

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

May 14, 2012

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 14<sup>th</sup> day of May, 2012, 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 Director DuBois, thus constituting a quorum.

Also present were Erin Garcia of Myrtle Cruz, Inc.; Rodney Heisch of Brown & Gay Engineers, Inc. ("Brown & Gay"); Esther Flores of Tax Tech, Inc.; Richard Sibley, Steve Woodring and Ginny Woodring of Regional Water Corporation ("RWC"); Bob Hudson of Lakes at Mason Park/Buffington Mason Park LTD; Chris Browne of Edminster, Hinshaw, Russ and Associates, Inc.; Jay Douglas of KB Home ("KB"); and Lynne B. Humphries and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

Director Thornhill called the meeting to order at 6:02 p.m.

COMMENTS AND WEBSITE INQUIRIES

Mr. Sibley reported regarding two customer billing inquiries received through the District website which were subsequently resolved by RWC.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Garcia reviewed the bookkeeper's report and investment report, and presented the bills for payment, including a refund to Harris County Municipal Utility District No. 287 ("No. 287") for an overpayment for No. 287's share of construction of the regional plant lift station and excluding check nos. 8672 and 8698. Ms. Garcia also presented an amended joint facilities budget adding construction of the bleach containment and improvements to drainage at the Elrod Road water plant as recurring maintenance and increasing the District's share of the sewer plant costs due to modification of connection calculations. After review and discussion, Director Kerr

moved to (1) approve the bookkeeper's report and investment report; (2) approve the bills presented for payment, with the exception of check nos. 8672 and 8698; and (3) amend the joint facilities budget, as discussed. Director Smith seconded the motion, which carried.

#### DEVELOPMENT IN THE DISTRICT

Mr. Hudson reported on lots under contract in Section 1 of Lakes at Mason Park and the status of lot development in Section 2 of Lakes at Mason Park.

Mr. Douglas reported regarding KB home sales during the month and homes under construction.

#### SWORN STATEMENTS, OFFICIAL BONDS AND OATHS OF OFFICE

The Board then received the Sworn Statements, Official Bonds, and Oaths of Office for Directors Freeze, Kerr and Thornhill for their new terms. After review and discussion, Director Thornhill moved to approve the Sworn Statements and Oaths of Office for Directors Freeze, Kerr and Thornhill and direct that the documents be filed appropriately and retained in the District's official records. Director Kerr seconded the motion, which passed by unanimous vote.

#### REORGANIZE BOARD AND ELECT OFFICERS

The Board then considered reorganizing. Following discussion, Director Thornhill moved that the Directors serve as follows:

Katrina Thornhill	President
Pam Kerr	Vice President
Mary DeBois	Secretary
Garth Freeze	Assistant Vice President
Phillip Smith, Jr.	Assistant Secretary

Director Kerr seconded the motion, which passed by unanimous vote.

#### DISTRICT REGISTRATION FORM

The Board next considered authorizing execution of a District Registration Form reflecting the new terms of the Board of Directors. After review, Director Smith moved to authorize execution of the District Registration Form and direct that the Registration Form be filed appropriately and retained in the District's official records. Director Freeze seconded the motion, which passed unanimously.

## MINUTES

The Board considered approving the minutes of the regular meeting on April 9, 2012 and the special meeting on April 30, 2012. Following review and discussion, Director Kerr moved to approve the minutes of the regular meeting on April 9, 2012, as amended, and the special meeting on April 30, 2012, as presented. Director Smith seconded the motion which passed by a vote of 3 to 0, with Director Freeze abstaining from voting.

## GARBAGE COLLECTION

There was no discussion on this agenda item.

## TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Flores reviewed the monthly tax assessor/collector's report. Ms. Flores reported that the 2011 taxes are 97.72% collected as of April 30, 2012 and discussed historical collections. After review and discussion, Director Kerr 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.

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

Mr. Browne reported on the status of the construction of the Bundy Lake monument, including the completion of installation of additional underground electrical from the shoreline to the monument, and recommended that the Board approve Pay Estimate No. 2 and Final in the amount of \$29,045, payable to E.L. Harris III Construction Company, subject to final verification by the District bookkeeper.

Ms. Humphries reviewed the terms and conditions of the District's service agreements with Barlett Tree Service, Greenway Environmental, Lake Pro and Seaback Maintenance, specifically those sections of the agreement addressing notice for termination. She noted these contracts needed to be terminated since the District now contracts with Seaback Maintenance for all maintenance previously included in the individual contracts.

Mr. Woodring next reviewed a proposal from Lake Pro, Inc. in the amount of \$3,887.99 to install a new pump and stainless steel intake screen on the east fountain at Mirror Lake.

Upon a motion by Director Thornhill and a second by Director Kerr, the Board voted unanimously to (1) approve Pay Estimate No. 2 and Final in the amount of \$29,045, payable to E.L. Harris III; (2) authorize addition of the Bundy Lake monument, as improved, to the District's insurance policy; (3) terminate the District's contracts and authorize ABHR to send notification to Barlett Tree Service, Greenway Environmental, Lake Pro and Seaback Maintenance; and (4) approve a proposal from Lake Pro, Inc. in the amount of \$3,887.99 to install a new pump and stainless steel intake screen on the east fountain at Mirror Lake.

### 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 reported regarding design and plan preparation for the construction of water, sewer, and drainage facilities to serve Vineyard Meadow, Sections 6 and submittal of plans to Harris County for construction of water, sewer, and drainage facilities to serve Vineyard Meadow, Sections 7 and Elrod Road drainage improvements and bleach containment.

Mr. Heisch then reviewed plans for the bleach containment and drainage improvements at the Elrod Road water plant and discussed redirecting the overflow pipe over the containment wall and adding a containment wall around bleach tanks. He said that there were a number of conduits that connect the tanks to the control building that need to be redirected over the containment wall. The Board concurred to defer redirecting the conduits until the warranty expires and to discuss the matter further on the February, 2013 meeting agenda.

Mr. Heisch discussed the status of construction of water, sewer and drainage to serve Vineyard Meadows, Section 5 and recommended that the Board approve Pay Estimate No. 1 in the amount of \$379,679.26, payable to Clearwater Utilities, Inc.

Mr. Heisch reported on the status of construction of the lift station at the wastewater treatment plant and said no pay estimate is due at this time.

Mr. Heisch next discussed the status of construction of water, sewer and drainage to serve Lakes of Mason Park, Section 2 and said the contractor punch list items are being addressed and the developer has requested water and sewer connections. Upon a motion by Director Thornhill and a second by Director Kerr, the Board voted unanimously to authorize water and sewer connections in Lakes of Mason Park, Section 2.

Mr. Heisch next discussed the status of construction of a Family Dollar store and the sanitary sewer easements necessary to serve the store. Upon a motion by Director Smith and a second by Director Freeze, the Board voted unanimously to accept an easement from SFIP Katy, LP, upon receipt of the signed conveyance document from the landowner.

Mr. Heisch reported that the District's escrow funds release application was approved by the Texas Commission on Environmental Quality today.

Following review and discussion and based upon the engineer's recommendation, Director Thornhill moved to: (1) approve the engineer's report; and (2) approve Pay Estimate No. 1 in the amount of \$379,679.26, payable to Clearwater Utilities, Inc., for construction of water, sewer and drainage to serve Vineyard Meadows, Section 5. Director Smith seconded the motion which passed unanimously.

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

The Board discussed the upcoming Association of Water Board Directors summer conference in San Antonio. The Board determined that advances were necessary to cover the cost of hotel lodgings, hotel taxes, and hotel parking. Ms. Humphries stated that state law provides that directors are entitled to reimbursement of actual and necessary expenses. Following review and discussion, Director Thornhill moved to authorize: (1) director fees of office for up to four days; (2) a maximum of three nights hotel accommodations; (3) meal expenses of up to \$50 per day, upon presentation of itemized receipts; and (4) checks for each director attending the conference in the amount of \$750 to cover the cost of hotel lodgings, hotel taxes, and parking. The motion was seconded by Director Kerr and carried by unanimous vote.

#### CRITICAL LOAD LIST FOR DISTRICT'S FACILITIES

Ms. Humphries next reviewed the District's Critical Load List and explained the District is now required to file annually with State and Harris County agencies, whether or not the District has made any facility or personnel changes. Ms. Humphries said that the District engineer, operator, bookkeeper and landscape architect have reviewed the revised Critical Load List and verified that the information is accurate. Upon a motion by Director Smith and a second by Director Thornhill, the Board unanimously authorize ABHR to file the Critical Load List with appropriate Harris County and State agencies.

#### ACCLAIM ENERGY 2012 ELECTRICITY LOAD SHEDDING DEMAND RESPONSE PROGRAM

There was no discussion on this agenda item.

## ANNUAL REVIEW OF DROUGHT CONTINGENCY PLAN

Ms. Woodring reviewed the Drought Contingency Plan ("Plan") with the Board. A copy of the Plan summary is attached. After review and discussion, the Board determined no changes to the District's drought contingency plan were necessary.

## DISTRICT WEBSITE

There was no discussion on this agenda item.

## WATER SMART ACTIVITIES TO PROMOTE WATER CONSERVATION

The Board reviewed and discussed brochures encouraging water conservation available through Texas Water Development Board and the West Harris County Regional Water Authority. The Board discussed scheduling an event to promote water conservation, including possible activities for the event and concurred to defer event scheduling discussion to the July Board meeting agenda. The Board also discussed letters that could be sent to the highest water use customers and reviewed a draft letter addressed to those customers and requested that the letter be revised and discussed at the May special meeting.

## 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 building service and irrigation tap for unit nos. 1 through 16 at Evergreen Cottages and testing of the Ebara pump. Mr. Woodring reported pumpage numbers for April, 2012, and discussed wastewater permit compliance and build out projections for the District. Mr. Woodring stated the joint water accountability for the month of March was 93.9% and 24 new residential taps were installed in the District.

Upon a motion by Director Thornhill and a second by Director Smith, the Board voted unanimously to approve the District operator's report.

## TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS

Mr. Woodring discussed builder back-charges pending to Nu-Way Homes.

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 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 and that further taps be withheld from Nuway Homes until back-charges are paid. Director Thornhill seconded the motion, which carried unanimously.

#### ACTION LIST

The Board reviewed and revised the Action List and discussed the status of the items listed.

#### SECURITY REPORT, INCLUDING AMENDMENT TO CONTRACT

Ms. Humphries next presented a First Amendment to the District's Agreement for Law Enforcement Services with the Harris County Sherriff's Department amending the agreement to delete sections of Morton Ranch that are not in the District. Upon a motion by Director Thornhill and a second by Director Smith, the Board voted unanimously to approve a First Amendment to the District's Agreement for Law Enforcement Services with the Harris County Sherriff's Department deleting sections of Morton Ranch that are not in the District.

#### 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.

#### DIRECTORS AND DISTRICT CONSULTANT'S REPORTS ABOUT DISTRICT OPERATIONS

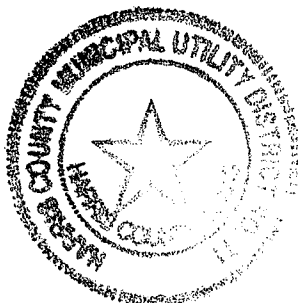
There was no discussion on this agenda item.

#### MEETING SCHEDULE

The Board confirmed its special in-District meeting on May 30, 2012 at 6:00 p.m.

There being no further business to discuss, the meeting was adjourned at 7:15 p.m.

(SEAL)



Mary Dubois  
Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

	Minutes <u>Page</u>
tax assessor/collector's report .....	3
engineer's report .....	4
Drought Contingency Plan summary .....	6
operator's report .....	6
termination and tap withholding list .....	6