

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

May 13, 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 13th day of May, 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"); Bob Hudson of Texas Investment & Development Co.; Esther Flores of Tax Tech, Inc.; Ginny Woodring and Steve Woodring of Regional Water Corporation ("RWC"); Sergeant Grady Castleberry and Officer Steve Arhelger of Harris County Sherriff's Department; Chris Browne of Edminster, Hinshaw, Russ and Associates, Inc. ("EHRA"); Sherrie Knoepful and Kendall Purgatorio of Mike Stone & Associates ("MSA"); Lawrence Dean of KB Homes; Shontelle Redeaux of MMC, Inc., Denise Starks, Karen Rocker and Chery Henderson, District residents; and Lynne Humphries and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

Director Thornhill called the meeting to order at 6:02 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 6:05 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 6:26 p.m., the Board reconvened in Open Session. No action was taken as a result of discussion in executive session.

COMMENTS AND WEBSITE INQUIRIES

Ms. Redeaux requested that the District consider paying the cost of installing 2 street lights on Meadow Birch Lane where Meadow Birch Lane intersects with future Westgreen Boulevard. Discussion ensued regarding responsibilities of the District, Harris County, the developer or the homeowner's association for installation and maintenance of street lighting. Ms. Humphries noted the District has not installed and does not maintain any other street lights in the District. Following discussion, the Board concurred to place on the May 30, 2013 an agenda item to discuss the request.

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

Ms. Humphries reported regarding a response to a District resident inquiry regarding when approved meeting minutes are posted on the website.

MINUTES

The Board considered approving the minutes of the special meeting on March 28, 2013, the regular meeting on April 8, 2013, the special park tour meeting on April 16, 2013, and the special meeting on April 23, 2013. Following review and discussion, Director Kerr moved to approve the minutes of the special meeting on March 28, 2013, as submitted, the regular meeting on April 8, 2013, as submitted, the special park tour meeting on April 16, 2013, as corrected, and the special meeting on April 23, 2013, as submitted. Director Smith seconded the motion, which passed unanimously.

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

Ms. Humphries noted that no representative from Harris County Municipal Utility District No. 287 ("No. 287") was present. There was no discussion on this agenda item.

DEVELOPMENT

Mr. Lawrence and Mr. Hudson reported regarding the status of lot development including landscaping upgrades in Vineyard Meadows, and sales in Vineyard

Meadows and Lakes of Mason Park. Mr. Hudson also provided an update on property value within the Lakes of Mason Park.

GARBAGE COLLECTION

Director Kerr discussed with the Board a potential discount offered by the District's garbage contractor, Best Trash, LLC, for changing trash collection days to Monday and Thursday, if and when requested by Best Trash, LLC, and projected a \$0.50 per household, or \$20,000 annual savings, to the District annually. Following discussion, Director Kerr moved to accept the offer to change garbage collection days for a reduced price, if and when requested by Best Trash, LLC. Director Smith seconded the motion, which passed unanimously.

REPORT ON PARK, LANDSCAPE, AND LAKE MAINTENANCE

Ms. Knoepful reported on ongoing park, landscape and lake maintenance, including an update on projects approved at the April 23, 2013 special meeting.

Ms. Knoepful reported the vault at the splash pad in Directors Park was televised and no blockage was identified. She said MSA installed a valve to prevent backflow into the vault and ordered a new controller which will arrive in two weeks. Ms. Knoepful said Fibar fall surface will arrive and be installed at Directors Park before the end of the month. She reported improvements to the restroom at Directors Park, including attic access through the storage area, and roofing repairs are complete. Ms. Knoepful said filling of holes in Directors Park will begin this week, weather permitting.

Ms. Knoepful next reported regarding the renovations at Bundy Lake Park and said renovations to the vault area at the monument will start next week and the wildlife sign will install tomorrow.

Ms. Knoepful reported that the motor from wishing well no. 1 is missing. She also reported the fountain at Blue Jay Pond is spraying erratically and may be sitting too closely to the ground, causing silt to be pulled into the fountain. The Board discussed options for removing the Blue Jay Pond fountain altogether, and possibly renovating the Blue Jay Pond to dry detention for ball fields. Ms. Knoepful said there is undermining at the storm sewer and drainage channel at Lonestar Lake and that she will consult with Storm Water Solutions regarding repair of same. Ms. Knoepful said for the time being, MSA will coordinate with Storm Water Solutions as an independent contractor of the District, and review Storm Water Solutions' invoices and recommend payment.

The Board discussed with Mr. Browne the schedule, revised projects summaries and budgets for constructing and installing additional improvements at the Bundy Lake monument and coordinating work with ongoing repairs by MSA. Mr. Browne updated the Board on light programming at Bundy Lake monument and said the manufacturer is sending a representative on May 23, 2013 to upload the programming card.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Jarmon reviewed the bookkeeper's report and investment report and presented the bills for payment. She also presented an amended budget to reflect an 18 month budget, as a result of the new fiscal year end, reviewed a revised special projects budget and surplus funds still pending disbursement to developers from the last developer reimbursement audit approved by the District. After review and discussion, Director Thornhill moved to (1) approve the bookkeeper's report and investment report; (2) approve the bills presented for payment; and (3) approve an amended budget for the fiscal year ending March 31, 2014. Director Kerr seconded the motion, which carried unanimously.

Ms. Jarmon and Mr. Heisch also discussed changes to the capital improvement plan, including revised scopes for water plant nos. 1 and 2 and proposed water plant no. 3. Ms. Humphries discussed with the Board contractual requirements to notify Harris County Municipal Utility District No. 287 of upcoming maintenance and construction expenses.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Flores reviewed the monthly tax assessor/collector's report. Ms. Flores reported that the 2012 taxes collected through April 30, 2013 are 97.86% collected. She also discussed historical collections and certified values for 2012, refunds due to overpayments, delivery of second set of delinquent notices and reviewed a delinquent tax report. 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 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, including survey of 308 fire hydrants and replacement of one non-functioning fire hydrant. Mr. Woodring reported pumpage and surface water use numbers for April 2013, current water and wastewater capacity, discussed issues with wastewater permit

compliance, including exceeded ammonia and E. Coli limits on April 18, 2013, most likely attributable to intermittent problems with bleach equipment. He also reported on build out projections for the District. Mr. Woodring stated the joint water accountability for the month of April was 97%. He also reported 7 new residential taps were installed.

Mr. Woodring discussed repair and replacement costs for the bleach pump and back up pump at the wastewater treatment plant and said the pump has been replaced for \$4,500, but discussed wear and tear on the backup bleach pump and recommended replacing the back up unit for an additional \$4,500.

He next discussed a sewage back up in Mason Park due to electrical trips in lift station no. 4. He recommended installing an auto dialer for \$3,500 for earlier notification of any operational issues at lift station no. 4.

Mr. Woodring also recommended meter accuracy testing for 43 commercial meters over 1 inch for a cost of \$7,500. He said estimates for needed repairs will follow.

Mr. Woodring then discussed a request from the owner of Daudi Business Park to remove the irrigation tap and related fees and partial engineering fees from the initial tap fee provided by the District operator. Following discussion, Director Thornhill moved to authorize removal of irrigation tap and related fees, but not engineering fees associated with those irrigation tap fees. Director DuBois seconded the motion, which passed unanimously.

Mr. Woodring said that KB Homes requested the District pay for taps on property designated for public use. Upon a motion by Director Thornhill and a second by Director Kerr, the Board voted unanimously to extend the same tap offer previously extended to other District developers on public use property.

Following review and discussion, Director Thornhill moved to (1) accept the District operator's report; (2) authorize the District operator to expend \$4,500 for a back up bleach pump at the wastewater treatment plant; (3) authorize the District operator to install an auto dialer at lift station no. 4 for an amount not to exceed \$3,500; and (4) authorize meter accuracy testing for 43 commercial meters over 1 inch for an amount not to exceed \$7,500. Director Smith seconded the motion, which passed unanimously.

TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS

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 Kerr seconded the motion, which carried unanimously.

CONSUMER CONFIDENCE REPORT

Mr. Woodring said the Consumer Confidence Report ("CCR"), must be filed with the Texas Commission on Environmental Quality ("TCEQ") and mailed to District customers by July 1, 2013. Upon a motion by Director Thornhill and a second by Director Smith, the Board voted unanimously to authorize RWC to begin preparation of the Consumer Confidence Report, subject to receipt of the template with updated language from the TCEQ.

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 said the application for amendment to the District's elevated storage tank waiver has been submitted to the TCEQ. He also discussed potential revisions to work planned for water plant nos. 1 and 2, including discussion regarding current capacity of each plant, and redirecting available funds to future water plant no. 3. Discussion ensued regarding funds recently spent for improvement to water plant no. 1 and continuing overflow issues at water plant no. 1. Ms. Humphries stated plant capacity between the District and Harris County Municipal Utility District No. 287, including future water plant no. 3, is based on ultimate connection count in each District. The Board requested Mr. Heisch provide the Board with TCEQ criteria governing connection count and capacity and provide an analysis of what it would cost to abandon water plant no. 1 and build a larger water plant no. 3.

Mr. Heisch first reported regarding proposed Lakes of Mason Park, Section 4 and requested authorization to advertise for bids for construction of the water, sewer and drainage facilities.

Mr. Heisch stated the design of the sanitary sewer line extension to serve the Miles Family tract is still on hold and the easement for an additional 10 foot sanitary

easement has been given to the landowner at the corner of Mason Road and Elrod Road.

Mr. Heisch also reported on the status of construction of water, sewer and drainage to serve Vineyard Meadows, Sections 6 and 7 and said the facilities have been inspected and accepted by Harris County.

Mr. Heisch also discussed the status of cleaning and televising sanitary sewer mains in Lakes of Bridgewater and recommended payment of Pay Estimate No. 3 and Final in the amount of \$3,348.30, payable to CleanServe, Inc.

Mr. Heisch said he is working on bond application no. 14 and will circulate a draft for review by the consultants within the next 30 days.

Following review and discussion, Director Thornhill moved to (1) accept the District engineer's report; (2) authorize the District engineer to advertise for bids for construction for water, sewer and drainage to serve Lakes of Bridgewater, Section 4; and (3) approve payment of Pay Estimate No. 3 and Final in the amount of \$3,348.30, payable to CleanServe, Inc. for cleaning and televising sanitary sewer mains in Lakes of Bridgewater. Director Smith seconded the motion, which passed unanimously.

ARBITRAGE REBATE STUDY FOR SERIES 2003 BONDS

The Board next considered engaging Omnicap, LLP to conduct an arbitrage rebate study for the District's Series 2003 bonds for a fee of \$2,500. After review and discussion, upon a motion by Director Smith and a second by Director Thornhill, the Board voted unanimously to engage Omnicap, LLP to conduct an arbitrage rebate study for the District's Series 2003 bonds for a fee of \$2,500.

DISTRICT WEBSITE

There was no discussion on this agenda item.

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

There was no additional discussion for this agenda item.

MEETING SCHEDULE

The Board confirmed a special meeting to discuss the District's geographic information system ("GIS") on May 20, 2013 at 6:00 p.m. and a special parks meeting on May 30, 2013 at 6:30 p.m.

There being no further business to consider, the meeting was adjourned by agreement at 8:10 p.m.



Secretary, Board of Directors

(SEAL)



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