

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

June 10, 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 10th day of June, 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"); Sergeant Grady Castleberry and Officer Steve Arfhelger of Harris County Sherriff's Department; Chris Browne of Edminster, Hinshaw, Russ and Associates, Inc. ("EHRA"); Kendall Purgatorio of Mike Stone & Associates ("MSA"); Molly Gibson-Okwo, Ogee Okwo and Mendi Moosavidin, 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.

COMMENTS AND WEBSITE INQUIRIES

Mr. Woodring and Ms. Miller discussed three website inquiries, including consultant return response requiring no Board action, which are listed in the District operator's report attached to these minutes.

Mr. Moosavidin commented regarding late delivery of his utility bills, delinquent fees assessed, additional fees assessed while delivery of payment for services was in route to RWC and correspondence forwarded by the District notifying the customer of additional fees assessed due to delinquency, specifically \$8.00 for delivery of a delinquent letter. Ms. Woodring explained the process for delivery of delinquent notices and processing of payments during an open delinquency period. The Board concurred to defer discussion until the operating report. Mr. Moosavidin also complained of poor customer service when calling RWC.

Mr. Okwo next complained to the Board of late delivery of utility bills and time needed to transact an automatic online payment through Chase Bank and requested the Board waive \$13 in delinquent fees charged to his account. Ms. Woodring and the Board discussed with Mr. Okwo additional payment options offered by the District which will credit the customer's account in time to avoid termination. Director Thornhill requested Ms. Woodring confirm Mr. Okwo's delivery address and update his account information, if necessary.

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 6:25 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 Arfhelger 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 7:17 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 May 13, 2013, the special GIS meeting on May 20, 2013, and the special meeting on May 30, 2013. Following review and discussion, the Board concurred to defer discussion of pending minutes for the June special meeting.

REPORT ON DEVELOPMENT

The Board received a written development report from Bob Hudson regarding development in Lakes of Mason Parks.

GARBAGE COLLECTION AND RECYCLING

Director Kerr discussed with the Board telephone calls and emails from District residents regarding recycling program start dates.

REPORT ON PARK, LANDSCAPE, AND LAKE MAINTENANCE

Ms. Purgatorio reported ongoing park, landscape and lake maintenance, including an update on projects approved at the May 30, 2013 special meeting.

The Board discussed closure of the splash pad on Mondays for routine maintenance and concurred to continue with Monday closures to allow time for maintenance as needed.

Ms. Purgatorio next confirmed that all electrical components of the monument electrical vault at Bundy Lake are working and the job site would be back filled by Thursday or Friday. Mr. Browne said that he would re-activate the power at the monument following the meeting.

Mr. Browne reported that the contractor for landscaping at the wastewater treatment plant has picked up the contract for execution.

Regarding authorized improvements at Bundy Lake, Mr. Browne reviewed Kronberg Flags estimates for installation of 30 and 35 foot poles, including flag pole footings. Following discussion regarding sizes of flags available and flags previously received from the State of Texas, the Board concurred to authorize purchase of new flags for the flag poles if the flags received from the State of Texas are too small for a 30 or 35 foot pole.

Mr. Browne discussed the status of removal of bollards at Bundy Lake, previously discussed bids for painting bollards at Bundy Lake Park, including the u-shape handle bar between the lights, including hand sanding of the bollards, the highest of which was \$28,000, and additional hand sanding proposals. The Board discussed removing the u-shape handle bars. Following discussion and review, the Board concurred that EHRA consult with MSA options and pricing for sandblasting and painting the bollards.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Jarmon reviewed the bookkeeper's report and investment report and presented the bills for payment. Ms. Jarmon confirmed that MSA reviewed and approved invoices submitted by Storm Water Solutions, LP. She also reviewed the special projects budget, including proposals approved at the May special meeting and a joint facilities capital improvement project ("CIP") worksheet. The Board concurred to request that the CIP worksheet show the total cost of each proposed project and the District's specific share. She also presented an 18 month budget and reviewed a revised special projects budget. After review and discussion, Director DuBois moved to (1) approve the bookkeeper's report and investment report; and (2) approve the bills

presented for payment. Director Thornhill seconded the motion, which carried unanimously.

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

The Board discussed the upcoming Association of Water Board Directors ("AWBD") summer conference. After discussion, Director Thornhill moved to authorize a maximum of 4 per diems, 3 hotel nights and up to \$50 per day for meals for all directors who attend the AWBD summer conference, noting that reimbursements must meet the requirements of the Travel Reimbursement Guidelines. The motion was seconded by Director Kerr, and passed unanimously.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Flores reviewed the monthly tax assessor/collector's report. Ms. Flores reported that the 2012 taxes collected through May 31, 2013 are 98.37% 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.

COLLECTION OF DELINQUENT TAXES

Director Thornhill moved to authorize Perdue, Brandon, Fielder, Collins & Mott, LLP to proceed with collection of 2012 delinquent taxes on July 1, 2013. Director Smith seconded the motion, which passed by unanimous vote.

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, including repair of two low reading meters at Golbow Elementary and a makeup well at Morton Ranch detention pond estimated at \$2,000, a leak repair on Sonoma Mission Court estimated at \$7,600, repair of booster pump no. 3 at water plant no. 2 estimated at \$9,100 and repair of blower no. 3 at the wastewater treatment plant estimated at \$4,200. Following review and discussion, Director Smith moved to (1) approve repair of two low reading meters at Golbow Elementary and a makeup well at Morton Ranch detention pond estimated at \$2,000; (2) approve a leak repair on Sonoma Mission Court estimated at \$7,600; (3) approve repair of booster pump no. 3 at water plant no. 2 estimated at \$9,100; and (4) approve repair of blower no. 3 at the wastewater

treatment plant estimated at \$4,200. Director Thornhill seconded the motion, which passed unanimously.

Mr. Woodring reported pumpage and surface water use numbers for May 2013, current water and wastewater capacity. He also reported on build out projections for the District. Mr. Woodring stated the joint water accountability for the month of May was 89.2%, most likely attributable to late receipt of data from Harris County Municipal Utility District No. 287 ("No. 287"). He also reported 11 new residential taps and one commercial tap were installed. The Board also discussed with Mr. Woodring a potential new dentist office that will require a wastewater user agreement.

Mr. Woodring said issues with pump no. 3 at the wastewater treatment plant are being addressed through a manufacturer's warranty. The Board discussed distributing a flyer with District customer utility billing addressing disposal of "rags" in the sanitary sewer system.

The Board also discussed updating the website with the 2012 Consumer Confidence Report and link information on utility billing directing customers to the District website for utility payment options. The Board also concurred to add language to the delinquency letter notifying delinquent customers that an additional late charge of \$8 will be assessed if no payment is received by the date.

The Board next considered the appeal of Ogee Okwo. After carefully considering the information provided by both the customer and the District operator and the District Rate Order, Director Kerr moved to deny Ogee Okwo's request that the Board waive \$13 in delinquent fees. Discussion ensued regarding return mail averages. Director Kerr then amended her motion to waive the deadline for payment of the \$13 in delinquent fees on Ogee Okwo's bill, noting that the initial \$8 delinquent fee is waiver per the Rate Order. Director Dubois seconded the motion which passed unanimously.

The Board next considered a written appeal from Demaura Soloman requesting waiver of an assessed tampering fine. After considering the information provided by both the customers and the District operator and the District Rate Order, Director Freeze moved to deny Demaura Soloman's appeal. The motion, which was seconded by Director Thornhill, 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 Smith 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 reviewed Texas Commission on Environmental Quality ("TCEQ") criteria governing connection count and capacity and recommended requesting a variance from the TCEQ from the minimum capacity required by the TCEQ. He also reviewed buildout projections for No. 287 and said the District does not need to construct at water plant no. 3, in part, because No. 287 no longer wants to amend the Joint Water Facilities Agreement adjusting water usage allocation between the District and No. 287. The Board requested written confirmation from No. 287 stating that No. 287 no longer requires amendment of the Joint Water Facilities Agreement. Mr. Heisch also recommended updating controls at water plant no. 1 for ease of operation and adding an additional ground storage tank at water plant no. 2, which the Board discussed in comparison with the cost of constructing water plant no. 3. Following review and discussion, Director Smith moved to authorize J&C to make application for a water use variance, as discussed. Director Freeze seconded the motion, which passed unanimously.

Mr. Heisch updated the Board on design of the sanitary sewer line extension to serve the Miles Family tract and obtaining an easement for an additional 10 foot sanitary easement from the landowner at the corner of Mason Road and Elrod Road.

The Board next reviewed a pay estimate for the Lakes of Mason Park, Section 3.

Mr. Heisch also reported on the status of construction of water, sewer and drainage to serve Vineyard Meadows, Section 6 and recommended the Board approve Pay Estimates No. 4 and Final in the amount of \$24,392, payable to Clearwater Utilities, Inc.

Mr. Heisch also reported on the status of construction of water, sewer and drainage to serve Vineyard Meadows, Section 7 and recommended the Board approve Pay Estimates No. 4 and Final in the amount of \$22,663.59, payable to Clearwater Utilities, Inc.

Mr. Heisch reported there is a \$300 per month fee for maintenance of the GIS system, including adding new sections as they are finished.

Mr. Heisch updated the Board on bond application no. 14 and said he would bring a cost summary to the next meeting.

Following review and discussion, Director Thornhill moved to (1) approve the engineering report; (2) approve Pay Estimates No. 4 and Final in the amount of \$24,392, payable to Clearwater Utilities, Inc. for construction of water, sewer and drainage to serve Vineyard Meadows, Section 6; and (3) approve Pay Estimates No. 4 and Final in the amount of \$22,663.59, payable to Clearwater Utilities, Inc. for construction of water, sewer and drainage to serve Vineyard Meadows, Section 7. Director Freeze seconded the motion, which was unanimously approved.

FINANCIAL AND BOOKKEEPING MATTERS CONTINUED

Further discussion ensued regarding the joint facilities budget. Following review and discussion, Director Thornhill moved to approve the joint facilities budget and authorize the District bookkeeper to submit to the joint facilities budget to No. 287 for review. Director Kerr seconded the motion, which passed unanimously.

DISTRICT WEBSITE

The Board concurred to add recycling information on the District website home page, information regarding the West Harris County Regional Water Authority fee increase and to remove information regarding the 2010 Consumer Confidence Report and 2012 Holiday in the Park.

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

Director Dubois discussed Harris County concerns regarding a crosswalk connecting both sides of Mason Road. She also discussed planting additional trees in the Harris County park on Mason Road.

The Board discussed converting Blue Jay pond to a dry pond, or, alternatively, draining the pond only. Mr. Heisch discussed estimated costs to construct detention, including revision of the existing outfall. Following discussion, the Board concurred to request a proposal to drain the pond only.

MEETING SCHEDULE

The Board confirmed a special meeting on June 27, 2013 at 6:00 p.m. and concurred to meet in regular session on July 8, 2013 at 6:00 p.m.

There being no additional business to consider, Director Thornhill moved to adjourn the meeting at 9:30 p.m. Director DuBois seconded the motion, which passed unanimously.



Mary DuBois

Secretary, Board of Directors