plant and said he will have bids for review at the November regular meeting. Ms. Miller confirmed that the pump replacement values were reported to the District's insurance carrier and the equipment has been added to the District's policy.

Mr. Heisch said that utilities and paving to serve Vineyard Meadow, Section 3 are complete and pending inspection by Harris County. He presented a certificate of substantial completion.

Mr. Heisch reported that paving and utilities are complete in Vineyard Meadow, Section 4 and the facilities will be inspected by Harris County on Thursday.

Mr. Heisch reported regarding the status of construction of the Vineyard Meadow detention basin expansion and said that construction will begin in a month.

Regarding construction of booster pumps and piping improvements at water plant no. 1, Mr. Heisch reported that the booster pumps have been installed and pipework is underway.

Mr. Heisch updated the Board regarding the adjustment of the water line under Morton Ranch Road west of Mason Road and recommended payment of Pay Estimate No. 1 and Final in the amount of \$19,185 for the Mason Road at Morton Ranch Road waterline adjustment and Pay Estimate No. 1 and Final in the amount of \$23,670 for the Elrod Road at Morton Ranch Road water line adjustment, both payable to Allgood Construction Company.

Mr. Heisch said that the renewal application for the wastewater treatment plant permit will be submitted to the Texas Commission on Environmental Quality ("TCEQ") on November 1, 2011.

Mr. Heisch next discussed a request from Katy G2K Development Partners, LLC for 2 equivalent single family residential connections to serve a Family Dollar Store.

Mr. Heisch reported that the District's bond application was declared administratively complete by the TCEQ on September 20, 2011.

Mr. Heisch said comments from the District's last special meeting will be incorporated into the capital improvement plan.

The Board discussed holding a special meeting on October 24, 2011 to consider GIS maps and hear a presentation from W.I.S.E Guys on water conservation evaluations.

Following review and discussion and based upon the engineer's recommendation, Director Thornhill moved to: (1) approve the engineer's report; (2) authorize design for installation of a second portable generator for the lift stations; (3) authorize Weisinger, Inc. to plug and abandon the 300 gpm water well for \$13,570, as a change order into the District's existing contract for construction of remote well no. 4; (4) approve Pay Estimate No. 6 in the amount of \$358,653.69, payable to Weisinger, Inc. for the construction of remote well no. 4; (5) Pay Estimate No. 1 and Final in the amount of \$19,185 for the Mason Road at Morton Ranch Road waterline adjustment and Pay Estimate No. 1 and Final in the amount of \$23,670 for the Elrod Road at Morton Ranch Road water line adjustment, both payable to Allgood Construction Company; (6) authorize the District engineer to submit a renewal application to TCEQ for the wastewater treatment plant permit; (7) approve 2 equivalent single family residential service connections to Katy G2K Development Partners, LLC to serve a Family Dollar Store; and (8) authorize the District operator to change signage at the sodium hypochlorite tanks on Elrod Road as discussed and as allowed by the TCEQ. Director Kerr seconded the motion, which was unanimously approved.

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

Director Kerr reported that the original contractor for the lighting has agreed to install the lighting as bid and monument construction will continue when the lighting is installed.

The Board next discussed water recycling and irrigation at the Directors Park. Director Kerr said she received a plan from Greenway and, according to Chris Browne, there is no confirmation from the TCEQ whether or not filtering is required.

Mr. Woodring said he received a call from a District resident requesting confirmation that the metal fence around Bundy Lake was within District right of way and not on her private property. The Board asked Mr. Heisch to investigate whether a survey had been done before. Director Smith also requested that the District engineer provide a proposal for survey of the six fenced lots against Bundy Lake if no specific survey has been done before.

The Board discussed tree planting by Harris County Flood Control District ("HCFCD") at the Morton Ranch detention ponds adjacent to Harris County Municipal Utility District No. 287. Director Thornhill said that she would contact HCFCD for more information regarding same.

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

There was no additional discussion on this agenda item.

DISTRICT WEBSITE

There was no additional discussion on this agenda item.

REVIEW ACTION LIST OF ACTIONS

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

DISTRICT INFORMATION KIT

The Board reviewed a draft of the District Information Kit for 2011, suggested revisions and requested that the District Information Kit be revised and distributed at the October 27, 2011 special meeting for final review.

RENEWAL OF HARRIS COUNTY DEPUTY CONTRACT

Ms. Humphries discussed the expiration of the District's interlocal agreement with Harris County for the Sheriff's Department to provide for security patrol and said that any changes requested to the existing contract need to be communicated to Harris County. Following discussion, the Board concurred to continue with the same number of patrol officers but to seek additional information on patrol hours and calls.

MEETING SCHEDULE

The Board agreed to schedule a special meeting on October 27, 2011 at 7:00 p.m. for park related matters and a special meeting on October 24, 2011 at 6:00 p.m. to discuss GIS and W.I.S.E. Guys.

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 7:33 p.m. Director Thornhill announced that the Board would convene in executive session to discuss the deployment, or specific occasions for implementation of security personnel or devices.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING DEPLOYMENT, OR SPECIFIC OCCASIONS FOR IMPLEMENTATION OF SECURITY PERSONNEL OR DEVICES

Director Thornhill announced that the Board would reconvene in open session and that the date and time at the end of executive session was October 10, 2011 at 7:39 p.m. Also present during the executive session were Ms. Humphries and Ms. Miller.

Director Thornhill moved to continue with two patrol officers for 2012. Director Smith seconded the motion which passed unanimously.

There being no further business to come before the Board, Director Thornhill moved to adjourn the meeting. Director Smith seconded the motion, which passed unanimously, whereupon the meeting was adjourned.

(SEAL)



Mary Dubois
Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
bookkeeper's report.....	2
investment report	2
tax assessor/ collector's report	2
operator's report.....	3
termination and tap withholding list	4
engineer's report.....	4
Action List	7