

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

February 9, 2015

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 February, 2015, 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 Tracey Scott of Myrtle Cruz, Inc.; Rodney Heisch of Brown & Gay Engineers, Inc. ("Brown & Gay"); Esther Flores of Tax Tech, Inc.; Steve Woodring and Scott Barr of Regional Water Corporation ("RWC"); Kendall Purgatorio of Mike Stone Associates, Inc. ("MSA"); Deputy Steve Arhelger of Harris County Sheriff's Department; John Elder of Acclaim Energy Advisors; Bob Hudson of Texas Investment & Development Co.; 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 requiring no Board actions, including consultant response to same, 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 6:02 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 Deputy Arhelger. Ms. Humphries, Ms. Carner and Ms. Miller also were present.

RE-CONVENE IN OPEN SESSION, SECURITY REPORT

At 6:21 p.m., the Board reconvened in Open Session. Following review and discussion in executive session, Director Kerr moved to approve an Interlocal Agreement for Law Enforcement Services with Harris County. The motion, which was seconded by Director DuBois, passed unanimously.

GARBAGE COLLECTION AND RECYCLING

Mr. May reviewed a recycling and trash tonnage report from Best Trash. Mr. May confirmed that Best Trash will sell 48 and 64 gallon recycling containers, upon resident request, and bill the resident directly. He also offered free recycling container stickers for residents who want to use their own containers as recycling containers. Mr. May also offered extra standard size recycling bins at no cost upon resident request. Mr. May offered to prepare a billing/website insert with the information regarding additional containers or stickers. The Board requested a tonnage recap every 6 months.

ELECTRICITY MARKET RATES

Mr. Elder discussed current electricity market rates and expiration of the District's current contract with Mid American Energy in December, 2015. Discussion ensued regarding rates offered through Reliant Energy and requesting pricing from Green Mountain Energy. Director Dubois abstained from discussion. Following review and discussion, Director Freeze moved to execute a 36 month contract with Reliant Energy. Director Thornhill seconded the motion, which passed by a vote of 4 to 0, with Director DuBois abstaining from voting.

MINUTES

The Board considered approving the minutes of the January 12, 2015 regular meeting and the February 2, 2015 special meeting. Following review and discussion, Director DuBois moved to approve the January 12, 2015 regular meeting minutes, as amended, and the February 2, 2015 special meeting minutes. Director Smith seconded the motion, which passed unanimously.

REPORT ON PARK, LANDSCAPE AND LAKE MAINTENANCE

Ms. Purgatorio updated the Board on MSA's investigation of options for repairing and programming the Bundy Lake Park monument lighting system and said a representative of Spark Lighting, LLC will attend the February 23, 2015 special meeting to discuss further. Discussion ensued regarding power washing the monument area and ongoing issues with duck population control.

REPORT ON DEVELOPMENT

Mr. Hudson reported regarding lot development and sales in Vineyard Meadows and Lakes of Mason Park. Mr. Hudson reported David Glunt may be attending future Board meetings. Discussion ensued regarding reported theft of construction materials. The Board requested Mr. Hudson find out what builders are doing to deter theft of construction materials and equipment.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Flores reviewed the monthly tax assessor/collector's report and discussed tax payment policies. Ms. Flores reported that 93.34% of the 2014 taxes were collected as of Friday last week. Ms. Flores also discussed historical collections, refunds due to overpayments, and provided a delinquent tax report and said delinquent bills will be mailed at the end of this week. Discussion ensued regarding escrowed funds and posting advance payments to tax accounts.

After review and discussion, Director Smith moved to approve the tax assessor/collector's report and payment of the bills presented for payment from the tax account. Director DuBois seconded the motion, which carried unanimously. A copy of the tax assessor/collector's report is attached.

ASSOCIATION OF WATER BOARD DIRECTORS WINTER CONFERENCE, REIMBURSEMENT OF ELIGIBLE EXPENSES, AND SUMMER CONFERENCE

Ms. Scott stated that she has reviewed the eligible expenses and all directors who attended the AWBD winter conference were in compliance with the District's Travel Reimbursement Guidelines. Following review and discussion, Director Thornhill moved to authorize payment of eligible expenses and authorize attendance at the AWBD summer conference for any director who would like to participate. Director Kerr seconded the motion, which was approved by unanimous vote.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Scott reviewed a summary of the bookkeeper's report and investment report and presented the bills for payment. She also reviewed and discussed the draft budget for the fiscal year ending March 31, 2016. She also discussed certificates of deposit expiring and renewed, and operating funds. The Board concurred to defer action on adoption of the proposed budget for the fiscal year ending March 31, 2016.

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.

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 first reported an obstruction in the transfer pipe between the aeration basin and the secondary clarifier and requested approval of repair expenses estimated at \$8,000. Discussion ensued regarding accelerating plans for future bar screen improvements at the wastewater treatment plant to bring the plant into continuous compliance.

The Board next discussed a customer appeal from Luis De Los Santos. Following review and discussion, Director Thornhill moved to offer a 3 to 6 month payment plan. The motion, which was seconded by Director Smith, passed unanimously.

Mr. Woodring also updated the Board on the status of the six month lift pump deragger equipment trial. Following discussion, the Board concurred to allow removal of the lift pump deragger equipment.

Mr. Woodring reported pumpage numbers for January 2015 and current water and wastewater capacity. He also reported on build out projections.

Following review and discussion, Director DuBois moved to (1) approve the operator's report; and (2) approve repair expense in the amount of \$8,000 to remove an obstruction in the transfer pipe between the aeration basin and the secondary clarifier. 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, Trophy Homes, Vestalia Homes and Megatel 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 Smith 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 Megatel 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. A copy of the engineer's report is attached.

Mr. Heisch discussed the status of repairs to the outfall pipe in Bridgewater Pointe and recommended the Board approve Pay Estimate No. 1 and Final in the amount of \$51,089.20, payable to Storm Water Solutions.

Mr. Heisch discussed phases of the District's Capital Improvement Plan ("CIP") and the Board concurred to request that B&G begin developing phase 4 of the CIP.

Ms. Carner discussed with the Board the District's pending Third Amendment to the Joint Water Facilities and Cost Sharing Agreement with Harris County Municipal Utility District No. 287 ("No. 287") and said No. 287 requested Section 3 be revised to provide for a partial chain link, partial thin-wall brick fence around water plant no. 3, with the costs to be shared according to each District's pro rata share. Following review and discussion, Director Thornhill moved to approve a partial chain link, partial thin-wall brick fence around water plant no. 3 with the costs to be shared according to each District's pro rata share. Director Freeze seconded the motion, which passed unanimously.

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 No. 1 and Final in the amount of \$51,089.20, payable to Storm Water Solutions for repair of the outfall pipe in Bridgewater Pointe. Director DuBois seconded the motion, which carried unanimously.

DISTRICT WEBSITE

The Board discussed proposed updates to the District website.

DIRECTORS AND DISTRICT CONSULTANT'S REPORTS ABOUT DISTRICT OPERATIONS

There was no discussion for this agenda item.

ATTORNEY'S REPORT

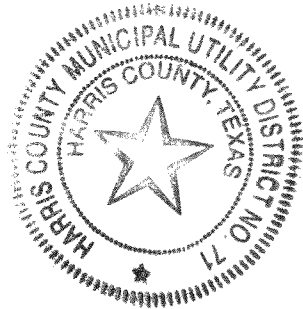
The Board reviewed and revised the Action List and discussed and amended the status of the items listed.

The Board discussed agenda items for the February 23, 2015 special meeting.

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

Mary Dubois
Secretary, Board of Directors

(SEAL)



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