

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

May 12, 2014

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 May, 2014, 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 except Director Thornhill, thus constituting a quorum.

Also present were Christina Cole of Myrtle Cruz, Inc.; Rodney Heisch and Alene Efaw of Brown & Gay Engineers, Inc. ("Brown & Gay"); Esther Flores and Anna Duarte of Tax Tech, Inc.; Ginny Woodring and Steve Woodring of Regional Water Corporation ("RWC"); Kendall Purgatorio and Sherrie Knoepful of Mike Stone Associates, Inc. ("MSA"); Bob Hudson of Texas Investment & Development Co.; Sgt. Grady Castleberry and Officer Steve Arhelger of Harris County Sherriff's Department; and Katie Carner and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

Director Kerr called the meeting to order at 6:00 p.m.

COMMENTS AND WEBSITE INQUIRIES FROM THE PUBLIC

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

The Board also discussed correspondence from Darlene Munsey requesting removal of her name from the March 11, 2013 minutes. Following review and discussion, Director Smith moved to amend the March 11, 2013 to remove Ms. Munsey's name. The motion was seconded by Director Freeze and passed unanimously.

The Board next considered correspondence through MSA from Sandra Newman requesting additional and more decorative bollards and cables at the pond on the West side of Mason Lakes to keep traffic out of the detention area. Following discussion, the

Board concurred to instruct MSA to contact Ms. Newman to tell her the Board is taking no action at this time.

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 6:11 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 and Sgt. Castleberry. Ms. Carner and Ms. Miller also were present.

RE-CONVENE IN OPEN SESSION, SECURITY REPORT AND RENEW INTERLOCAL AGREEMENT WITH HARRIS COUNTY SHERIFF'S DEPARTMENT

At 6:23 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 April 14, 2014 and the minutes of the April 30, 2014 special meeting. Following review and discussion, Director Kerr moved to approve the minutes of the regular meeting on April 14, 2014, as amended, and the minutes of the April 30, 2014 special meeting, as submitted. Director Smith seconded the motion, which passed unanimously.

GARBAGE COLLECTION AND RECYCLING

There was no discussion on this agenda item.

REPORT ON PARK, LANDSCAPE AND LAKE MAINTENANCE

Ms. Purgatorio updated the Board on ongoing park maintenance and repair in the District.

Ms. Knoepful said MSA has confirmed the vault housing the control panel at the splash pad takes in water which has damaged the control panel. She next reviewed options to relocate the box and control panel. Following review and discussion, Director Smith moved to relocate the box and control panel to the side of the administration building. The motion, which was seconded by Director Freeze, passed unanimously. Ms. Knoepful noted the controller will be delivered in two weeks.

Ms. Purgatorio discussed ongoing lighting program issues at the Bundy Lake monument and MSA efforts to resolve same, including discussions with the manufacturer and applicable warranty issues. Ms. Purgatorio said the manufacturer has requested the District advance payment in the amount of \$24,000 for the replacement lights and will refund the money to the District if the manufacturer determines the issues are warrantable. The Board concurred to defer discussion.

Ms. Knoepful next reviewed a proposal from LMA Design for landscape architecture design services, including preparation of construction documents and bid and construction phase services for Bundy Lake Plaza renovation. Following review and discussion, Director Kerr moved to approve the proposal. Director Freeze seconded the motion, which passed unanimously.

Director Freeze requested attention to the mulch beds around the playground equipment in Directors Park.

Ms. Purgatorio and Ms. Knoepful left the meeting.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Cole reviewed a summary of the bookkeeper's report and investment report and presented the bills for payment. She also reviewed the special projects budget and a joint facilities budget. She also discussed certificates of deposit expiring and renewed and surplus operating funds.

After review and discussion, Director Kerr 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.

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 DuBois 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.

ARBITRAGE REBATE REPORTS FOR SERIES 2004 AND 2009 BONDS

Ms. Humphries reviewed with the Board arbitrage rebate reports for the District's Series 2004 and 2009 bonds and said no rebate is due the Internal Revenue Service.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Flores reviewed the monthly tax assessor/collector's report. Ms. Flores reported that 97.98% of the 2013 taxes were collected as of April 30, 2014. Ms. Flores also discussed historical collections, refunds due to overpayments, and the delinquent tax report and noted that duplicate statements will be mailed to District taxpayers this week.

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 Smith seconded the motion, which carried unanimously. A copy of the tax assessor/collector's report is attached.

Ms. Flores, Ms. Duarte and Ms. Cole left the meeting.

REPORT ON DEVELOPMENT

Mr. Hudson reported regarding lot development and sales in Lakes of Mason Park.

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, and requested authorization to make the following repairs:

1. fire hydrants repairs for hydrants with deficiencies identified during flushing and painting of all hydrants; and
2. repair of the influent conveyor screen at the wastewater treatment plant.

Mr. Woodring next reviewed a request from Chevelle Jones at 21718 Mid Peak Way requesting refund of a \$100 building rental deposit applied to April 12, 2014. Ms. Woodring confirmed the \$100 deposit was applied to cover additional event time incurred and that the District incurred a \$25 returned check fee because Ms. Jones put a stop payment directive on the check. Following review and discussion, Director Freeze moved to authorize the District operator to charge the \$25 returned check fee to Ms. Jones' water bill. Director Kerr seconded the motion, which passed unanimously. The Board concurred to consider at the May special meeting amending the District building

rental policy to include special provisions for renters placing stop payment directives on deposit checks.

Mr. Woodring reported pumpage numbers for April 2014 and current water and wastewater capacity. He also reported on build out projections for the District.

Ms. Carner next reviewed the District's Critical Load List and explained that the District is now required to file annually with Harris County and State agencies, whether or not the District has made any facility or personnel changes. Ms. Carner stated that the District engineer, operator, bookkeeper and landscape architect have reviewed the revised Critical Load List and verified that the information is accurate. She said ABHR will file the Critical Load List with Harris County and State agencies.

The Board concurred to defer discussion on the Consumer Confidence Report pending receipt of the final template from the Texas Commission on Environmental Quality ("TCEQ").

Following review and discussion, Director Smith moved to (1) approve the operator's report; (2) make the repairs noted above; and (3) authorize ABHR to file the Critical Load List with Harris County and State agencies. The motion, which was seconded by Director Kerr, passed unanimously.

TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS

Mr. Woodring discussed builder back-charges owed by Royce Homes, KB Homes, Trophy Homes, Vestalia Homes and Colina 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 DuBois 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, KB Homes, Vestalia Homes, Trophy Homes and Colina 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 first reported regarding construction of utilities to serve Lakes at Mason Park, Section 3 and requested approval of Pay Estimate No. 4 and Final in the amount of \$34,754.30 payable to Kenneth Lamb Construction Co., subject to final approval from Harris County.

Mr. Heisch next reported regarding construction of utilities to serve Vineyard Meadows, Section 8 and recommended the Board approve Pay Estimate No. 1 in the amount of \$97,964.10, payable to Jaho, Inc.

Mr. Heisch first discussed sanitary sewer rehabilitation on Lakes of Bridgewater Drive, and recommended the Board approve a proposal from Tolunay-Wong Engineers, Inc. in the amount of \$1,939 for materials testing.

The Board next discussed Mason Road pavement repairs, and noted collectively that the detour signs remain even though the project is complete.

The Board next discussed improvement plans for Water Plant No. 1, and Mr. Heisch and Ms. Carner noted that discussions with Acclaim Energy Advisors ("Acclaim") regarding the GenMax program are ongoing.

Following review and discussion, and based upon the engineer's recommendations, Director DuBois moved to (1) approve the engineering report; (2) approve pay estimates discussed above; and (3) approve a proposal from Tolunay-Wong Engineers, Inc. in the amount of \$1,939 for materials testing associated with sanitary sewer rehabilitation on Lakes of Bridgewater Drive. Director Kerr seconded the motion, which carried unanimously.

Mr. Heisch also reported that the easement on Miles tract at the southwest corner of Mason Road and Morton Ranch Road expires in mid-June if the Miles family does not commence construction. Following discussion, Director DuBois moved to authorize ABHR to provide notice in writing to the Miles family of the upcoming termination date. Director Smith seconded the motion, which passed unanimously.

Mr. Hudson left the meeting.

DISTRICT WEBSITE

Director Smith reported the number of persons signed up for email notification.

DIRECTORS AND DISTRICT CONSULTANT'S REPORTS ABOUT DISTRICT OPERATIONS

There was no 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.

ATTORNEY'S REPORT

The Board discussed agenda items for the May 29, 2014 special meeting.

2014 DIRECTORS ELECTION

The Board considered approving a Certificate of Election, reflecting the election of Mary DuBois and Phillip Smith to the Board of Directors of the District each for a four-year term. After review and discussion, Director Kerr moved to approve the Certificate of Election and the distribution of same to Directors DuBois and Smith, and direct that the Certificate of Election be filed appropriately and retained in the District's official records. Director Smith seconded the motion, which passed by unanimous vote.

Ms. Carner reviewed the Sworn Statements and Oaths of Office for Directors Smith and DuBois. After review and discussion, Director Kerr moved that the Board approve the Sworn Statements and Oaths of Office and direct that the documents be filed in the official records of the District, and that the Oaths of Office be filed with the Secretary of State, as required by law. Director Smith seconded the motion, which passed by unanimous vote.

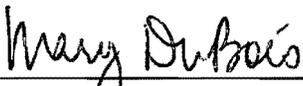
REORGANIZE THE BOARD

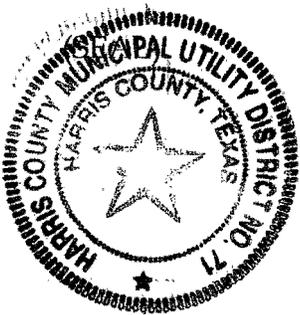
The Board considered reorganizing the Board of Directors and concurred to make no changes.

DISTRICT REGISTRATION FORM

The Board then considered authorizing filing of an updated District Registration Form with the Texas Commission on Environmental Quality ("TCEQ"), reflecting the terms of the newly elected directors and the reorganization of the Board. Following review and discussion, Director Kerr made a motion to authorize filing of the updated District Registration Form with the TCEQ and direct that the District Registration Form be filed appropriately and retained in the District's official records. Director Freeze seconded the motion, which passed by unanimous vote.

There being no additional business to consider, Director DuBois moved to adjourn the meeting at 7:36 p.m. Director Smith seconded the motion, which passed unanimously.


Secretary, Board of Directors



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