

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

June 11, 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 11th day of June, 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.

Also present were Mary Jarmon of Myrtle Cruz, Inc.; Rodney Heisch of Brown & Gay Engineers, Inc. ("Brown & Gay"); Esther Flores of Tax Tech, Inc.; Richard Sibley and Steve 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.; Brad Seaback of Seaback Maintenance ("Seaback"); Matthew May of Best Trash, LLC; Officer Steve Arhelger of Harris County Sheriff's Department; 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

Ms. Miller reported regarding website and telephone inquiries regarding notification to the public in the event the District imposes any water restrictions. Mr. Woodring also discussed website inquiries, requiring no Board action which are listed in the District operator's report attached to these minutes.

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 6:07 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 Officer Steve Arhelger of Harris County Sheriff's Department.

RE-CONVENE IN OPEN SESSION AND SECURITY REPORT

At 6:18 p.m., the Board reconvened in Open Session. No action was taken as a result of discussion in executive session.

GARBAGE COLLECTION

Mr. May updated the Board on garbage collection. He reviewed a letter regarding the increase, beginning in June, 2012, to the collection rate under the District's contract with Best Trash, which provides for an annual adjustment relating to the consumer price index for garbage and trash. A copy of the letter is attached. The Board also discussed amending the District's Rate Order to pass the garbage rate increase along to District customers. Upon a motion by Director Kerr and a second by Director Thornhill, the Board voted 4 to 1, with Director Smith opposing the motion, (1) to defer discussion regarding a Rate Order increase until the Board discusses adoption of the budget for the next fiscal year and (2) to approve the new rate for garbage collection.

DEVELOPMENT IN THE DISTRICT

Mr. Hudson reported on lots under contract and houses under construction in Sections 1 and 2 of Lakes at Mason Park. He also reported on mowing of the commercial reserves in Lakes at Mason Park.

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

Mr. Seaback discussed overall recreational facility maintenance and transitioning, including billing, multiple previous District contractors into the single contract approved by the Board. Director Kerr said that she was disappointed in the flowers planted and requested that Seaback include the flower type on invoices submitted for payment. Director Smith requested that Seaback address a dead tree in the park behind the administration building. The Board also discussed arborist inspections and reports and low water in the Bundy Lake Monument Circle.

Mr. Browne next reviewed a revised cost estimate for Bundy Lake Plaza rehabilitation, including flagpole and lighting rehabilitation, replacement of pavers around the monument, rehabilitation of bollards and guards, improvement of drainage and fencing, lighting and irrigation, tree planting and additional tree lighting. Following review and discussion, the Board took no action. Director Kerr reported on special holiday lighting programmed at the Bundy Lake monument.

Mr. Browne then discussed the status of bidding for Phase 1 of landscaping at the wastewater treatment plant, excluding that portion of landscaping that falls near the

lift station construction area. Mr. Browne reviewed a revised plan for landscaping for a total cost of \$25,000. Following discussion regarding construction equipment staged near the lift station, the board concurred to defer further discussions regarding landscaping at the wastewater treatment plant until September, 2012 or when the lift station is complete, whichever occurs first.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Jarmon reviewed the bookkeeper's report and investment report, including a new money market account for escrowed funds released by the Texas Commission on Environmental Quality ("TCEQ") for the wastewater treatment plant lift station, and presented the bills for payment. Ms. Jarmon also confirmed amounts billed to Harris County Municipal Utility District No. 287 ("No. 287") for No. 287's share of Pay Estimates Nos. 2 and 3 for the lift station at the wastewater treatment plant. After review and discussion, Director DuBois moved to (1) approve the bookkeeper's report and investment report; (2) approve the bills presented for payment; and (3) approve signature cards for the District's money market account for escrowed funds released by the TCEQ for the wastewater treatment plant lift station. Director Thornhill seconded the motion, which carried.

MINUTES

The Board considered approving the minutes of the regular meeting on May 14, 2012 and the special meeting on May 30, 2012. Following review and discussion, Director Thornhill moved to approve the minutes of the regular meeting on May 14, 2012, as amended, and the special meeting on May 30, 2012, as submitted. Director Smith seconded the motion which passed by a vote of 4 to 0, with Director Kerr abstaining from voting.

DEPOSITORY PLEDGE AGREEMENT WITH WELLS FARGO BANK, N.A.

Ms. Humphries reviewed a Depository Pledge Agreement with Wells Fargo Bank ("Wells Fargo") and said that Wells Fargo has changed safekeeping institutions from Federal Reserve Bank to Bank of New York Mellon and that a new Depository Pledge Agreement and release letter, allowing the collateral to be moved from Federal Reserve Bank to Bank of New York Mellon is required. After review and discussion, upon a motion by Director Thornhill and a second by Director Kerr, the Board voted unanimously to approve a Depository Pledge Agreement with Wells Fargo.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Flores reviewed the monthly tax assessor/collector's report. Ms. Flores reported that the 2011 taxes are 98.21% collected as of May 31, 2012, and discussed

historical collections and preliminary values for 2012. 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 Kerr seconded the motion, which carried unanimously. A copy of the tax assessor/collector's report is attached.

COLLECTION OF DELINQUENT TAXES

Director Thornhill moved to authorize Perdue, Brandon, Fielder, Collins & Mott, LLP to proceed with collection of 2011 delinquent taxes on July 1, 2012. Director Smith seconded the motion, which passed by unanimous vote.

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 leak repair at 21234 Riverside Ridge to be repaired for \$3,100, a tap line leak repair at 3211 N. Mason Road to be repaired for \$4,500 and a sludge pump repair no. 3 at the wastewater treatment plant for \$2,500. After review and discussion, upon a motion by Director Thornhill and a second by Director Smith, the Board voted unanimously to authorize a tap leak repair at 21234 Riverside Ridge in the amount of \$3,100, a tap line leak repair at 3211 N. Mason Road in the amount of \$4,500 and repair of sludge pump no. 3 at the wastewater treatment plant in the amount of \$2,500. Mr. Woodring reported pumpage and surface water use numbers for May, 2012, and discussed wastewater permit compliance and build out projections for the District. Mr. Woodring stated the joint water accountability for the month of April was 92.2% and 15 new residential taps were installed.

Mr. Woodring updated the Board on installation of a new pump and stainless steel intake screen on the east fountain at Mirror Lake.

Ms. Jarmon presented an agreement with Acclaim Energy to add a meter erroneously omitted from the District's energy provider contract.

After review and discussion, upon a motion by Director Smith and a second by Director Thornhill, the Board voted unanimously to approve the District operator's report and authorize an agreement with Acclaim Energy to add a meter erroneously omitted from the District's energy provider contract.

TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS

Mr. Woodring discussed builder back-charges owed by Saratoga Homes, Trophy Homes and NuWay 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 Saratoga Homes, Trophy Homes and NuWay Homes until back-charges are paid. Director Thornhill seconded the motion, which carried unanimously. The Board also asked ABHR to send a letter to Saratoga Homes regarding applying the builder deposit to the delinquent back-charges.

CONSUMER CONFIDENCE REPORT

Mr. Woodring said the Consumer Confidence Report ("CCR"), must be filed with the Texas Commission on Environmental Quality ("TCEQ") and mailed to District customers by July 1, 2012. After review and discussion, upon a motion by Director Smith and a second by Director DuBois, the Board voted unanimously to authorize the District operator to mail the CCR to District customers with the amendments discussed.

WATER SMART ACTIVITIES

The Board first reviewed a draft letter addressed to highest use customers informing the customer of average water consumption per household within the District and encouraging water conservation. After review and discussion, Director Kerr moved to approve the letter, as amended, and authorize distribution to highest use customers on colored paper. The motion, which was seconded by Director DuBois, passed unanimously.

The Board next reviewed activity categories by which a District may qualify for a Water Smart designation from the Association of Water Board Directors. The Board also discussed Golbow Elementary's distribution of water conservation kits on the last day of school without instruction and concurred to request that ABHR notify the Harris-Galveston Subsidence District that the District may consider changing sponsorships.

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 that he received bids for bleach containment and drainage improvements at the Elrod Road water plant and recommended the Board award the contract to the lowest qualified bidder, Tackle Construction, in the amount of \$31,508. After review and discussion, based on the engineer's recommendation, and because it would result in the best and most economical completion of the project, Director Kerr moved to approve the award of the contract to Tackle Construction. Director DuBois seconded the motion which passed by a vote of 4-1, with Director Freeze opposing the motion.

Mr. Heisch reported on the status of construction of the lift station at the wastewater treatment plant and recommended that the Board approve Pay Estimate No. 2 in the amount of \$225,832.50, and Pay Estimate No. 3 in the amount of \$129,600, both payable to T&C Construction.

Mr. Heisch next discussed performing a camera survey of the sanitary sewer in Lakes of Bridgewater Drive. Ms. Jarmon confirmed budgeted special project funds available. Director Smith moved to approve performing a camera survey of the sanitary sewer in Lakes of Bridgewater Drive. The motion, which was seconded by Director Thornhill, passed unanimously.

Mr. Heisch then reviewed possible projects for reimbursement from surplus funds. Ms. Humphries discussed developers eligible for reimbursement, values for sections to be reimbursed and presented a Resolution Authorizing Application to the Texas Commission on Environmental Quality for Use of Surplus Funds. Following review and discussion, Director Thornhill moved to approve a Resolution Authorizing Application to the Texas Commission on Environmental Quality for Use of Surplus Funds. Director Kerr seconded the motion which passed unanimously.

The Board next considered adopting a Resolution Adopting Prevailing Wage Rate Scale for Engineering Construction.

The Board next discussed ownership of the property where the County will tie into the District's lift station fencing near Harris County's 6 acre park. Mr. Heisch reported that title reports indicate that the property belongs to the Protestant Episcopal Church Council of the Diocese of Texas. Following discussion, the Board concurred that ABHR prepare a deed and that the District engineer contact the owner regarding conveyance.

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. 2 in the amount of \$225,832.50 and Pay Estimate No. 3 in the amount of \$129,600, both payable to T&C Construction, for construction of the lift station at the wastewater treatment plant; and (3) approve a Resolution Adopting Prevailing Wage Rate Scale for

Engineering Construction. Director Kerr seconded the motion which passed unanimously.

DISTRICT WEBSITE

The Board took no action on this agenda item.

REVIEW ACTION LIST OF ACTIONS

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

DIRECTORS AND DISTRICT CONSULTANT'S REPORTS ABOUT DISTRICT OPERATIONS

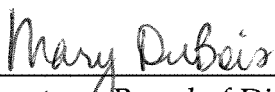
The Board took no action on this agenda item.

MEETING SCHEDULE.

The Board determined that the District would not hold a special meeting during the month of June, 2012.

There being no further business to discuss, the meeting was adjourned.




Secretary Board of Directors

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