

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

October 8, 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 8<sup>TH</sup> day of October, 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"); Anthea Moran of First Southwest Company; Demetria Marshall, District resident; Officer Steve Arhelger of Harris County Sheriff's Department; and Lynne Humphries and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

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

SECURITY REPORT

The Board concurred to place an executive session to on the next regular agenda to discuss security matters.

Officer Arhelger discussed patrol activity in the District, including recent burglaries and patrol areas coded to the District.

COMMENTS AND WEBSITE INQUIRIES

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

Ms. Moran reviewed a financial analysis of savings potentially created by a proposed refunding bond issuance, discussed current bond market conditions and

issuance costs of the refunding bonds. Following discussion, the Board concurred that Ms. Moran move forward and take the necessary steps to issue the refunding bonds.

Ms. Marshall commented regarding the condition of trees planted at the entrance of Morton Ranch.

#### MINUTES

The Board considered approving the minutes of the regular meeting on September 10, 2012, as amended, and the minutes of the special meeting on September 26, 2012, as amended. Following review and discussion, Director Kerr moved to approve the minutes of regular meeting on September 10, 2012, and the minutes of the special meeting on September 26, 2012, both as amended. Director DuBois seconded the motion, which passed unanimously.

#### GARBAGE COLLECTION

There was no discussion on this agenda item.

#### DEVELOPER REIMBURSEMENT AUDIT FOR SURPLUS FUNDS APPLICATION AND DISBURSEMENT OF FUNDS

Ms. Humphries reported that the District auditor is gathering receipts from the developers receiving reimbursement through surplus funds released by order of the Texas Commission on Environmental Quality ("TCEQ") on October 2, 2012. Mr. Heisch updated the Board on scheduling of a pre-purchase inspection of facilities and coordination with Regional Water to make any corrections/repairs prior to the TCEQ inspection. Mr. Woodring estimated repairs to be addressed pursuant to the punch list should cost between \$3,000 and \$5,000.

#### DEVELOPMENT IN THE DISTRICT AND FINANCING AGREEMENT FOR MILES FAMILY

Mr. Hudson reported on lots under contract and houses under construction in Sections 1 and 2 of Lakes at Mason Park and homebuilders under contract for lots in Section 3.

Ms. Humphries reviewed a financing agreement for extension of a sanitary sewer line to serve a proposed development on a portion of a 16 acre tract owned by the Miles family. Upon a motion by Director Thornhill and a second by Director DuBois, the Board voted unanimously to approve a financing agreement for extension of a sanitary sewer line to serve a proposed development on a portion of a 16 acre tract owned by the Miles family.

## TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Flores reviewed the monthly tax assessor/collector's report. Ms. Flores reported that the 2011 taxes are 99.22% collected as of September 30, 2012, discussed historical collections and certified values for 2012, including additional certified value expected and the status of referring delinquent accounts for collection. After review and discussion, Director DuBois moved to approve the tax assessor/collector's report and payment of the bills presented for payment from the tax account. Director Thornhill seconded the motion, which carried unanimously. A copy of the tax assessor/collector's report is attached.

## PUBLIC HEARING REGARDING DISTRICT'S TAX RATE, ORDER LEVYING TAXES, AND AMENDMENT TO INFORMATION FORM

The Board opened the public hearing on the District's proposed tax levy. Ms. Flores confirmed that notice of the proposed levy had been published. Upon receipt of no comments from the public, the Board closed the public hearing and considered an Order Levying Taxes, reflecting a tax rate of \$1.10 per \$100 valuation consisting of \$0.87 for debt service and \$0.23 for operations and maintenance. The Board confirmed its intention that the 2012 tax levy includes a maintenance tax for the fiscal year ending September 30, 2013 and a debt tax to pay debt service for the 2013 calendar year. Ms. Flores discussed mailing duplicate statements to homeowners in January. Upon a motion made by Director Smith and seconded by Director Freeze, the Board unanimously adopted the Order Levying Taxes, authorized the execution and filing of the Amendment to the District's Information Form to reflect the tax rate for 2012, and authorized the District's tax assessor/collector to mail duplicate statements to homeowners.

## FINANCIAL AND BOOKKEEPING MATTERS

Ms. Jarmon reviewed the bookkeeper's report and investment report and presented the bills for payment.

The Board discussed unspent budgeted items on the approved projects list for the fiscal year ending September 12, 2012. Ms. Jarmon reported that she has not received any comment from Harris County Municipal Utility District No. 287 ("No. 287") regarding the joint facilities budget submitted for No. 287's review and comment.

After review and discussion, Director Kerr moved to (1) approve the bookkeeper's report and investment report; and (2) approve the bills presented for payment, with the exception of voided check no. 8802 and inclusion of handwritten check no. 8821. Director Thornhill seconded the motion, which carried unanimously.

## REPORT FROM SEABACK MAINTENANCE ON PARK, LANDSCAPE, AND LAKE MAINTENANCE

Mr. Seaback reviewed an October maintenance report, including discussion regarding mowing and fountain screen cleaning schedules and fence repair. He reviewed activities planned for the month and requested that the Board authorize a pre-approved limit for maintenance items. The Board took no action on this agenda item.

## 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. Mr. Woodring reported pumpage and surface water use numbers for September, 2012, current water and wastewater capacity, discussed wastewater permit compliance, including final reporting for two effluent violations reported due to problems with the sludge pump at the wastewater treatment plant, updated the Board on the performance of the Ebara test pump and reported build out projections for the District. Mr. Woodring stated the joint water accountability for the month of September was 93.4%. He also reported 12 new residential taps were installed.

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.

## TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS

Mr. Woodring discussed builder back-charges owed by Royce Homes and Trophy Homes. Mr. Woodring also discussed a written appeal from John Moore complaining of high water bills and a possible leak at a newly purchased home. Following discussion and review of information provided by the District operator, the Board took no action on Mr. Moore's appeal. Mr. Woodring said that he would respond to Mr. Moore and recommend that Mr. Moore contact the builder regarding a possible leak.

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 Royce Homes and Trophy

Homes until back-charges are paid. Director DuBois seconded the motion, which carried unanimously.

### 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 facilities to serve Vineyard Meadows, Section 3 and requested authorization to advertise for bids for construction.

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. 7 in the amount of \$34,447.92, payable to T&C Construction. He said that construction should be complete by the end of the month.

Mr. Heisch said he received annual projections from the engineer for Harris County Municipal Utility District No. 287 ("No. 287") and said the District will need to begin design of the next water plant in the first quarter of 2013. Ms. Humphries discussed the District's joint facilities agreement with No. 287 and cost sharing for future improvements and said the District's capital improvement plan will be updated to include the new water plant.

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 of water, sewer and drainage facilities to serve Vineyard Meadows, Section 3; and (3) approve Pay Estimate No. 7 in the amount of \$34,447.92, payable to T&C Construction for construction of the lift station at the wastewater treatment plant.

### DISTRICT INFORMATION KIT

Ms. Humphries reviewed with the Board the most current draft of the District Information Kit. The Board concurred to show in the report the current term of each Director.

## RENEWAL OF INTERLOCAL AGREEMENT WITH HARRIS COUNTY SHERIFF'S DEPARTMENT

The Board next discussed renewal of the District's Interlocal Agreement with Harris County for Deputy patrol service expiring December 31, 2012. Following discussion, Director Kerr moved to authorize ABHR to advise Harris County that the District will retain its current level of patrol for the following year and to prepare contracts for the Board's signature. Director Smith seconded the motion, which passed unanimously.

## RENEWAL OF INTERLOCAL AGREEMENT FOR HARRIS COUNTY FLOOD CONTROL DISTRICT FOR MOWING

The Board next discussed renewal of the District's Interlocal Agreement with Harris County Flood Control ("HCFCD") for mowing of HCFCD Unit U501-02-00. Following discussion, Director Thornhill moved to authorize ABHR to notify HCFCD of the District's intent to renew its Interlocal Agreement with HCFCD for mowing of HCFCD Unit U501-02-00 and to provide any necessary information to HCFCD for same. Director Kerr seconded the motion, which passed unanimously.

## DISTRICT WEBSITE

The Board concurred to post the District's Order Levying Taxes for 2012 on the District website.

## ACTION LIST

The Board reviewed and revised the Action List and discussed the status of the items listed. Director Thornhill said that she would try to contact the principal of Morton Ranch Elementary regarding the Water Wise program.

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

The Board next reviewed an email request from Michael Barrera with Crest Management regarding funding construction of sidewalks to Morton Ranch Elementary, but took no action.

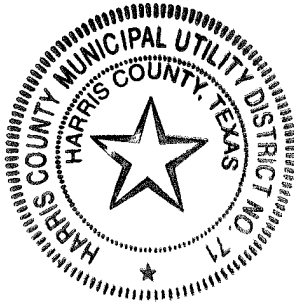
## MEETING SCHEDULE

The Board also agreed to hold a special meeting on October 23, 2012 to discuss park and recreation items.

There being no additional business to consider, the meeting was adjourned at 7:39 p.m.

Mary DuBois  
Secretary, Board of Directors

(SEAL)



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