

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

August 12, 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 12th day of August, 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 Erin Garcia 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 Arhelger of Harris County Sherriff's Department; Chris Browne of Edminster, Hinshaw, Russ and Associates, Inc.; Kendall Purgatorio and Phil Martin of Mike Stone & Associates ("MSA"); Bill Walker of HARCO Insurance Services ("HARCO"); 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 FROM THE PUBLIC

Mr. Woodring discussed three website inquiries, including consultant response to same, requiring no Board action, which are listed in the District operator's report attached to these minutes. The Board discussed availability of funds for recreational purposes, as the budget allows and Director Smith discussed with Mr. Woodring receipt of emails through the District website. Mr. Woodring said he would respond to two inquiries received regarding maintenance of recreational facilities. Ms. Miller confirmed that emails concerning recreational facilities were also forwarded to MSA for review.

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 6:07 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 Arhelger. 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 6:34 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 July 8, 2013 and special meeting on July 25, 2013. Following review and discussion, Director Kerr moved to approve the minutes of the regular meeting on July 8, 2013, as amended, and special meeting on July 25, 2013, as submitted. Director Smith seconded the motion, which passed unanimously.

INSURANCE PROPOSALS

The Board discussed the District's September 30, 2013 policy expiration, reviewed renewal proposals from HARCO and SIG/McDonald & Wessendorff and received a presentation and proposal from Mr. Walker regarding renewal of the District's insurance policy through HARCO with coverage through Texas Municipal League, including information regarding risk pools versus commercial markets, equity return history, Standard & Poors ratings and optional sanitary sewer back up coverage. Directors Thornhill and Freeze abstained from discussion regarding renewal of insurance. Following discussion and review, Director Kerr moved to reject the proposal of HARCO and defer action pending receipt of a renewal proposal from the District's current carrier agent, AquaSurance, LLC. Director DuBois seconded the motion which passed by a vote of 3 to 0 with Directors Thornhill and Freed abstaining from voting.

REPORT ON DEVELOPMENT

The Board considered consenting to a Waiver of Special Appraisal by KB Home Lonestar for the benefit of the District. Following review and discussion, upon a motion by Director Thornhill and a second by Director DuBois, the Board voted unanimously

to consent to a Waiver of Special Appraisal by KB Home Lonestar for the benefit of the District.

GARBAGE COLLECTION AND RECYCLING

There was no discussion for this agenda item.

REPORT ON PARK, LANDSCAPE AND LAKE MAINTENANCE

Ms. Purgatorio reported on park, landscape and lake maintenance, including an update on projects approved at the July 25, 2013 special meeting.

Mr. Martin reported the lights at Bundy Lake monument are in service. He said the problem was with the wiring. He said the repair is temporary and that MSA will bring a proposal for permanent repair, including installation of solid cabling, to the next meeting. Mr. Browne noted that both the temporary and proposed permanent repair will fall outside the contractor's/manufacture's warranty. The Board requested that the lighting be returned to the original programming, including slower transition and dimmer lights.

Ms. Purgatorio next discussed a proposal from Lonestar Animal Recovery to remove 80 to 100 ducks at \$35 per duck. Following review and discussion, Director Smith moved to authorize removal of all ducks, except 25 mallard ducks. Director Thornhill seconded the motion. Discussion ensued regarding removal of eggs and ducks. Director Smith then amended his motion to authorize removal of all ducks with the exception of mallard ducks. Director Thornhill seconded the amended motion, which passed by a vote of 4 to 1, with Director Kerr voting against the motion.

Ms. Purgatorio next reviewed a proposal for landscaping, including irrigation at the wastewater treatment plant in the amount of \$31,908.69. Mr. Heisch confirmed that the proposed irrigation will be confined inside the fence area of the wastewater treatment plant. The Board discussed budgeted funds in the special projects budget and requested additional estimates, including a filter system. Following discussion, the Board concurred to defer further discussion until the special parks meeting in August.

Mr. Browne discussed the re-painting of the bollards at the Bundy Lake Park monument to meet the Board's color selection and said he is meeting with the painter on Wednesday to discuss washing, sealing and painting of the monument. He confirmed this work was at no cost to the District.

FINANCIAL AND BOOKKEEPING MATTERS, JOINT FACILITIES BUDGET AND 2003 ARBITRAGE REPORT

Ms. Garcia 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 also discussed certificates of deposit expiring and renewed and surplus funds on hand.

Ms. Garcia and Ms. Humphries reported that the proposed joint facilities budget for the fiscal year ending March 31, 2014 was submitted to Harris County Municipal Utility District No. 287 ("No. 287") and that no return comments have been received from No. 287. Mr. Humphries also discussed correspondence received from No. 287 noting that no amendments to No. 287's pro rata shares under the Joint Facilities Agreements for water or wastewater are necessary.

Ms. Humphries next reviewed an arbitrage rebate report from Omnicap, LLC for the District's Series 2003 Bonds and noted that no rebate payment is due to the Internal Revenue Service.

After review and discussion, Director Thornhill moved to (1) approve the bookkeeper's report and investment report; (2) approve the bills presented for payment; (3) approve the joint facilities budget for the fiscal year ending March 31, 2014; and (4) accept the Series 2003 arbitrage report from Omnicap, LLC . Director DuBois seconded the motion, which carried 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 July 31, 2013 are 98.99% collected. She also discussed historical collections and the status of certification of values for 2013, refunds due to overpayments and delivery of a 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

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 July 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 July was 94.5%. He also reported 4 new residential taps were installed in the District.

Mr. Woodring discussed replacing three window cooling units at the District plants for an estimated \$4,200. Following discussion, Director Thornhill moved to authorize replacement of 3 window cooling units for an amount not to exceed \$4,200. Director Kerr seconded the motion, which passed unanimously.

Ms. Woodring updated the Board on the previously approved refund to a resident who rented the administration building and complained of dirty facilities. He said the power also went out on August 3 during a rental and the customer requested a refund of the \$200 rental fee. Following discussion, Director Smith moved to refund \$200 to the customer renting the facility on August 3, 2013. The motion, which was seconded by Director Thornhill, passed unanimously.

Mr. Woodring reported regarding repair of the cabling at pump no. 3 at the wastewater treatment plant is complete and that pump no. 1 failed also.

Mr. Woodring reviewed correspondence from Election Specialists requesting use of the administration building as a polling location for the November 5, 2013 election. Upon a motion by Director Kerr and a second by Director Smith, the Board voted unanimously to authorize use of the administration building as a polling location for the November 5, 2013 election and authorize RWC to sign an agreement with Election Specialists for same.

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

Director Smith requested that an item to discuss Holiday in the Park be placed on the August special agenda.

Mr. Woodring also discussed additional equipment/parts costs now associated with taps to meet low lead designation requirements. The Board concurred that an item to amend the District Rate Order to revise the tap fee to cover the additional costs be placed on the September regular agenda.

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 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.

He updated the Board on the application for a water use variance and said a variance study is underway and will be submitted to the Texas Commission on Environmental Quality by month end.

Mr. Heisch reported on the status of agency plan review for the sanitary sewer extension to serve the Miles family tract.

Mr. Heisch reported he received bids for water, sewer and drainage to serve Lakes of Mason Park, Section 4 and recommended the Board award the contract to the lowest qualified bidder, Clearwater Utilities, Inc., in the amount of \$219,400. After review and discussion, based on the recommendation of Provident Engineers, Inc., 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 Clearwater Utilities, Inc. Director Kerr seconded the motion which passed unanimously.

Mr. Heisch reported he received a request for out of district service for a tract on Morton Road west of Fry Road and responded the District had no capacity to serve the tract.

He reported the status of the District's application for an amendment to the elevated storage tank waiver submitted to the Texas Commission on Environmental Quality ("TCEQ") on May 13, 2013.

Mr. Heisch reported consultants are meeting this Thursday to discuss Brown & Gay's draft of bond application no. 14 and requested the Board approve a Resolution to

the Texas Commission on Environmental Quality Requesting Approval of Project and Bonds.

Following review and discussion, Director Thornhill moved to (1) approve the engineering report; and (2) approve a Resolution to the Texas Commission on Environmental Quality Requesting Approval of Project and Bonds. The motion, which was seconded by Director DuBois, passed unanimously.

DISTRICT WEBSITE

There was no additional discussion for this agenda item.

ACTION LIST OF ACTIONS

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

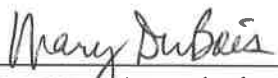
The Board requested that ABHR request Mr. Browne email ABHR when the painters will be at the Bundy Lake Monument in order to coordinate with MSA. Director Freeze also requested that the area where the boom will be placed for painting the Bundy Lake monument be marked with tape to restrict access to the area. Director Kerr said she would coordinate this matter with EHRA.

Mr. Woodring said the cleaning schedule for the administration building was changed to Thursdays and that he would get additional cleaning proposals for the Board's consideration.

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. The Board concurred that Lake Management Services not make a presentation at the August special meeting.

There being no additional business to consider, Director Thornhill moved to adjourn the meeting at 8:12 p.m. Director DuBois seconded the motion, which passed unanimously.


Secretary, Board of Directors

(SEAL)