

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

December 10, 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 10th day of December, 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 Officer Steve Arhelger of Harris County Sherriff's Department; 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; John Chandler of Seaback Maintenance ("Seaback"); Joseph Ellis of McCall Gibson Swedlund Barfoot, PLLC; Kendra Ramos and Scott Bass, District residents; and Lynne 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 three website inquiries, requiring no Board action, which are listed in the District operator's report attached to these minutes, including a request for records from the attorney for Shannell Perkins. The Board concurred that the District operator respond to Shannell Perkins' records request providing a copy of the District Rate Order and the customer bill, with a copy to ABHR.

The Board next received public comment from Kendra Ramos at 10819 Banyon Crest, requesting relief from penalties incurred due to account delinquency and comment from Scott Bass at 3650 Lakaries requesting relief from stop payment fees incurred in connection with a delinquent online utility payment. The Board concurred to defer decision on relief requested until the District operator's report.

AUDIT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2012

Mr. Ellis reviewed the audit for the fiscal year ending September 30, 2012. Following review and discussion, Director Kerr moved to approve the audit for the fiscal year ending September 30, 2012, and direct that the final audit be filed appropriately and retained in the District's official records, subject to confirmation of the District's Refunding Bonds, Series 2012A interest rate. Director Thornhill seconded the motion, which passed by unanimous vote.

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 6:10 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 6:32 p.m., the Board reconvened in Open Session. No action was taken as a result of discussion in executive session. The Board requested that the Interlocal Agreement between the District and Harris County for patrol services be placed on the January regular agenda and that ABHR contact Sergeant Grady Castleberry with the Harris County Sheriff's Department requesting representatives of the Community Services Bureau at Holiday in the Park.

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The Board considered approving the minutes of the special meeting on October 23, 2012, as amended, the regular meeting on November 12, 2012, as amended, the special meeting on November 25, 2012, as submitted, and the special meeting on November 28, 2012, as amended. Following review and discussion, Director Thornhill moved to approve the minutes of October 23, 2012, as amended, the regular meeting on November 12, 2012, as amended, the special meeting on November 25, 2012, as submitted, and the special meeting on November 28, 2012, as amended. Director DuBois seconded the motion, which passed unanimously.

GARBAGE COLLECTION

Director Kerr discussed correspondence received from Crest Management requesting that the Board consider recycling. The Board concurred that the District operator reply to Crest Management that the Board considers recycling every two years by survey. There was no additional discussion on this agenda item.

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

Mr. Chandler reviewed a schedule of park, landscape, and lake maintenance items completed during November 2012, including power washing the gazebo and removal of 68 ducks and 50 to 60 duck eggs and proposed maintenance items for December 2012, including power washing the gazebo prior to Holiday in the Park, monthly mowing, removal of additional ducks and repair of the fountain capacitors at Bundy Lake. Upon inquiry from Director Kerr, Mr. Chandler said that Seaback is considering changing landscaping personnel. Ms. Humphries reiterated that the Seaback monthly written maintenance report should include all maintenance completed during the prior month and all maintenance to be completed in the current month.

ANNUAL REPORT IN ACCORDANCE WITH DISTRICT'S CONTINUING DISCLOSURE OF INFORMATION AGREEMENT AND AS REQUIRED BY SEC RULE 15C2-12

The Board considered authorizing preparation and filing of the District's Annual Report in accordance with Securities and Exchange Commission Rule 15c2-12. Ms. Humphries explained that the District's bond resolutions require the District to file updated financial and operation information about the District on an annual basis. After discussion, Director Thornhill moved that the Board authorize preparation of the Annual Report. Director DuBois seconded the motion, which passed by unanimous vote.

REFUNDING BONDS, SERIES 2013

Ms. Moran said that the District's \$4,305,628 Unlimited Tax Refunding Bonds, Series 2013 priced today and that the Board's previously approved minimum parameters were exceeded.

TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR ASSOCIATION OF WATER BOARD DIRECTORS WINTER CONFERENCE

The Board discussed the number of fees of office, meals, and maximum hotel accommodations for the Association of Water Board Directors winter conference.

Following discussion, Director Thornhill moved to authorize a maximum of: (1) two nights of hotel accommodations; (2) director fees of office for three days; and (3) a daily meal expense not to exceed \$50.00. Director Kerr seconded the motion, which carried by unanimous vote.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Jarmon reviewed the bookkeeper's report and investment report and presented the bills for payment, including surplus funds released, invoices for Holiday in the Park and design fees paid for development of the Miles commercial tract.

After review and discussion, Director Thornhill moved to (1) approve the bookkeeper's report and investment report; and (2) approve the bills presented for payment. Director DuBois seconded the motion, which carried unanimously.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Flores reviewed the monthly tax assessor/collector's report. Ms. Flores reported that the 2012 taxes are 2.82% collected as of November 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 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.

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 November 2012, current water and wastewater capacity, discussed wastewater permit compliance, updated the Board on the performance of new lift station at the wastewater treatment plant and reported on build out projections for the District. He discussed a seal leak on sludge pump no. 4 at the wastewater treatment plant and estimated repair at \$3,800 and reported a fire hydrant at Morton Road and Elrod Road under repair estimated between \$1,500 and \$6,250. Mr. Woodring stated the joint water accountability for the month of November was 94.2%. He also reported 20 new residential taps were installed.

After review and discussion, upon a motion by Director Thornhill and a second by Director Smith, the Board voted unanimously to (1) approve the District operator's report; (2) approve repair of a seal leak on sludge pump no. 4 at the wastewater treatment plant for an amount not to exceed \$3,800; and (3) approve repair of a fire hydrant at Morton Road and Elrod Road for an amount not to exceed \$6,250.

TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS

Mr. Woodring discussed builder back-charges owed by Royce Homes and Trophy Homes and considered a customer appeal from Sandra Hamilton at 2201 Glenburn Manor requesting relief for a high October utility bill and penalties incurred for delinquent payment. Following discussion and consideration of documents provided by Ms. Hamilton and the District operator, Director Thornhill moved to deny Ms. Hamilton's and Ms. Ramos' requests and offer Ms. Hamilton and Ms. Ramos payment plans. Director Kerr seconded the motion, which passed unanimously. Director Thornhill then moved to allow waiver of bank fees only if Mr. Bass provides documentation that payment was made timely. Director Smith seconded the motion, which passed unanimously.

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 Royce Homes and Trophy Homes until back-charges are paid. Director Kerr 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 next discussed the Miles Family tract and requested authorization to begin design of a sanitary sewer line extension to serve the tract. Ms. Humphries confirmed receipt of \$27,600 from the Miles family to cover fees incurred by the District for design of the sanitary sewer line extension.

Ms. Moran discussed District property values, including values within Lakes at Mason Parks, and said that an estimate of value is pending from Harris County Appraisal District. Mr. Heisch discussed design status of future water plant no. 3, phase 1 and capacity of District wells and plants.

Mr. Hudson reported that the developer will be taking bids for construction of water, sewer and drainage facilities to serve Lakes of Mason Park, Section 3 in January 2013.

Mr. Heisch also reported regarding Vineyard Meadow, Section 6, water, sewer, and drainage facilities and Vineyard Meadow, Section 7, water, sewer, and drainage facilities and recommended the Board approve Change Order No. 1 in Vineyard Meadows, Section 7 for an increase due to boring and jacking 85 linear feet of 8-inch sanitary sewer line to miss an existing fiber optic line and AT&T service box.

Mr. Heisch reported on the status of Texas Commission on Environmental Quality ("TCEQ") inspection of the lift station at the wastewater treatment plant.

Mr. Heisch reported regarding the sanitary sewer camera survey for Lakes of Bridgewater Drive and said all lines have been televised and review of tapes is underway.

Mr. Heisch discussed a previous request from Harris County Emergency Services District No. 48 ("ESD No. 48") for out of district service for a fire station. The Board then reviewed the service area for ESD No. 48.

Mr. Hudson said the storm water quality permit for Lakes of Mason Park is pending renewal and certification and discussed conveying the permit to the District.

Mr. Heisch said he contacted Harris County Municipal Utility District No. 449 ("No. 449") in response to a request for a water interconnect from No. 449 for emergency use only but not as temporary supply for 50 connections. He said the offer was contingent upon completion of water plant no. 3, phase 1 and was subject to an acceptable written emergency water interconnect agreement and payment by No. 449 of all costs to bring service to No. 449. He added he has not received a response.

Following review and discussion, Director Thornhill moved to (1) approve the engineer's report; (2) authorize the District engineer to design an extension of sanitary sewer line to serve the Miles Family tract; (3) approve Change Order No. 1 for Vineyard Meadow, Section 7, water, sewer and drainage; (4) authorize transfer of the storm water quality permit in Lakes of Mason Park to the District; and (5) authorize the District engineer to notify ESD No. 48 that the District will not provide out of District water

service to a fire station tract due to capacity limitations and service needs inside the District. Director DuBois seconded the motion, which passed unanimously.

HOLIDAY IN THE PARK, INCLUDING DEVELOPMENT AND MAINTENANCE OF DISTRICT, DETENTION PONDS, LAKES, PARKS, AND RECREATIONAL FACILITIES

Ms. Woodring and Ms. Jarmon updated the Board on signage, including cancellation notices to the public in the event of rain, fliers purchased for Holiday in the Park, event schedules and contributions made towards expenses.

Director Kerr discussed an email received from Chris Browne regarding lighting programs at Bundy Lake. Director Freeze discussed fading on the Bundy Lake monument.

The Board continued discussion regarding parks maintenance contract issues with Seaback. Director Freeze requested that review of the contract be placed on the January special meeting agenda. The Board also discussed separating mowing from the original bid specifications.

The Board then discussed the Harris County water meter and agreement with Harris County for water at Mason Park. Following discussion, Director Kerr moved to rescind the District's agreement with Harris County for water at Mason Park. The motion failed for lack of a second.

WATER SMART ACTIVIES, INCLUDING WATER WISE PRESENTATION AT MORTON RANCH ELEMENTARY

The Board reviewed correspondence from David Martinez with the Harris-Galveston Subsidence District regarding the content of the proposed Water Wise presentation planned for May 30, 2013 at Morton Ranch Elementary. Following discussion, Director Kerr moved to proceed with sponsorship of the Water Wise Program at Morton Ranch Elementary, subject to verification of enrollment. Director Thornhill seconded the motion, which passed unanimously.

DISTRICT WEBSITE AND FAQ PAGE

The Board reviewed the content of the "FAQ" page of the District website, discussed revisions to the page and concurred to defer action on revision of the FAQ page.

ACTION LIST

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

Director Kerr discussed an article in Impact News containing quotes regarding districts' abilities to participate in sidewalk projects. Ms. Humphries discussed with the Board the legal ability of districts to finance sidewalks as part of trail projects.

MEETING SCHEDULE

The Board discussed regular and special meeting schedules for January 2013 and agreed to meet on January 14, 2013 for the regular meeting and January 28, 2013 for the special meeting.

There being no further business to consider, Director Thornhill moved to adjourn the meeting at 8:13 p.m. The motion, which was seconded by Director Smith, passed unanimously.




Secretary, Board of Directors

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