

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

January 14, 2013

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 14th day of January, 2013, 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"); John Chandler of Seaback Maintenance ("Seaback"); Anthea Moran of First Southwest Company; Chris Browne of Edminster Hinshaw and Associates; and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

Director Thornhill called the meeting to order at 6:01 p.m.

COMMENTS AND WEBSITE INQUIRIES

Mr. Woodring discussed one website inquiry requiring no Board action, which is listed in the District operator's report attached to these minutes and reported a request from District resident, Eugene Burrell, for traffic control along Mason Road. Officer Arhelger said he would request additional patrol of Mason Road and return the traffic speed trailer to Mason Road when repaired.

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 6:04 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, SECURITY REPORT AND RENEW HARRIS COUNTY DEPUTY CONTRACT FOR TWO DEPUTIES

At 6:15 p.m., the Board reconvened in Open Session. No action was taken as a result of discussion in executive session. Ms. Miller said the Interlocal Agreement between the District and Harris County for patrol services has not yet been received. The Board requested that the Interlocal Agreement between the District and Harris County for patrol services be placed on the January 28, 2013 special meeting agenda.

MINUTES

The Board considered approving the minutes of the regular meeting on December 10, 2012, as amended and the special meeting on December 15, 2012, as submitted. Following review and discussion, Director DuBois moved to approve the regular meeting on December 10, 2012, as amended and the special meeting on December 15, 2012, as submitted. Director Smith seconded the motion, which passed unanimously.

REVIEW SERIES 2007 ARBITRAGE REBATE REPORT

The Board next reviewed an arbitrage report from Omnicap, LLC for the District's Unlimited Tax Bonds, Series 2007 and Ms. Miller noted that no rebate payment is due the Internal Revenue Service. The Board concurred to accept the report and direct its filing in the District's records.

GARBAGE COLLECTION

The Board discussed renewal of the District's garbage contract with Best Trash and requested that renewal of the garbage contract be placed on the January 28, 2013 special meeting agenda for discussion.

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

Mr. Chandler reviewed a schedule of park, landscape, and lake maintenance items to be completed during January 2013, including removal of additional ducks from Bundy Lake. Mr. Chandler also reviewed a proposal to repair two water features at Bundy Lake in the amounts of \$1,900 and \$1,935 and the wishing well fountain for \$1,700. The Board discussed the fountains at the wishing well. Following discussion, Director Smith moved to approve repair of the water features at Bundy Lake and to defer on repair of the wishing well fountain pending additional information from Seaback. The motion, which was seconded by Director Thornhill, passed unanimously.

The Board next discussed with Mr. Chandler whether seeding and fertilizing was specified in Seaback's Master Services Agreement with the District. Mr. Woodring confirmed that seeding and fertilizing was included and could be omitted depending upon weather conditions. Mr. Chandler discussed Seaback's profit margin and mark up for seeding and fertilizing and said Seaback may be interested in discontinuing the contract with the District in April 2013 and keeping the mowing portion of the contract only if the seeding and fertilizing rates cannot be increased. Following discussion, upon a motion by Director Thornhill and a second by Director Smith, the Board voted unanimously to place on the January 28, 2013 special meeting agenda an item to discuss the District's contract with Seaback Maintenance.

The Board also reviewed Seaback invoices and discussed invoicing for inspection of fountain screens.

FINANCIAL AND BOOKKEEPING MATTERS

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

After review and discussion, Director Kerr moved to (1) approve the bookkeeper's report and investment report; (2) approve the bills presented for payment; and (3) authorize refund of excess funds contributed for Holiday in the Park to the contributors. Director Thornhill seconded the motion, which carried unanimously.

ANNUAL DISCLOSURE STATEMENTS FOR INVESTMENT OFFICER AND BOOKKEEPER

Ms. Jarmon stated that, in accordance with the District's Investment Policy, she as the bookkeeper and Investment Officer is required to execute disclosure statements that disclose any relationships with banks and brokers who seek to sell investments to the District. She added that the disclosure statements will be filed with the Texas Ethics Commission and in the District Records and updated whenever necessary. After review and discussion, Director Thornhill moved that the Board accept the disclosure statements pursuant to the District's Investment Policy and the Public Funds Investment Act. Director Kerr seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Flores reviewed the monthly tax assessor/collector's report. Ms. Flores reported that the 2012 taxes are 79.30% collected as of January 11, 2013 and discussed historical collections and certified 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 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 December 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. Mr. Woodring stated the joint water accountability for the month of December was 93.5%. He also reported 35 new residential taps were installed.

Mr. Woodring next discussed ongoing issues with the fine bubble aeration system at the wastewater treatment plant and funds allocated in the capital improvement plan. He said ammonia levels are at permit level and leaks are developing in the plastic piping. He estimates repair at \$30,000 for the District's share. The Board discussed notifying Harris County Municipal Utility District No. 287 when exact costs are determined. Following discussion, upon a motion by Director Thornhill and a second by Director Smith, the Board voted unanimously to authorize the District operator to begin plans to repair the fine bubble aeration system at the wastewater treatment plant.

Mr. Woodring also requested authorization to repair a waterline leak on Clay Road at the Mayde Creek crossing for \$7,200. Upon a motion by Director Thornhill and a second by Director Smith, the Board voted unanimously to authorize repair of a waterline leak on Clay Road at the Mayde Creek crossing for \$7,200.

Mr. Woodring also reported that the District's sludge hauler, Terra Renewal will increase its price to serve the District next year. The Board concurred to authorize ABHR to prepare a Services Agreement for Terra Renewal.

After review and discussion, upon a motion by Director Thornhill and a second by Director Smith, 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, Trophy Homes and Saratoga 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 Royce Homes, Trophy Homes and Saratoga 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 discussed design of a sanitary sewer line extension to serve the Miles Family tract and presented a proposal from Tolunay-Wong Engineers, Inc. in the amount of \$4,250 for preparation of a geo-technical report and recommended that the Board approve the proposal, subject to inclusion of recommended attorney revisions to the contract. Mr. Heisch said the Miles family may defer construction of the line until more than one user is planned for the line.

Mr. Heisch reviewed 8 bids for construction of water, sewer and drainage facilities to serve Lakes of Mason Park, Section 3, and recommended that the Board award the contract to the low bidder, Kenneth Lamb Construction Co., in the amount of \$414,678. After review and discussion, based on the engineers' recommendation, and because it would result in the best and most economical completion of the project, Director Thornhill moved to approve the award of the contract to the low bidder, Kenneth Lamb Construction Co., subject to review and approval of payment and performance bonds and insurance. Director Kerr seconded the motion which passed unanimously.

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 said that a final inspection has been scheduled for January 17, 2013.

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. 9 in the amount of \$51,210 and Pay Estimate No. 10 in the amount of \$9,000, both payable to T&C Construction.

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 relatively complete with the exception of a few tapes. He said the overall condition of the sanitary sewer line was better than expected and approximately 500 feet of line will require relining. He also recommended that the Board approve Pay Estimate No. 2 in the amount of \$7,668, payable to CleanServe, Inc.

Ms. Moran discussed an increase in District property values and Mr. Heisch discussed design status of future water plant no. 3, phase 1 and capacity of District wells and plants. Ms. Moran also discussed the savings parameters of the District's Refunding Bonds, Series 2013 and presented and reviewed a cash flow analysis and discussed preparation of the District's next bond application.

Following review and discussion, Director Thornhill moved to (1) approve the District engineer's report; (2) approve a proposal from Tolunay-Wong Engineers, Inc. in the amount of \$4,250 for preparation of a geo-technical report for the Miles family tract, subject to inclusion of recommended attorney revisions to the contract; (3) approve Pay Estimate No. 9 in the amount of \$51,210 and Pay Estimate No. 10 in the amount of \$9,000, both payable to T&C Construction for construction of the lift station at the wastewater treatment plant; and (4) approve Pay Estimate No. 2 in the amount of \$7,668, payable to CleanServe, Inc. for sanitary sewer camera survey for Lakes of Bridgewater Drive. Director Smith seconded the motion which passed unanimously.

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

The Board discussed with Mr. Woodring repairing the ice maker in the administration building. Following discussion, Director Kerr moved to replace the ice maker with a Manitowac Series 450 ice machine. Director Thornhill seconded the motion, which passed unanimously.

Mr. Browne discussed a lighting controller issue at Bundy Lake Park and said he is working with the manufacturer and will be prepared to discuss the issue more fully at the January 28, 2013 special meeting. The Board also discussed with Mr. Browne light programming and fading on the monument at Bundy Lake. Mr. Browne said he would consult the installer regarding sealant used on the monument.

The Board discussed inspection of playground equipment and incorporating routine inspections into the overall maintenance contract when renewed.

The Board discussed correspondence received regarding available recreational trail grants and requested that an item be placed on the January 28, 2013 special meeting agenda to approve same.

WATER SMART ACTIVITIES AND WATER WISE AGREEMENT WITH HARRIS-GALVESTON SUBSIDENCE DISTRICT FOR WATER CONSERVATION PROGRAM AT MORTON RANCH ELEMENTARY

The Board reviewed an agreement with the Harris-Galveston Subsidence District for sponsorship of the Water Wise Program at Morton Ranch Elementary. Ms. Miller verified an enrollment of 267 students in the 4th and 5th grade at Morton Ranch Elementary. Following discussion, Director Kerr moved to sponsor the 5th grade at Morton Ranch Elementary, subject to verification of an approximate enrollment of 130. Director DuBois seconded the motion, which passed by a vote of 4 to 1, with Director Freeze voting against the motion.

DISTRICT WEBSITE

The Board agreed to defer action on revision of the FAQ page on the District website until the ACH Agreement with Compass Bank is finalized.

ACTION LIST

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

DIRECTORS AND DISTRICT CONSULTANT'S REPORTS ABOUT DISTRICT OPERATIONS

Director Kerr discussed recent legislation regarding irrigation installation and inspections and requested additional information from ABHR.

The Board discussed with Mr. Woodring the status of the Emergency Service District No. 48's service center outside the boundary of the District and notice of fee increases from the West Harris County Regional Water Authority for 2013.

MEETING SCHEDULE

The Board confirmed January 28, 2013 for the special meeting.

There being no further business to consider, Director Thornhill moved to adjourn the meeting at 7:57 p.m. The motion, which was seconded by Director Smith, passed unanimously.

Mary Dubois

Secretary, Board of Directors

(SEAL)



LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
tax assessor/collector's report	4
operator's report	4
termination and tap withholding list	5
engineer's report.....	5