

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

August 13, 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 13<sup>th</sup> day of August, 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.; Ginny Woodring and Steve Woodring of Regional Water Corporation ("RWC"); Bob Hudson of Lakes at Mason Park/Buffington Mason Park LTD; Brad Seaback of Seaback Maintenance ("Seaback"); Karen Sears of Acclaim Energy Advisors ("Acclaim"); Joe Keefe of Barlett Tree Experts; Chris Browne of Edminster, Hinshaw, Russ and Associates, Inc.; Orlando Williams, Angela Uriarte, Matthew Salazar, Gary Hammond and Crystal Hammond, District residents; and Tim Austin and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

Director Thornhill called the meeting to order at 6:06 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.

Mr. Williams requested that the Board consider participating in funding the construction of a sidewalk along Mason Road to Morton Ranch Elementary. The Board discussed the ownership of certain tracts along Mason Road between Morton Ranch and Morton Ranch Elementary, including a drainage channel. Following discussion, Mr. Heisch said that he would provide ownership information on the tracts discussed and Ms. Hammond agreed to act as the point person for the resident group and receive and distribute the information among the residents present.



Ms. Woodring said that she was able to answer Mr. Salazar's inquiry and he left the 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 no executive session was necessary.

MINUTES

The Board considered approving the minutes of the regular meeting on July 9, 2012, as amended. Following review and discussion, Director DuBois moved to approve the minutes of the regular meeting on July 9, 2012, as revised. Director Smith 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 estimated by Harris County Appraisal District within Lakes at Mason Park as of July 15, 2012.

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

Mr. Seaback discussed overall recreational facility maintenance, including the status of flower bed color changes, removal of dead trees and arborist inspections. The Board requested that Mr. Seaback get an illustrated exhibit showing the proposed flower planting at bed color change.

Mr. Keefe reported regarding overall health of trees in the District, and, more specifically, in Directors Park and recommended options for long term landscape maintenance and tree care. Director Kerr requested explanation of deteriorating health of District trees and asked what measures the District could take to improve overall health of trees in the District. Mr. Keefe recommended that all trees in Directors Park be mulched. He also presented a proposal in the amount of \$8,890 to remove 20 dead or dying trees at Directors Park and Bundy Lake Park and a proposal in the amount of \$4,800 to apply fertilization to trees in Directors Park and at Bundy Lake Park.



Following discussion, the Board concurred to defer action upon these proposals until the Board considers the budget for the next fiscal year.

Mr. Seaback discussed the duck population at Bundy Lake and presented a proposal from Lonestar Animal Recovery in the amount of \$35 per duck to reduce the duck population. He said that he is waiting on a proposal from Critter Snatchers also.

The Board then discussed with the Board lighting programs for the monument at Bundy Lake.

Director Smith requested that Seaback remove a tree stump left following the tree removal authorized by the Board at the last meeting. Director Smith also requested that Seaback remove limbs scattered by the storm throughout Directors Park and remove a tree, including the stump, at the front gate of Directors Park.

Director DuBois updated the Board on the construction of a 6 acre park by Harris County.

#### ACCLAIM ENERGY ADVISORS TAX CREDITS, RATE OPTIMIZATION AND ANNUAL ENERGY REPORT

Ms. Sears reported that the City of Houston audited Gross Receipts Taxes and that, as a result of the audit, Acclaim audited the District's accounts and adjusted the billing terms to reflect the payment terms approved by the District. She added that the District has not incurred any penalties or late fees.

#### ASSOCIATION OF WATER BOARD DIRECTORS SUMMER CONFERENCE, REIMBURSEMENT OF ELIGIBLE EXPENSES, AND WINTER CONFERENCE

The Board considered expenses submitted by Board members who attended the summer conference and considered authorizing attendance at the Association of Water Board Directors ("AWBD") winter conference. The bookkeeper noted the expenses are in compliance with the District's travel and reimbursement guidelines. Upon a motion made by Director Kerr and seconded by Director DuBois, the Board unanimously authorized reimbursement of the expenses submitted for the summer conference and authorized attendance by all interested directors at the AWBD winter conference.

#### 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. 5 for the lift station at the wastewater treatment plant.



The Board reviewed a proposed joint facilities budget for the fiscal year ending September 30, 2013.

After review and discussion, Director Kerr moved to (1) approve the bookkeeper's report and investment report; (2) approve the bills presented for payment; (3) adopt the joint facilities budget for the fiscal year ending September 30, 2013; and (4) authorize submittal of the joint facilities budget to Harris County Municipal Utility District No. 287 ("MUD 287"). Director Thornhill seconded the motion, which carried unanimously.

#### ORDER ADOPTING PROCEDURES FOR POST-ISSUANCE COMPLIANCE

Mr. Austin stated that the bonds issued by the District are generally subject to the requirements of Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations promulgated thereunder. Mr. Austin added that those provisions require that issuers comply with certain post issuance requirements (the "Requirements") for their bonds. Mr. Austin explained that the Board of Directors is ultimately responsible for post-issuance compliance for its bonds, with assistance by its consultants. Mr. Austin pointed out that while there is no express requirement that an issuer adopt written compliance procedures, the Internal Revenue Service (the "IRS") views the adoption of written procedures as demonstrating the issuer's intent to comply with the Requirements. Mr. Austin added that, in order to ensure that the District's procedures for post-issuance compliance are well documented, ABHR recommends that such procedures be adopted in writing by the Board of Directors. Mr. Austin reviewed the Order Adopting Procedures for Post-Issuance Compliance with the Board of Directors. Following review and discussion, Smith moved to adopt the Order Adopting Procedures for Post-Issuance Compliance and direct that the Order be filed appropriately and retained in the District's official records. Kerr seconded the motion, which passed 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 98.88% collected as of July 31, 2012, discussed historical collections and preliminary values for 2012 and the status of referring delinquent accounts for collection. Ms. Flores also discussed an invoice for previous estimates provided by the appraisal district and not billed to the District and reviewed current estimated values requested by Mr. Hudson as of July 15, 2012. Mr. Hudson said that he would pay for the estimate as of July 15, 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 Smith seconded the motion, which carried unanimously. A copy of the tax assessor/collector's report is attached.



## 2012 TAX RATE

The Board took no action on this agenda item.

## RESOLUTION REQUESTING APPRAISAL OF PROPERTY AND CERTIFICATE OF ESTIMATED APPRAISED VALUE

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.

## 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 leak repair at 22003 Shortfin Mako and maintenance to the Ebara test pump. Mr. Woodring reported pumpage and surface water use numbers for July, 2012, discussed wastewater permit compliance, reported exceed flows for the E. Coli daily maximum limit twice during the month of July at the wastewater treatment plant and reported build out projections for the District. Mr. Woodring stated the joint water accountability for the month of July was 98.3% and 12 new residential taps were installed.

After review and discussion, upon a motion by Director Smith and a second by Director DuBois, the Board voted unanimously to (1) approve the District operator's report; and (2) authorize a leak repair at 22003 Shortfin Mako in the amount of \$3,100.

## TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS

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 and said that there has been no additional correspondence concerning the complaint.

Mr. Woodring discussed builder back-charges owed by Royce Homes, Trophy Homes, KB 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 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 and that further taps be withheld from KB Homes, Royce Homes, Trophy Homes and NuWay Homes until back-charges are paid. Director Kerr seconded the motion, which carried unanimously.

#### AMEND RATE ORDER

The Board concurred to defer discussion until the Board considers the budget for the next fiscal year.

#### WATER SMART ACTIVITIES

The Board discussed the Board's pending Interlocal Agreement with the Harris-Galveston Subsidence District regarding the WaterWise program. Ms. Hammond agreed to contact Morton Ranch Elementary on behalf of the District regarding the school's participation effort and to get enrollment numbers.

#### 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 design of water, sewer and drainage to serve Vineyard Meadows, Sections 8 and 9 and requested authorization to advertise for bids for construction.

Mr. Heisch then reported that bids for construction of water, sewer and drainage to serve Vineyard Meadows, Sections 6 and 7 will be received and opened on August 17, 2012.

Mr. Heisch said that water, sewer, and drainage facilities to serve Vineyard Meadow, Section 5 are substantially complete, that Harris County inspection has been requested and recommended the Board approve Pay Estimate No. 2 in the amount of \$13,440, payable to Clearwater Utilities, Inc., subject to the developer funding the pay estimate.

Mr. Heisch reported on the status of construction of the lift station at the wastewater treatment plant and recommended the Board approve Pay Estimate No. 5 in the amount of \$22,005.50, 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 the final pay estimate has not been submitted.

Mr. Heisch reported on the status of improvements at the Elrod Road plant and said that notice to proceed was issued on July 30, 2012.

Mr. Heisch updated the Board on the status of camera surveying of the sanitary sewer in Lakes of Bridgewater Drive and presented contracts for signature.

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, notice received from the engineer for the West Harris County Regional Water Authority regarding right of way acquisition for the construction of a surface water line and three utility easements from KB Home Lone Star, Inc. to serve Vineyard Meadows, Section 7.

Mr. Heisch reported on the status of the District's surplus funds application to the TCEQ and said the application was administratively complete on July 20, 2012.

Following review and discussion, based on the recommendation of the engineer, upon a motion by Director Thornhill and a second by Director Kerr, the Board voted unanimously to (1) approve the District engineer's report; (2) authorize the District engineer to advertise for bids for construction for the construction of water, sewer and drainage to serve Vineyard Meadows, Sections 8 and 9; (3) approve Pay Estimate No. 2 in the amount of \$13,440, payable to Clearwater Utilities, Inc., subject to the developer funding the pay estimate, for the construction of water, sewer, and drainage facilities to serve Vineyard Meadow, Section 5; (4) approve Pay Estimate No. 5 in the amount of \$22,005.50, payable to T&C Construction for the construction of the lift station at the wastewater treatment plant; (5) authorize signature upon contracts for camera surveying of the sanitary sewer in Lakes of Bridgewater Drive; and (6) accept three utility easements from KB Home Lone Star, Inc. to serve Vineyard Meadows, Section 7.

#### RENEWAL OF DISTRICT'S INSURANCE POLICIES

Mr. Austin said that the District's insurance policies expire on October 1, 2012. Director Thornhill disclosed that she is employed by SIG/McDonald & Wessendorff and then removed herself from further discussion regarding the District's policies. Following discussion, the Board concurred to request that ABHR obtain proposals for renewal of the District's insurance policies.



### DISTRICT WEBSITE

Director DuBois requested a contact change on the 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

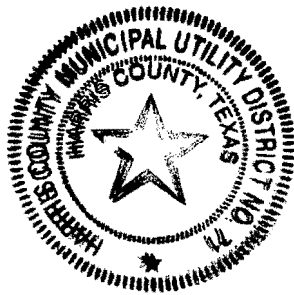
Director Kerr requested that ABHR add to the special meeting agenda to discuss the District's contracts with Barlett Tree Services, as a subcontractor of Seaback Maintenance, and with Edminster, Hinshaw, Russ and Associates, Inc.

### MEETING SCHEDULE.

The Board agreed to hold a special meeting on August 29, 2012 at 6:00 p.m.

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

(SEAL)



  
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Secretary, Board of Directors

