

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

November 14, 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 14th day of November, 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"); Esther Flores of Tax Tech, Inc.; Steve Woodring and Ginny Woodring of Regional Water Corporation ("RWC"); Chris Browne of Edminster, Hinshaw, Russ & Associates, Inc. ("EHRA"); and Lynne B. Humphries and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

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

COMMENTS AND WEBSITE INQUIRIES

There were no public comments or website inquiries discussed.

MINUTES

The Board considered approving the minutes of the regular meeting on October 10, 2011, the special meeting on October 24, 2011, and the special meeting on October 27, 2011. Following review and discussion, Director Kerr moved to approve the minutes of the regular meeting on October 10, 2011, as amended, the special meeting on October 24, 2011, as submitted, and the special meeting on October 27, 2011, as amended. Director Thornhill seconded the motion, which passed unanimously for the minutes of October 24 and October 27, 2011 and by a vote 4 to 0 with regard to the minutes of October 10, 2011, with Director Dubois abstaining.

## GARBAGE COLLECTION

Director Kerr discussed correspondence received from a District resident expressing interest in recycling programs within the District. Mr. Woodring said that results of the previous resident survey regarding recycling are on the District website and that District residents are surveyed annually for input regarding interest in recycling.

## 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 generally discussed current housing markets and mortgage requirements. Mr. Glunt inquired regarding contributing to the District's annual Holiday in the Park event.

## FINANCIAL AND BOOKKEEPING MATTERS

Ms. Jarmon reviewed the bookkeeper's report and investment report, including renewal of an expiring certificate of deposit, and presented the bills for payment. Ms. Humphries also discussed a request received from the U.S. Census Bureau requesting voluntary completion of a 2011 survey of Government Finances. 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; and (3) decline response to the U.S. Census Bureau's request for voluntary completion of a 2011 survey of Government Finances due to the costs involved. Director Thornhill seconded the motion, which carried unanimously. Copies of the bookkeeper's report and investment report are attached.

## INSURANCE PROPOSAL TO COVER REMOTE WELL NO. 4

Ms. Humphries next discussed the additional premium to add remote well no. 4, by endorsement, to the District's insurance policy. She said that the carrier has not yet defined the premium, that the carrier has received the value from the District engineer and will make the endorsement effective October 1, 2011. After review and discussion, upon a motion by Director Thornhill and a second by Director Freeze, the Board voted unanimously to add remote well no. 4 to the District's policy by endorsement and to authorize the additional premium.

ENGAGE COMPANY TO CONDUCT ARBITRAGE REBATE STUDY FOR SERIES 2001 BONDS

The Board next considered engaging Omnicap, LLC to conduct an arbitrage rebate study for the District's Series 2001 Bonds. After review and discussion, upon a motion by Director Dubois and a second by Director Kerr, the Board voted unanimously to authorize Omnicap, LLC to conduct an arbitrage rebate study for the District's Series 2001 Bonds.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Flores reviewed the monthly tax assessor/collector's report. Ms. Flores reported that the 2011 taxes are 0.06% collected as of October 30, 2011 and discussed historical collections. Ms. Flores also requested that the Board authorize a tax due date reminder on the utility bills to residents who do not escrow taxes within a mortgage payment. After review and discussion, Director Thornhill moved to approve the tax assessor/collector's report, payment of the bills presented for payment from the tax account and to authorize a tax due date reminder on the utility bills and District website to residents who do not escrow taxes within a mortgage payment. Director Smith seconded the motion, which carried unanimously. A copy of the tax assessor/collector's report is attached.

RESOLUTION REQUESTING APPRAISAL OF PROPERTY AND CERTIFICATE OF ESTIMATED APPRAISED VALUE

Ms. Humphries discussed preparation of bond application no. 13 and recommended the District obtain an estimate of value as of November 15, 2011. Following discussion, Director Thornhill moved to adopt a Resolution Requesting Appraisal of Property and Certificate of Estimated Appraised Value, and direct that the resolution be filed appropriately and retained in the District's official records. The motion was seconded by Director Kerr, and carried unanimously.

RESOLUTION CASTING BALLOT FOR THE ELECTION OF A PERSON TO THE BOARD OF DIRECTORS OF THE HARRIS COUNTY APPRAISAL DISTRICT

The Board considered adopting a Resolution Casting its Ballot for Director for Board of Directors Election for HCAD. Ms. Humphries stated that Glenn Peters is the incumbent candidate. The Board requested and received comments from its consultants regarding the nominees. Following review and discussion, Director Kerr moved to adopt a Resolution Casting its Ballot for Director for Board of Directors Election for HCAD, casting the District's vote for Glenn Peters and direct that the Resolution and ballot, be filed appropriately and retained in the District's official

records. Director Dubois seconded the motion, which passed by a vote of 3 to 0, with Directors Smith and Freeze abstaining from the vote.

#### OPERATION OF DISTRICT FACILITIES, BILLINGS

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 tap line repairs on North Mason and Calderbrook. Mr. Woodring stated that the water accountability for the month of October was 92% and 7 new residential taps were installed in the District. 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. The Board discussed removing voluntary conservation signs throughout the District. Mr. Woodring noted there were no violations of the permitted parameters at the wastewater treatment plant in October.

Mr. Woodring and Mr. Heisch next discussed removing and replacing labeling on the sodium hypochlorite tanks at Elrod Road water plant, as directed by the Board at the October regular meeting.

Mr. Heisch said that the trial Ebara pump was installed at the lift station at the wastewater treatment plant by JDC Fluid Equipment, LLC ("JDC") on November 1, 2011.

Mr. Woodring updated the Board on the insurance claim for the well motor failure at water plant no. 2 and said that payment for the claim was issued.

Following review and discussion, Director Smith moved to (1) approve the operator's report; (2) authorize the District operator to remove the voluntary water conservation signs throughout the District; and (3) authorize the District operator to make the tap line repairs, as recommended. Director Kerr seconded the motion, which carried unanimously.

#### HEARING ON TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS AND TERMINATION OF SERVICE

The Board first received information and comment from the District operator regarding a written appeal from customer Jesse Gonzales at 3016 Emerald Bay Circle requesting waiver of a delinquent letter fee in amount of \$8. After consideration of the information provided by the District operator and the provisions of the District's Rate Order, Director Kerr moved to deny relief requested by Jesse Gonzales at 3016 Emerald Bay Circle. Director Freeze seconded the motion, which passed unanimously.

The Board then conducted a hearing on the termination of utility service. 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 Dubois 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. Director Kerr seconded the motion, which carried unanimously.

#### IRRIGATION ANALYSIS PROPOSAL FROM W.I.S.E. GUYS

Director Thornhill said that she requested additional information from Mr. Hartley regarding the W.I.S.E. Guys program for the December meeting. No action was taken by the Board on this agenda item.

#### 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 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 updated the Board on design of the lift station at the wastewater treatment plant and reported that he received bids and recommended that the Board award the contract to the lowest qualified bidder, T&C Construction, in the amount of \$1,057,000. After discussion, based on the engineer's recommendation, and because it would result in the best and most economical completion of the project, Director Thornhill moved to approve the award of the contract to T&C Construction, subject to review and approval of payment and performance bonds. Director Dubois seconded the motion which passed unanimously. The Board discussed the project budget, including amounts to be reimbursed through future bond funds and cost sharing with Harris County Municipal Utility District No. 287 ("No. 287").

Mr. Heisch reported regarding the construction of remote well no. 4 and plugging and abandoning the 300 gallons per minute ("gpm") water well. He recommended that the Board approve Pay Estimate No. 7, in the amount of \$116,033.62, payable to Weisinger, Inc. Mr. Heisch added that site work is substantially complete, with the exception of final grading and seeding and there will be a well enclosure. He also reported on issues establishing phone service at the well site.

Mr. Heisch said that utilities and paving to serve Vineyard Meadow, Sections 3 and 4 are complete and pending inspection by Harris County.

Mr. Heisch reported regarding the status of construction of the Vineyard Meadow detention basin expansion and said that a pre-construction meeting is scheduled this week.

Mr. Heisch discussed construction of water, sewer and drainage to serve Lakes of Mason Park, Section 2 and recommended that the Board approve Pay Estimate No. 1 in the amount of \$138,152.70, payable to Bay Utilities, LLC. Ms. Humphries added that the developer is advancing funds for construction payments.

Regarding construction of booster pumps and piping improvements at water plant no. 1, Mr. Heisch recommended that the Board approve Pay Estimate No. 1 in the amount of \$99,900, payable to W.W. Payton Construction. Mr. Heisch said the facility has been inspected and there will be a final pay estimate for release of retainage.

Mr. Heisch updated the Board regarding the adjustment of the water line at the corner of Morton Ranch Road and Elrod Road west of Mason Road.

Mr. Heisch said that the renewal application for the wastewater treatment plant permit was submitted to the Texas Commission on Environmental Quality ("TCEQ").

Mr. Heisch next discussed a request from Katy G2K Development Partners, LLC ("Katy G2K") for 2 equivalent single family residential connections to serve a Family Dollar Store and presented a utility commitment letter to Katy G2K for Board signature. Mr. Heisch said that he received a request from Bilawal Daudi, LLC requesting 9 equivalent single family units to serve a gas and convenience store.

Mr. Heisch discussed dedicating a 2.3 acre detention tract to the public for maintenance by Harris County Flood Control District. Mr. Heisch explained that HCFCFD already maintains and operates the adjacent detention tract and Ms. Humphries confirmed that the document guarantees the District's existing drainage capacity.

Mr. Heisch reported that the District's bond application was declared administratively complete by the TCEQ on September 20, 2011. Mr. Heisch added that a revised cost summary reflecting the lift station bid will be submitted separately.

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

Mr. Heisch discussed the \$300 per month fee associated with the GIS website, maintenance of system data and estimate costs of \$75,000 to establish a basic GIS database. Upon a motion by Director Kerr and a second by Director Freeze, the Board voted unanimously to approve the proposal and authorize the District engineer to proceed with the project.

Mr. Heisch next reported that he located a boundary survey and plat and some lot specific surveys on the lots backing up to Bundy Lake, but could not locate a survey on the Bundy Lake fence line specifically. He estimated between \$800 and \$1,000 to survey the fence line along the lots backing up to Bundy Lake and \$2,000 for all lots backing up to Bundy Lake. Director Kerr reminded the Board that an owner with a lot backing up to Bundy Lake requested repair of the fence. Upon a motion by Director Thornhill and a second by Director Dubois, the Board voted unanimously to authorize the District engineer to survey the remainder of the lots backing up to Bundy Lake.

Following review and discussion and based upon the engineer's recommendation, Director Thornhill moved to: (1) approve the engineer's report; (2) approve Pay Estimate No. 7, in the amount of 116,033.62, payable to Weisinger, Inc.; (3) Pay Estimate No. 1 in the amount of \$138,152.70, payable to Bay Utilities, LLC; (4) Pay Estimate No. 1 in the amount of \$99,900, payable to W.W. Payton Construction; (5) approve a utility commitment letter to Katy G2K Development Partners, LLC ("Katy G2K") for 2 equivalent single family residential connections to serve a Family Dollar Store; and (6) approve dedication of a 2.3 acre detention tract to the public for maintenance by Harris County Flood Control District. Director Dubois seconded the motion, which was unanimously approved.

#### RENEWAL OF ENERGY CONTRACT

Ms. Miller reported that the new contract with Mid American Energy start in December 2011 and runs through December 2015.

#### DISTRICT WEBSITE

The Board took no action on this agenda item.

#### ACTION LIST OF ACTIONS AUTHORIZED AT PREVIOUS MEETINGS AND STATUS OF PERFORMANCE OR COMPLETION AND AUTHORIZE APPLICATION TO COMPLETE PROJECTS

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

#### RENEWAL OF HARRIS COUNTY DEPUTY CONTRACT

Ms. Humphries provided modified reports, incorporating call times and a legend to the Board, as requested. She also said that the renewal contracts for patrol for 2012 will be available the week before Thanksgiving. The Board again requested that a representative from Harris County Sheriff's Department attend the December Board

meeting and also requested a representative from the Harris County Constable's Office, Precinct 5.

ADMINISTRATION BUILDING, INCLUDING RENTAL AND REPAIRS

Mr. Browne updated the Board on the status of installation of lighting at the Bundy Lake monument per the original specifications. He said the lights should arrive by December 5, 2011 and he plans to have the lighting finished before the Holiday in the Park event. He also discussed installing bird spike strips and rental of a lift to install same, for a total estimate of \$4,000. After discussion, Director Kerr moved to authorize installation of the bird spike strips and rental of a lift to install the strips for an amount not to exceed \$4,000. Mr. Browne said that he will discuss lake levels with Mr. Woodring when the finish date is near.

Mr. Woodring presented a proposal in the amount of \$972.41 to repair the west fountain at Mirror Lake. The Board concurred to defer repair of the fountain to when lake levels return to normal.

Mr. Woodring also presented three proposals to trim, remove, mulch, fertilize and apply pest control to trees at Bundy Lake. Mr. Browne noted that not all of the bids contain quotes for fertilization and pest control and recommended fertilization, but no pest control. Following review and discussion, Director Smith moved to approve the proposal submitted by Greenway Environmental, less the pest control option. The motion was seconded by Director Dubois and passed unanimously.

The Board discussed preparation for Holiday in the Park, including entertainment, decorations and notice.

Ms. Dubois updated the Board regarding Harris County's construction of a 6 acre park within the District.

MEETING SCHEDULE

The Board agreed to cancel the November special meeting.

EXECUTIVE SESSION PURSUANT TO SECTION 551.076, TEXAS GOVERNMENT CODE, TO DELIBERATE THE DEPLOYMENT, OR SPECIFIC OCCASIONS FOR IMPLEMENTATION OF SECURITY PERSONNEL OR DEVICES

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



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.

*Mary Dubois*  
Secretary, Board of Directors

(SEAL)



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