

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

July 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 8th day of July, 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"); Officer Steve Arfelger of Harris County Sheriff's Department; Chris Browne of Edminster, Hinshaw, Russ and Associates, Inc.; Bob Hudson representing Vineyard Meadows and Lakes of Mason Park; Kendall Purgatorio of Mike Stone & Associates ("MSA"); 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 6:02 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 Arfelger. 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 6:15 p.m., the Board reconvened in Open Session. No action was taken as a result of discussion in executive session.

COMMENTS AND WEBSITE INQUIRIES FROM THE PUBLIC

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

MINUTES

The Board considered approving the minutes of the regular meeting on June 10, 2013. Following review and discussion, Director Thornhill moved to approve the minutes of the June 10, 2013 regular meeting, as amended. Director DuBois seconded the motion, which passed unanimously.

ANNUAL REVIEW OF DEMAND RESPONSE PLAN

Ms. Miller provided an email report from Acclaim Energy Advisors energy curtailment programs in which the District participates with total participation returns and energy savings to date.

REPORT ON DEVELOPMENT

Mr. Hudson reported regarding the status of lot development, landscaping upgrades in Vineyard Meadows, and sales in Vineyard Meadows and Lakes of Mason Park and provided a written update on estimated property value within the Lakes of Mason Park.

GARBAGE COLLECTION AND RECYCLING

Director Kerr discussed with the Board a resident complaint against the District's waste collection contractor regarding trash left on the sidewalk during trash collection.

REPORT ON PARK, LANDSCAPE AND LAKE MAINTENANCE

Ms. Purgatorio presented a proposal in the amount of \$472.86 to replace the controller panel box at the Bundy Lake monument and said the contractor can install the new panel box next week. Mr. Browne explained the controller panel box panel is bolted down and has no panel door for easy access. Following review and discussion, Director Smith moved to approve a proposal in the amount of \$472.86 to replace the controller panel box at the Bundy Lake monument. Director Kerr seconded the motion, which passed unanimously.

Mr. Browne reported the painting contractor delivered contracts today to paint the bollards at the Bundy Lake Monument. Ms. Purgatorio confirmed that Mr. Browne contacted MSA's painting contractor regarding painting the Bundy Lake Monument.

Mr. Browne said the contractor for landscaping of the wastewater treatment plant is no longer in business and requested authorization to turn over the plans and specifications to MSA for completion of the project. Ms. Humphries advised EHRA to send a letter to the original contractor terminating the award.

Mr. Browne left the meeting.

Ms. Purgatorio reported the fountain at Mirror Lake was pulled and will remain in storage until the water level is restored. She also reported the fountain at Blue Jay will be moved to Wishing Well No. 1 and said MSA also will measure the depth of Blue Jay Pond. Ms. Purgatorio said she would bring a proposal to dye the lake detention ponds to the next meeting. The Board agreed to defer the presentation from Lake Management on dyeing the lakes until later this summer.

The Board next discussed the District's agreement with Harris County Precinct 3 ("Precinct 3") to provide water to the 6 acre park on Mason Road. Mr. Woodring confirmed that usage was within the parameters prescribed in the agreement with Precinct 3. Ms. Humphries reported the agreement with Precinct 3 terminates at the end of September and automatically renews for another six months unless either party provides notice of intent to terminate the agreement. Following discussion, the Board concurred to auto-renew the agreement with Precinct 3.

Director Thornhill inquired regarding sprinklers outside the Bundy Lake fence and requested they be adjusted to spray inside the fence area.

ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") SUMMER CONFERENCE, REIMBURSEMENT OF ELIGIBLE EXPENSES, AND ATTENDANCE AT WINTER CONFERENCE

The Board considered expenses submitted by Board members who attended the summer conference and considered authorizing attendance at the Association of Water Board Directors ("AWBD") winter conference. The bookkeeper noted the expenses are in compliance with the District's travel and reimbursement guidelines. The Board members who attended the AWBD summer conference expressed general disappointment with AWBD presentation content and discussed individually notifying AWBD trustees in writing. Upon a motion made by Director Kerr and seconded by Director DuBois, the Board unanimously authorized reimbursement of the expenses submitted for the summer conference and authorized attendance by all interested directors at the AWBD winter conference.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Jarmon reviewed the bookkeeper's report and investment report and presented the bills for payment. She also reviewed the special projects budget, including proposals approved at the June special meeting, a joint facilities capital improvement project ("CIP") worksheet and a joint facilities budget. She confirmed the joint facilities budget was submitted to Harris County Municipal Utility District No. 287 ("No. 287"). She also discussed certificates of deposit expiring and renewed and surplus funds on hand. 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.

INTERNAL REVENUE SERVICE AUDIT OF 2009 SERIES BONDS

Ms. Humphries updated the Board on the Internal Revenue Service's ("IRS") ongoing audit of the District's Series 2009 Bonds.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Flores reviewed the monthly tax assessor/collector's report. Ms. Flores reported that the 2012 taxes collected through June 30, 2013 are 98.672% collected. She also discussed historical collections and certified values for 2012, refunds due to overpayments and delivery of a second set of delinquent notices and reviewed a delinquent tax report. 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 Thornhill 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 a failed bio-monitoring parameter sub-lethal production test for water fleas during the 2nd quarter of 2013 and said retesting is in progress.

Mr. Woodring reported pumpage and surface water use numbers for June 2013 and 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 June was 87.4%, again most likely attributable to late receipt of data from No. 287 due to meeting dates. Discussion ensued regarding water metered during active construction both in District and in No. 287. He also reported 25 new residential taps were installed in the District.

Mr. Woodring reported regarding repairs to pump no. 3 at the wastewater treatment plant which are being addressed through a manufacturer's warranty, but then reported shearing of the cables, and provided photos. He estimates repair of the cabling at \$3,000 and said there is no evidence of tampering or contractor related damage. Discussion ensued how to best secure the cabling without voiding the manufacturer's warranty and how to address ongoing excessive "ragging" at the pump. Following review and discussion, Director Thornhill moved to authorize repair of the cabling at pump no. 3 at the wastewater treatment plant for an amount not to exceed \$3,000. Director Kerr seconded the motion, which passed unanimously.

Mr. Woodring discussed the mailer notifications sent to customers regarding the West Harris County Regional Water Authority pumpage fee increase which will go into effect this month.

The Board next reviewed a draft delinquency letter notifying delinquent customers that an additional charge of \$8 for the delinquent letter will be assessed if no payment is received by the due date. The Board concurred that the letter, as amended, be placed into use by RWC.

Mr. Woodring reported No. 287 erroneously made 3 taps in Morton Ranch, Section 1, which were already made and billed by the District. Discussion ensued regarding verifying billing to insure customers are not duplicate invoiced.

Following review and discussion, Director Smith moved to approve the operator's report. The motion, which was seconded by Director Freeze, passed unanimously.

TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS

Mr. Woodring first discussed a written appeal from Yongong Ling at 2703 Indigo Stone Lane requesting the District reimburse a duplicate sewer payment made which was already paid by Mr. Ling's tenant. Following review and discussion, Director Smith moved to remove the duplicate sewer charge, pending verification that the Mr. Ling's tenant has paid the sewer charges in full. Director Kerr then seconded the motion, which passed unanimously.

Mr. Woodring also reported a Sherriff report made against Chad Chadwick at 21622 Crest Peak Way for a threatening response received following disconnection of services, including a pulled meter. Mr. Woodring reported that service has since been restored and the bill is paid in full.

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.

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 reported Brown & Gay is revising bond application no. 14 to reflect water plant scope revisions based on buildout projections provided by No. 287 and adding projects for reimbursement, due to reduction in the water plant costs, and hopes to submit the bond application by the end of the month.

He reported the District's application for an amendment to the elevated storage tank waiver was submitted to the Texas Commission on Environmental Quality ("TCEQ") on May 13, 2013 and said the TCEQ has requested additional usage data.

Mr. Heisch then reported the Joint Facilities Capital Improvement Plan was submitted to No. 287, but said Brown & Gay has not received comments from No. 287.

He also updated the Board on the application for a water use variance and said a variance study is underway and that Guyton & Associates is assisting with the study.

Mr. Heisch reported on the status of agency plan review for the sanitary sewer extension to serve the Miles family tract and on the status of the sanitary sewer easement requested from P6K Portfolio Katy, LLC.

Following review and discussion, Director Kerr moved to approve the engineering report. Director Thornhill seconded the motion, which was unanimously approved.

DISTRICT WEBSITE

Director Smith reported data on first time hits and individual page hits on the District website.

LEGISLATIVE UPDATE

Ms. Humphries reviewed with the Board a memo prepared by ABHR on legislation passed during the 2013 legislative session applicable to special districts, a copy of which is attached.

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 with the Board coordinating efforts among area districts for trail and sidewalk improvements and requested a specific agenda item to discuss same. The Board asked Mr. Heisch to confirm whether there were plans for a pedestrian crossing under the new Grand Parkway west of the District.

REPORT ON PARK, LANDSCAPE AND LAKE MAINTENANCE (CONTINUED)

Discussion ensued regarding services provided by and performance of EHRA. Following discussion, the Board concurred to place a performance review of EHRA on the July special agenda and requested that Mr. Browne's supervisor attend the meeting. The Board also requested an agenda item to discuss re-painting the Bundy Lake monument. The Board concurred that discussion regarding lake management services be deferred until August. Upon inquiry by Director Smith, Ms. Purgatorio confirmed MSA has staff and/or contractors available to address lighting, gazebo improvements and monument painting, if requested by the Board. Additional discussion ensued regarding transfer of documents from EHRA to MSA, if necessary.

MEETING SCHEDULE

The Board noted its regular meeting is on August 12, 2013 at 6:00 p.m. and agreed the special session will be held on August 29, 2013 at 6:00 p.m.

There being no additional business to consider, Director Thornhill moved to adjourn the meeting at 8:20 p.m. Director DuBois seconded the motion, which passed unanimously.



Secretary, Board of Directors

(SEAL)

