

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

June 9, 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 9th day of June, 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.

Also present were Christina Cole of Myrtle Cruz, Inc.; Rodney Heisch and Alene Efaw of Brown & Gay Engineers, Inc. ("Brown & Gay"); Esther Flores of Tax Tech, Inc.; Ginny Woodring and Steve Woodring of Regional Water Corporation ("RWC"); Kendall Purgatorio of Mike Stone Associates, Inc. ("MSA"); Sgt. D.H. McCall and Officer Steve Arhelger of Harris County Sheriff's Department; Matthew May of Best Trash, LLC; and Lynne Humphries, Katie Carner and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

Director Thornhill 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.

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 6:01 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. D.H. McCall. Ms. Humphries, 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 6:16 p.m., the Board reconvened in Open Session. No action was taken as a result of discussion in executive session.

Sgt. McCall and Officer Arhelger 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 and discussed the special projects and joint facilities budgets. She also discussed certificates of deposit expiring and renewed and operating funds.

Ms. Miller reviewed information forwarded by the District's sales tax account manager regarding businesses added and deleted from the District's sales tax collections through the District's Strategic Partnership Program with the City of Houston.

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.

Ms. Cole left the meeting.

MINUTES

The Board considered approving the minutes of the regular meeting on May 12, 2014 and the minutes of the May 29, 2014 special meeting. Following review and discussion, Director Kerr moved to approve the minutes of the regular meeting on May 12, 2014, as amended, and the minutes of the May 29, 2014 special meeting, as submitted. Director DuBois seconded the motion, which passed by a vote of 4 to 0, with Director Thornhill abstaining from voting.

GARBAGE COLLECTION AND RECYCLING

Director Kerr discussed notice of a consumer pricing index ("CPI") increase by Best Trash, LLC. Following review and discussion, Director Kerr moved to approve the CPI increase and continue to absorb the cost for same without a customer rate increase. Director Thornhill seconded the motion, which passed by a vote of 4 to 1, with Director Smith voting against absorbing the cost.

Mr. May left the meeting.

REPORT ON PARK, LANDSCAPE AND LAKE MAINTENANCE

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

Ms. Purgatorio reported a patrol vehicle parked in the middle of the Directors Park to catch dogs. The Board concurred to request ABHR to notify the Sheriff's Department that no vehicles should enter the park and should remain in the parking lot. Discussion ensued regarding possible barricades or fences to prevent vehicular access.

Ms. Purgatorio reported relocation of the control panel and box for the splash pad to the side of the administration building is complete and the splash pad is now operational.

Mr. Heisch updated the Board regarding a broken pipe in the Wishing Well closest to Bridgewater Pointe and recommended permanent repair including removal of rip rap, vents, piping and additional excavation for an estimated cost over \$25,000. Mr. Heisch recommended the Board authorize B&G to prepare bid and specification documents.

Ms. Purgatorio and Ms. Knoepful left the meeting.

ANNUAL REPORT IN ACCORDANCE WITH DISTRICT'S CONTINUING DISCLOSURE OF INFORMATION AGREEMENT AND AS REQUIRED BY SEC RULE 15C2-12

The Board considered authorizing preparation and filing of the District's Annual Report in accordance with Securities and Exchange Commission Rule 15c2-12. Ms. Humphries explained that the District's bond resolutions require the District to file updated financial and operation information about the District on an annual basis. After discussion, Director Thornhill moved that the Board authorize preparation of the Annual Report. Director Kerr seconded the motion, which passed by unanimous vote.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Flores reviewed the monthly tax assessor/collector's report. Ms. Flores reported that 98.31% of the 2013 taxes were collected as of May 30, 2014. Ms. Flores also discussed historical collections, refunds due to overpayments, and provided 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

COLLECTION OF DELINQUENT TAXES

The Board considered authorizing Perdue, Brandon, Fielder, Collins & Mott, L.L.P. to proceed with the collection of delinquent 2013 taxes. Upon a motion made by Director Thornhill and seconded by Director Smith, the Board unanimously authorized Perdue, Brandon, Fielder, Collins & Mott, L.L.P. to proceed with the delinquent tax collection.

REPORT ON DEVELOPMENT

No report was given.

Ms. Flores left the meeting.

CONTRACT FOR HOLIDAY DÉCOR AND INSTALLATION

Director Thornhill discussed review of pending proposals for holiday décor and modifications to same. Discussion ensued regarding ongoing renovation to Bundy Lake Plaza. Following review and discussion, Director Thornhill moved to approve the proposal from Always in Season, as revised removing décor for Bundy Lake Plaza. Director DuBois seconded the motion, which passed by a vote of 4 to 0, with Director Freeze abstaining from voting. Director Smith requested additional information regarding amending the contract to include additional décor before the holiday season.

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. replacement of the pump check valve at lift station no. 2 for an estimated \$4,700;
2. repair the electronic controller to the generator at water plant no. 2 for an estimated \$5,500; and
3. repair of the main breaker at remote well no. 2 for an estimated \$14,500.

Following review and discussion, upon a motion by Director Smith and a second by Director Thornhill, the Board voted unanimously to authorize repairs listed above.

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

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, 2014. After review and discussion, upon a motion by Director DuBois and a second by Director Thornhill, the Board voted unanimously to authorize the District operator to mail notice directing residents to the District website to access a direct link to a full copy of the CCR.

The Board also discussed updating the website with the 2013 Consumer Confidence Report and linking information on utility billing directing customers to the District website for utility payment options.

The Board next discussed amending the District Rate Order to comply with the recent amendment of Section 1417(a)(1) of the Safe Drinking Water Act reducing the allowable lead content for drinking water pipes. Following review and discussion, Director Thornhill moved to amend the District Rate Order, as discussed. Director Smith seconded the motion, which passed unanimously. Further discussion ensued regarding possible incentive programs for retrofitting of fixtures to low water use fixtures. Director Kerr requested a special meeting agenda item for same.

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

TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS

Mr. Woodring discussed builder back-charges owed by Royce Homes, Trophy Homes, Vestalia Homes and Greeneco Builders.

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, Trophy Homes, Vestalia Homes and Greeneco Builders until back-charges are paid. Director DuBois seconded the motion, which carried unanimously.

ADDITIONAL REIMBURSEMENT TO BUFFINGTON MASON PARK

Ms. Carner updated the Board regarding the status of developer reimbursement from the Series 2014 bond issue for costs to complete the storm water pollution prevention plan The Lakes at Mason Park.

ENGINEERING MATTERS

Mr. Heisch presented the engineer's report and updated the Board regarding engineering matters and the status of current construction projects. A copy of the engineer's report is attached.

Ms. Carner updated the Board regarding negotiation/renewal of an expiring easement to serve the Miles tract at the southwest corner of Mason Road and Morton Ranch Road.

Mr. Heisch notified the Board of a request for 9 service connections to serve a daycare on Mason Road. He said this request is within the allocated sewer connections.

Mr. Heisch next reported regarding construction of utilities to serve Vineyard Meadows, Section 8 and recommended the Board approve Pay Estimate No. 2 in the amount of \$278,776.03, payable to Jaho, Inc.

Mr. Heisch updated the Board on sanitary sewer rehabilitation on Lakes of Bridgewater Drive and the status of plan approval for improvements for Water Plant No. 1. The Board concurred to place an item on the August regular agenda to consider application to the TCEQ to release escrowed funds from the District's Series 2014 Bonds allocated for repairs at water plant no. 1.

Following review and discussion, and based upon the engineer's recommendations, Director Thornhill moved to (1) approve the engineering report; and (2) approve pay estimate discussed above. Director Smith seconded the motion, which carried unanimously.

DISTRICT WEBSITE

There was no additional discussion on this agenda item.

DIRECTORS AND DISTRICT CONSULTANT'S REPORTS ABOUT DISTRICT OPERATIONS

Discussed ensued regarding projects on the approved parks project list. Director Kerr also requested the District operator address running water at water plant no. 1 and remove old papers for recycling and damaged chairs in the District boardroom.

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

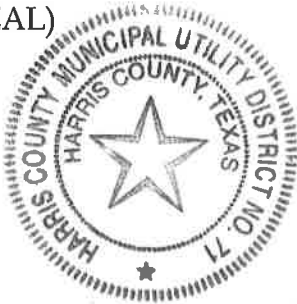
The Board discussed agenda items for the June 24, 2014 special meeting and concurred to hold a special meeting on July 28, 2014.

There being no additional business to consider, Director Thornhill moved to adjourn the meeting at 7:43 p.m. Director DuBois seconded the motion, which passed unanimously.

Mary DuBois

Secretary, Board of Directors

(SEAL)



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