



MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

July 9, 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 9th day of July, 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 and Laura Flores of Tax Tech, Inc.; Ginny Woodring and Steve Woodring of Regional Water Corporation ("RWC"); Bob Hudson of Lakes at Mason Park/Bufington Mason Park LTD; Brad Seaback of Seaback Maintenance ("Seaback"); 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 FROM THE PUBLIC

Mr. Woodring discussed website inquiries, requiring no Board action, which are listed in the District operator's report attached to these minutes.

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 no executive session was necessary.

MINUTES

The Board considered approving the minutes of the regular meeting on June 7, 2012. Following review and discussion and clarification by Director Kerr concerning garbage rates approved at the June meeting of the Board and the budget discussion in



September, Director Thornhill moved to approve the minutes of the regular meeting on June 7, 2012, as submitted. Director Freeze seconded the motion, which passed unanimously.

GARBAGE COLLECTION

There was no discussion on this agenda item.

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 and values within Lakes at Mason Park, including values not captured by the Harris County Appraisal District. He requested the Board adopt a Resolution asking Harris County Appraisal District to review values and provide an updated estimate of total District value. The Board also reviewed a written development report provided by KB Homes.


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

Mr. Seaback discussed overall recreational facility maintenance and contractor transitioning, including the status of flower bed color changes, removal of dead trees and arborist inspections. Mr. Seaback confirmed that the tree survey would be complete by the end of the month and noted the colors preferred for color change plant selections. Following discussion, the Board concurred to request that Seaback provide an update one month prior to maintenance activities to be completed during the following month so that the Board may make color selections. Mr. Seaback then presented a proposal in the amount of \$800 to remove the dead tree in the park next to the administration building and said the cost will include haul away of the small tree branches in the park. Upon a motion by Director Smith and a second by Director Thornhill, the Board voted unanimously to authorize Seaback to remove the dead tree in the park next to the administration building and haul away the small tree branches in the park.

Director Kerr updated the Board on lighting programs at the Bundy Lake monument and the Board concurred that that blue and purple lighting schemes are preferred. Director Kerr also discussed comparing Seaback services provided against the original work scope and evaluating performance at the September, 2012 meeting.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Jarmon reviewed the bookkeeper's report and investment report 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 Estimate No. 4 for the lift station at the wastewater treatment plant and adjustment to June, 2012 invoice to No. 287 due to meter reading delays during No. 287's change of operator. After review and discussion, Director DuBois moved to (1) approve the bookkeeper's report and investment report; and (2) approve the bills presented for payment. Director Kerr seconded the motion, which carried unanimously.

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 Kerr 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 DuBois and carried by unanimous vote.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Flores reviewed the monthly tax assessor/collector's report. Ms. Flores reported that the 2011 taxes are 98.59% collected as of June 30, 2012, discussed historical collections and preliminary values for 2012 and the status of referring delinquent accounts for collection. 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.

The Board discussed Mr. Hudson's request for the District to obtain an estimate of value as of July 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 Smith, and carried 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, including installation of a spare lift pump at the wastewater treatment plant due to failure of two of four lift pumps. Mr. Woodring said he estimates \$9,800 to repair both failed units and \$4,700 to repair only one unit. Mr. Woodring reported pumpage and surface water use numbers for June, 2012, discussed wastewater permit compliance and



build out projections for the District and noted demand response events during the month at District facilities. Mr. Woodring stated the joint water accountability for the month of June was 77.6% and 13 new residential taps were installed and a tap for the Family Dollar Store. Mr. Woodring said that the accountability was most likely affected by meter reading timing issues due to No. 287's change of operator. Mr. Woodring also discussed District groundwater credits and possible sale of credits.

After review and discussion, upon a motion by Director Freeze and a second by Director DuBois, the Board voted unanimously to (1) approve the District operator's report; (2) authorize repair of one lift pump at the wastewater treatment plant; and (3) authorize the District engineer to take the necessary action needed to determine how the District can get water reuse credits. Mr. Heisch said the new lift station will come online in October or November and the District can assess the salvage value of the pumps removed at that time.

TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS

Mr. Woodring discussed builder back-charges owed by Saratoga Homes, Royce Homes, Trophy Homes and NuWay Homes. Mr. Woodring confirmed that Saratoga Homes has received notice that taps will be withheld until payment is made.

Mr. Woodring next reported regarding an account terminated and a subsequent call received from Melody Kirksey of the Texas Commission on Environmental Quality ("TCEQ") alleging that the District's operator violated TCEQ rules by terminating service to a certain account. Mr. Woodring said that RWC requested information about the applicable TCEQ rule, but RWC has not received follow up correspondence or a phone call from Ms. Kirksey. Following discussion, the Board concurred that Ms. Jarmon should inform the TCEQ of the rule violation claimed made by Ms. Kirksey.

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 Smith 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, Royce Homes, Trophy Homes and NuWay Homes until back-charges are paid. Director DuBois seconded the motion, which carried unanimously.



WATER SMART ACTIVITIES TO PROMOTE WATER CONSERVATION

Mr. Woodring confirmed that letters addressed to highest use customers informing the customer of average water consumption per household within the District and encouraging water conservation were delivered, but that no calls have been received regarding same.

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 reviewed an interlocal agreement with Harris-Galveston Subsidence District to sponsor water conservation learning kits at Golbow Elementary or Morton Ranch Elementary. Following review and discussion, Director Kerr moved to approve the interlocal agreement with Harris-Galveston Subsidence District to sponsor water conservation learning kits at Morton Ranch Elementary, subject to confirmation of enrollment numbers and that the kits will be used as intended. Director DuBois seconded the motion which passed unanimously. Director Thornhill said that she would discuss intended use of the kits with the Principal at Morton Ranch Elementary.

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 reported regarding the status of plan approval for water, sewer and drainage to serve Vineyard Meadows, Sections 6 and 7. Ms. Humphries confirmed that the Board has already authorized advertisement for bids for construction.

Mr. Heisch reviewed 2 proposals for camera survey of the sanitary sewer in Lakes of Bridgewater Drive. After review and discussion, 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 Clean Serve, Inc. Director Smith seconded the motion which passed unanimously.

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. 4 in the amount of \$146,311.21, payable to T&C Construction.

Mr. Heisch updated the Board on construction of water, sewer, and drainage facilities to serve Lakes of Mason Park, Section 2 and said TCEQ final inspections are complete and there are no noted deficiencies.



Mr. Heisch presented contracts for execution for drainage improvements at the Elrod Road water plant.

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. Ms. Humphries reported that ABHR has requested title records to confirm ownership of the tract.

Mr. Heisch reported on the status of the District's surplus funds application to the TCEQ and said the application will be submitted as a non-expedited application.

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. 4 in the amount of \$146,311.21, payable to T&C Construction, for construction of the lift station at the wastewater treatment plant. Director DuBois seconded the motion which passed unanimously.

RESOLUTION ADOPTING PREVAILING WAGE RATE SCALE FOR ENGINEERING CONSTRUCTION

The Board next considered adopting a Resolution Adopting Prevailing Wage Rate Scale for Engineering Construction. Following review and discussion, upon a motion by Director Thornhill and Director DuBois, the Board voted unanimously to approve a Resolution Adopting Prevailing Wage Rate Scale for Engineering Construction.

DISTRICT WEBSITE

There was no additional discussion on this agenda item.

ACTION LIST

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

SECURITY REPORT

There was no additional discussion on this agenda item.



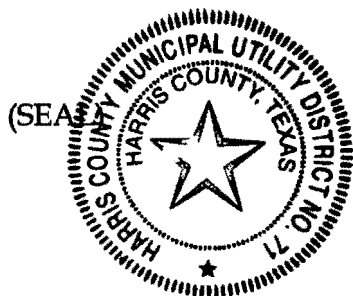
DIRECTORS AND DISTRICT CONSULTANT'S REPORTS

Director Smith requested that RWC inspect the administration building for damage and maintenance issues, specifically water spots on the ceilings.

MEETING SCHEDULE.

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

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



Mary Dubois
Secretary Board of Directors