

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

December 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 December, 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.; Assistant Chief Terry Thurman of Harris County Constable Precinct 5; Toby Dagenhart, District resident; Steve Woodring and Ginny Woodring of Regional Water Corporation ("RWC"); Chris Browne of Edminster, Hinshaw, Russ & Associates, Inc. ("EHRA"); Nathan Geissinger of Stormwater Solutions; Sergeant Grady Castleberry of Harris County Sheriff's Department; Joseph Ellis of McCall, Gibson, Swedlund and Barfoot, PLLC; and Lynne B. Humphries and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

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

CONVENE 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 6:00 p.m., the Board met in executive session to deliberate the deployment, or specific occasions for implementation of security personnel or devices. The Board met with Assistant Chief Thurman.

RE-CONVENE IN OPEN SESSION

At 6:35 p.m., the Board reconvened in Open Session. The Board concurred there was no action needed. Assistant Chief Thurman then left the meeting.

## 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 November 14, 2011, 2011, and the special meeting on November 19, 2011. Following review and discussion, Director Smith moved to approve the minutes of the regular meeting on November 14, 2011, as amended, and the special meeting on November 19, 2011, as submitted. Director Freeze seconded the motion, which passed unanimously.

## AUDIT FOR FISCAL YEAR END SEPTEMBER 30, 2011 AND ENGAGE AUDITOR TO CONDUCT UPCOMING REIMBURSEMENT AUDIT

Mr. Ellis reviewed the audit for the fiscal year ending September 30, 2011. Following review and discussion, Director DuBois moved to approve the audit for the fiscal year ending September 30, 2011, and direct that the final audit be filed appropriately and retained in the District's official records. Director Freeze seconded the motion, which passed by unanimous vote.

The Board also considered a proposal from Mr. Ellis to prepare a reimbursement report in connection with the sale of the District's, Series 2011 bonds. Upon a motion by Director Kerr and a second by Director DuBois, the Board voted unanimously to authorize preparation of the report.

## GARBAGE COLLECTION

There was no discussion or action on this agenda item.

## DEVELOPMENT IN THE DISTRICT

Mr. Glunt discussed development in the Lakes at Mason Park and Bridgewater Place and appraisals of homes in the area, generally.

## CONVENE 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

Sergeant entered the meeting. At 6:50 p.m., the Board met in executive session to deliberate the deployment, or specific occasions for implementation of security personnel or devices with Sergeant Castleberry.

## RE-CONVENE IN OPEN SESSION

At 7:36 p.m., the Board reconvened in Open Session. The Board concurred there was no action needed. Sergeant Castleberry then left the meeting.

## RENEWAL OF HARRIS COUNTY DEPUTY CONTRACT FOR SECURITY SERVICES

Ms. Humphries reviewed with the Board a security contract for 2012 with Harris County Sheriff's Office for two security patrol officers. Following review and discussion, Director Thornhill moved to approve the contract and to authorize ABHR to contact the Harris County Attorney regarding modifying or converting the current contract to the Constable's Office. Director Smith seconded the motion which passed unanimously.

## 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. 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 Kerr 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. Ms. Flores reported that the 2011 taxes are 1.82% collected as of November 30, 2011 and discussed historical collections. After review and discussion, Director Smith moved to approve the tax assessor/collector's report, payment of the bills presented for payment from the tax account. Director DuBois 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, including a tap line leak repair at 22103 Lakeland Garden Court and a major sewer back up in the Lakes of Mason Park. Upon a motion by Director DuBois and a second by Director Smith, the Board voted unanimously to authorize the District operator to make the tap line repairs, as recommended. Mr. Woodring said that the invoice for the sewer back up in the Lakes of Mason Park has not been received, but that he anticipates the invoice will be approximately \$9,000. Mr. Woodring stated that the joint water accountability for the month of November was 94.5% and 8 new residential taps were

installed in the District. Mr. Woodring discussed District well run times and said that voluntary water conservation measures were discontinued, as previously discussed. Mr. Woodring noted there were no violations of the permitted parameters at the wastewater treatment plant in November and the test pump installed on November 1, 2011 was performing well.

Mr. Woodring presented proposals from Greenway Environmental Services for annual maintenance proposals for flower bed and irrigation system maintenance. The Board discussed consolidating all District landscape and irrigation maintenance into one Master Services Agreement and requesting proposals for same.

Following review and discussion, Director Thornhill moved to (1) approve the operator's report; and (2) discuss proposals for annual maintenance proposals for flower bed and irrigation system maintenance at the next meeting. Director Smith seconded the motion, which carried unanimously.

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

The Board received information and comment from the District operator regarding written appeals from customers Ed Barber, Demetria Marshall and Julie Treasure. After consideration of the information provided by the District operator and the provisions of the District's Rate Order, Director Smith moved to decline all relief requested. 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 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. Director DuBois seconded the motion, which carried unanimously.

#### DEMAND RESPONSE PLAN ANNUAL RENEWAL

Ms. Humphries explained that the District was included in Acclaim Energy's submission to CenterPoint for CenterPoint's 2012 Demand Response Program. Ms. Humphries explained that the District's contract is evergreen and that Acclaim Energy will automatically submit the District for program participation unless notified otherwise. No action was taken 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 design and plan preparation is complete for the construction of water, sewer, and drainage facilities to serve Vineyard Meadow, Sections 5 and that design for Section 6 is ongoing.

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. 8, in the amount of \$88,946.42, payable to Weisinger, Inc. He also reported on issues establishing phone service at the well site and present a work order from Consolidated Communications in the amount of \$3,717.30.

Mr. Heisch said utilities and paving to serve Vineyard Meadow, Sections 3 and 4 are complete and recommended that the Board approve Pay Estimate No. 4 and Final in the amount of \$14,371.33, payable to Triple B Services, LLP.

Mr. Heisch updated the Board on design of the lift station at the wastewater treatment plant and presented contracts for signature. Ms. Humphries then presented a Resolution Expressing Intent to Reimburse Operating Account for any funds spent on the construction of the lift station that will be reimbursed through future bond proceeds.

Mr. Heisch reported regarding the status of construction of the Vineyard Meadow detention basin expansion and said that the contractor is clearing the site.

Regarding construction of booster pumps and piping improvements at water plant no. 1, Mr. Heisch recommended that the Board approve Pay Estimate No. 2 and Final in the amount of \$11,100, payable to W.W. Payton Construction.

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 and recommended that the Board approve Pay Estimate No. 1 and Final in the amount of \$20,535, payable to Allgood Construction Company.

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

Mr. Heisch next discussed a request from Bilawal Daudi, LLC ("Bilawal") for 9 equivalent single family residential connections to serve a gas and convenience store. He said the request complies with the District's sewer capacity limitations.

Mr. Heisch presented a Storm Water Quality Permit Renewal Application for Bridgewater Meadows, which expires January 18, 2012.

Mr. Heisch updated the Board on collection and input of data into the GIS database.

Mr. Heisch next reviewed with the Board the survey of the lots backing up to Bundy Lake. Following review and discussion, Director Smith moved to authorize the District operator to solicit alternate bids to replace the 4 foot iron fencing with a 6 foot iron fence and bids to repair the 4 foot fence. Director Thornhill seconded the motion which passed unanimously.

Ms. Humphries next reported that the District received an Order from the Texas Commission on Environmental Quality Authorizing the Sale of the District's 2011 Bond Series, but that the Order requires the District to escrow funds in the amount of \$937,737 for replacement of the lift station at the wastewater treatment plant. She then presented a Resolution Authorizing Application to the Texas Commission on Environmental Quality for Release of Funds from Escrow.

Ms. Humphries next distributed a memo regarding recent legislation changing the enforceability of broad-form indemnity provisions used in construction contracts that will become effective January 1, 2012. She continued that new ABHR form contracts will be distributed to the District engineer and landscape architect for use beginning January 1, 2012.

Following review and discussion and based upon the engineer's recommendation, Director Kerr moved to: (1) approve the engineer's report; (2) approve the pay estimates, as recommended by the District engineer; (3) approve a work order from Consolidated Communications in the amount of \$3,717.30 to establish phone service at remote well no. 4; (4) approve a Resolution Expressing Intent to Reimburse Operating Account for any funds spent on the construction of the lift station that will be reimbursed through future bond proceeds; (5) authorize signature of a utility commitment to Bilawal Daudi, LLC ("Bilawal") for 9 equivalent single family residential connections to serve a gas and convenience store; (6) authorize renewal of the Storm Water Quality Permit for Bridgewater Meadows; (7) approve a Resolution Authorizing Application to the Texas Commission on Environmental Quality for Release of Funds from Escrow from the District's Series 2012 bonds; and (8) authorize repairs needed following the pre-inspection of the facilities to be financed in the District's Series 2012 bonds for an

amount not to exceed \$5,000. Director DuBois seconded the motion which passed unanimously.

#### ADMINISTRATION BUILDING RENTAL AND REPAIRS

The Board discussed a recent rental of the Gazebo.

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

Mr. Browne updated the Board on the status of installation of lighting and bird spike strips at the Bundy Lake monument. He said the lights will not arrive before the Holiday in the Park event and now are promised by the supplier by December 16, 2011. Mr. Browne discussed a local supplier he spoke with before ordering the lights from the current supplier. Following discussion, the Board concurred to confirm that the order from the current supplier can be cancelled without penalty, cancel the order and re-order through the local supplier, contingent upon acceptable delivery times and pricing within the original project parameter. Following discussion, Director Smith moved to reopen the park until construction re-commences when the lights are in. Director Thornhill seconded the motion which passed unanimously.

Mr. Woodring said Harris County requested a water tap for the 6 acre park. Upon a motion by Director Thornhill and a second by Director Kerr, the Board voted unanimously to authorize the District operator to install a tap at the District's expense for the 6 acre park for an amount not to exceed \$2,500.

Mr. Geissinger discussed District detention pond maintenance and repairs. Mr. Geissinger said that he will confirm that Harris County has filed the detention easement approved at the Board meeting last month and that the permits are transferred into the County's name. Director Thornhill said that she contacted Harris County Flood Control District to discuss maintenance of the ditch at the Morton Ranch detention pond, but has not received a response.

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

Director Thornhill requested that an agenda item regarding the W.I.S.E. Guys program be placed on the March, 2012 agenda calendar.

#### DISTRICT WEBSITE, INCLUDING REVIEW FAQs FOR DISTRICT WEBSITE REGARDING BILL PAYMENT AND TERMINATION PROCEDURES

The Board discussed frequently asked questions relating to bill payment and termination procedures. Mr. Woodring noted the FAQ sheet is included in the

information packet for new customers. Following discussion, the Board determined that no revisions were necessary.

TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR THE ASSOCIATION OF WATER BOARD DIRECTORS WINTER CONFERENCE

The Board discussed the number of fees of office, meals, and maximum hotel accommodations for the Association of Water Board Directors winter. Following discussion, Director Kerr moved to authorize a maximum of: (1) two nights of hotel accommodations; (2) director fees of office for three days; and (3) a daily meal expense not to exceed \$50.00. Director Thornhill seconded the motion, which carried by unanimous vote.

REVIEW AND ASSIGN 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 <sup>DuBois</sup> Workman: Myrtle Cruz, McCall, HighPoint Insurance, Seaback
- Director Thornhill: Tax Tech, First Southwest Company
- Director Freeze: Brown & Gay, Storm Water Solutions, Security/Today's Integration

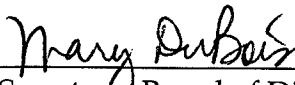
ACTION LIST

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

MEETING SCHEDULE

The Board agreed to cancel the December special meeting.

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

  
Secretary, Board of Directors

(SEAL)



LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
bookkeeper's report.....	3
investment report .....	3
tax assessor/ collector's report .....	3
operator's report .....	3
termination and tap withholding list .....	4
engineer's report.....	5
Action List .....	8