

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

April 8, 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 8<sup>th</sup> day of April, 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 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"); Sgt. Grady Castleberry and Officer Steve Arfhelger of Harris County Sherriff's Department; Chris Browne of Edminster, Hinshaw, Russ and Associates, Inc. ("EHRA"); Matthew May of Best Trash, LLC; Mike Stone, Sherrie Knoepful and Kendall Purgatorio of Mike Stone & Associates ("MSA"); Noel Barfoot of McCall Gibson Swedlund Barfoot PLLC; and Lynne Humphries and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

Director Thornhill called the meeting to order at 6:03 p.m.

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 Sergeant Grady Castleberry and Officer Steve Arhelger of Harris County Sheriff's Department. Ms. Humphries and Ms. Miller also were present.

RE-CONVENE IN OPEN SESSION, SECURITY REPORT AND RENEW HARRIS COUNTY DEPUTY CONTRACT FOR TWO DEPUTIES

At 6:20 p.m., the Board reconvened in Open Session. No action was taken as a result of discussion in executive session.

## MINUTES

The Board considered approving the minutes of the regular meeting on March 11, 2013, as amended. Following review and discussion, Director Thornhill moved to approve the regular meeting on March 11, 2013, as amended. Director DuBois seconded the motion, which passed unanimously.

## 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.

Ms. Humphries reported regarding a response to a District resident inquiry regarding detention maintenance.

## REPORT ON DEVELOPMENT

Ms. Humphries provided a written development report prepared by Mr. Robert Hudson regarding the status of lot development and sales in Lakes of Mason Park.

## GARBAGE COLLECTION

Mr. May reviewed a water bill insert for the May 3, 2013 billing cycle notifying residents of the June 1 start date for the District recycling program, including information regarding recycling pick up days and times, acceptable recycling containers and types of materials that can be recycled. Mr. May said the containers will be delivered the week of May 27. Mr. May also discussed potential savings by changing trash collection days to Monday and Thursday. The Board requested Mr. May send proposed revised trash collection pricing to Ms. Humphries.

## REPORT ON PARK, LANDSCAPE, AND LAKE MAINTENANCE

Ms. Knoepful gave a verbal report and discussed ongoing park, landscape and lake maintenance since MSA was hired on April 1, 2013, including removal of damaged garbage cans, drain cleaning at Bundy Lake Park, removal of posts at Bundy Lake Park, securing all electrical hazards and the vault area at Bundy Lake Park, new ducks and current duck count at Bundy Lake and overall grass condition. She also reported Lake Management Services, Inc. ("LMS") will be touring and inspecting lakes this week and that weekly landscape maintenance began today.

Discussion ensued regarding the condition of light posts at Bundy Lake Park and Ms. Knoepful said the posts are rotted at ground level. Mr. Browne commented

regarding lights that are working, said there are 4 lights in question that are not part of the current proposal and said new light posts installed as part of the Bundy Lake park rehabilitation will be metal.

Discussion next ensued regarding splash pad spray equipment and Ms. Knoepful said the vault was full of water, damaging the control panel. She said the system components were tested manually and are working. Ms. Knoepful said she spoke to the manufacturer, estimates replacement of the control panel at \$10,000 and recommended moving the control panel to an above ground location. Discussion ensued regarding installation options, including location. Ms. Knoepful said she would bring proposals to the April special meeting.

Mr. Knoepful also reported regarding an alligator in the Morton Ranch detention pond reported by a District resident and discussed options, including placing signage to warn residents and procedures for removal of the alligator. The Board concurred and requested to review proposed wild life signage at the special meeting on April 16 and requested placement of temporary signage until then. She also discussed treating ponds for aquatic primrose growth. Director Kerr noted that the soil near the rock waterfall at the Enclave detention pond is gone.

Ms. Jarmon and Ms. Humphries discussed budgeted special projects funds remaining for park repair and maintenance.

#### RESOLUTION CHANGING FISCAL YEAR END FOR THE DISTRICT

Mr. Barfoot discussed changing the District's fiscal year end to March 31. He said the cost of the audit for the 18 month period would be the same as for a 12 month period if the Board approves the change. Ms. Jarmon stated she was in favor of the change and Ms. Humphries stated Anthea Moran, the District's Financial Advisor, also was supportive of the change. Ms. Humphries presented to the Board a Resolution Changing Fiscal Year End for the District from September 30, to March 31. Upon a motion by Director Thornhill and a second by Director Smith, the Board voted unanimously to approve a Resolution Changing Fiscal Year End for the District from September 30, to March 31. Ms. Humphries said ABHR will notify Harris County Municipal Utility District No. 287 ("No. 287") of the fiscal year end change and will file a material event notice as required by the District's continuing disclosure obligations.

#### TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Flores reviewed the monthly tax assessor/collector's report. Ms. Flores reported that the 2012 taxes collected through March 31, 2013 are 97.10% collected. She also 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.

AUTHORIZE DELINQUENT TAX ATTORNEY TO PROCEED WITH COLLECTION OF DELINQUENT PERSONAL PROPERTY ACCOUNTS

Ms. Humphries stated that the delinquent tax attorney can begin collecting any delinquent personal property tax accounts on April 1, 2013. Following discussion, Director Thornhill made a motion to authorize the delinquent tax attorney to begin collection of delinquent personal property tax accounts on April 1, 2013. Director Smith seconded the motion, which passed by unanimous vote.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Jarmon reviewed the bookkeeper's report and investment report and presented the bills for payment. Ms. Jarmon noted that sales tax payments from the City of Houston received pursuant to the District's Strategic Partnership Agreement with the City of Houston were not received this month. She also discussed amending the budget to reflect an 18 month budget, as a result of the new fiscal year end, and reviewed invoices received from Seaback Maintenance. 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.

ANNUAL REVIEW AND REPORT FROM OPERATOR ON IDENTITY THEFT PREVENTION PROGRAM

Mr. Woodring reviewed an annual report regarding the District's Identity Theft Prevention Program (the "Program"), a copy of which is attached. He stated the report indicates no significant incidents of identity theft detection and recommends no changes to the Program. The Board concurred that it was not necessary to adopt a Program amendment. After review and discussion, Director Thornhill moved to approve the annual report on the Program and direct that the report be filed appropriately and retained in the District's official records. Director Kerr seconded the motion, which passed by unanimous vote.

OPERATION OF DISTRICT FACILITIES AND TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS

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 March

2013, current water and wastewater capacity, discussed wastewater permit compliance, updated the Board on the performance of the 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 March was 88.7%, most likely attributable to lack of No. 287 data at reporting time. He also reported 25 new residential taps were installed.

Mr. Woodring next discussed an estimate in the amount of \$3,000 to repair the effluent composite sampler at the wastewater treatment plant and an estimate of \$6,500 for a new unit. Following discussion, Director Thornhill moved to repair the unit for \$3,000. The motion, which was seconded by Director Smith, passed unanimously.

Following review and discussion, Director Smith moved to (1) approve the District operator's report. Director Freeze seconded the motion, which passed unanimously.

Mr. Woodring discussed builder back-charges owed by Royce Homes and Trophy 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 Thornhill 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 proposed Lakes of Mason Park, Section 4 and requested authorization to design same.

Mr. Heisch updated the board on plan approval for Vineyard Meadow, Section 8, water, sewer, and drainage facilities, Vineyard Meadow, Section 9, water, sewer, and drainage facilities and Lakes of Mason Park, Section 3.

Mr. Heisch then discussed the status of design of a sanitary sewer line extension to serve the Miles Family tract and conveyance of an easement for an additional 10 foot sanitary easement from the landowner at the corner of Mason Road and Elrod Road. Ms. Humphries reported the status of negotiation of the terms and conditions of the easement with the landowner at the corner of Mason Road and Elrod Road, including approval of a letter of agreement setting forth the terms and conditions of the proposed easement.

Mr. Heisch next reported the status of preparation of an application for amendment to the District's elevated storage tank waiver and discussed field pressure testing data to be incorporated into the design of the next phase of the regional water system.

Mr. Heisch discussed proposed improvements for water plant nos. 1 and 2 and design of water plant no. 3, phase 1, budgets for same, including the regional budget, and prioritizing items in the capital improvement plan. Mr. Heisch said he would confer with Ms. Jarmon before the next meeting to more clearly define work necessary and budgeted funds for same. Ms. Humphries suggested updating the capital improvement plan.

Mr. Heisch also reported the status of construction of water, sewer and drainage to serve Vineyard Meadows, Sections 6 and 7 and said both were inspected by Harris County on March 18 and the contractor is now addressing punch lists.

Following review and discussion, Director Kerr moved to (1) approve the engineering report; (2) authorize design of Lakes of Mason Park, Section 4; (3) authorize the letter of agreement concerning the easement needed to serve the Miles tract; and (4) authorize ABHR to draft the easement for the landowner at the corner of Mason Road and Elrod Road to serve the Miles tract, as stated in the letter agreement. Director Thornhill seconded the motion, which passed unanimously.

#### DISTRICT WEBSITE

The Board discussed adding information regarding the new recycling program and concurred to amend the website notice to include bin delivery information and to include an article regarding wild life management.

#### ACTION LIST

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

DISCUSSIONS WITH HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 287  
REGARDING JOINT OPERATIONS

There was no discussion for this agenda item.

DEVELOPMENT AND MAINTENANCE OF PARKS

Mr. Heisch said he discussed repair and maintenance of the traffic island on Mason Road at the light with Harris County, Precinct 3 (the "County") and the County said to repair the pavers in the traffic island would require an agreement with the Lakes of Mason Parks Homeowner's Association (the "HOA"), or the County will replace the pavers with concrete, which is a County standard. Director Thornhill requested Mr. Heisch contact the HOA with the County information as the District is not really involved.

DIRECTORS AND DISTRICT CONSULTANT'S REPORTS ABOUT DISTRICT  
OPERATIONS

Ms. Humphries provided the Board notice of Harris County Emergency Services District No. 9 Sales and Use Tax Election in May, 2013.

Mr. Woodring reviewed with the Board a recreational facilities task list and projected cost information and said that he would provide the list to MSA to avoid work duplication. Mr. Woodring also confirmed that Seaback Maintenance is acting as subcontractor to RWC to mow plant sites at the same frequency and price previously paid by the District.

APPOINT DIRECTOR TO ATTEND MORTON RANCH WATER WISE  
PRESENTATION

Ms. Humphries said the Water Wise presentation by the Harris-Galveston Subsidence District sponsored by the District is scheduled for May 30, 2013 at Morton Ranch Elementary and lasts approximately 45 minutes. Director Kerr volunteered to attend on behalf of the Board.

MEETING SCHEDULE

The Board discussed the District's special park tour meeting on April 16, 2013 at 6:00 p.m., a special meeting scheduled for April 23, 2013 at 6:00 p.m. and a special meeting to discuss the District's geographic information system on May 20, 2013.

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

*Mary Dubois*

Secretary, Board of Directors

(SEAL)





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