

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

March 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 9<sup>th</sup> day of March, 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 except Director Smith, thus constituting a quorum.

Also present were Mary Jarmon of Myrtle Cruz, Inc.; Rodney Heisch of Brown & Gay Engineers, Inc. ("Brown & Gay"); Ana Duarte of Tax Tech, Inc.; Steve Woodring, Ginny Woodring and Scott Barr of Regional Water Corporation ("RWC"); Kendall Purgatorio of Mike Stone Associates, Inc. ("MSA"); David and Denny Miles; Deputy Steve Arhelger of Harris County Sheriff's Department; Joseph Ellis of McCall Gibson Swedlund Barfoot PLLC; 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.

AUDIT FOR FISCAL YEAR END MARCH 31, 2015

The Board considered engaging an auditor to conduct an audit for the fiscal year ending March 31, 2015. Mr. Ellis presented and reviewed an engagement letter. He stated the District will be billed on an hourly basis and fees are estimated to be between \$16,000 and \$18,000 for the District audit and between \$1,800 and \$2,200 for audit of the joint accounts. Following review and discussion, Director Thornhill moved to engage McCall Gibson Swedlund Barfoot PLLC to conduct the District's audit of the District account and the joint accounts for the fiscal years ending March 31, 2015 and March 31, 2016. Director DuBois seconded the motion, which passed by unanimous vote.

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 6:17 p.m., the Board reconvened in Open Session.

MINUTES

The Board considered approving the minutes of the February 9, 2015 regular meeting and the minutes of the February 23, 2015 special meeting. Following review and discussion, Director DuBois moved to approve the minutes of the February 9, 2015 regular meeting. Director Kerr seconded the motion, which passed unanimously. Director Thornhill then moved to approve the minutes of the February 23, 2015, special meeting. Director Kerr seconded the motion, which passed 3 to 0, with Director DuBois abstaining from voting.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Duarte reviewed the monthly tax assessor/collector's report and discussed tax payment policies. Ms. Duarte reported that 83.99% of the 2014 taxes were collected as of February 28, 2015. Ms. Duarte 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 account. Director DuBois seconded the motion, which carried unanimously. A copy of the tax assessor/collector's report is attached.

The Board next considered adopting a Resolution Concerning Exemptions from Taxation. Ms. Carner stated that last year the Board granted a \$20,000 exemption for residents 65 years of age or older or disabled persons, but rejected the general residential homestead exemption and the exemption for travel trailers. Following review and discussion, Director Kerr moved to adopt the Resolution Concerning Exemptions from Taxation, reflecting no changes to the previous year's exemptions, and direct that the Resolution be filed appropriately and retained in the District's official records. Director DuBois seconded the motion, and it passed unanimously.

## REPORT ON PARK, LANDSCAPE AND LAKE MAINTENANCE

Ms. Purgatorio updated the Board on product delivery schedule and installation of monument lighting at Bundy Lake Park. Ms. Miller presented construction contracts for execution.

Ms. Purgatorio said MSA is not recommending application of a disinfectant following power washing of duck waste at Bundy Lake. She said the contractor, Wildlife X Team, will remove between 80 and 120 ducks for \$4,500.

Ms. Purgatorio said MSA is waiting for proposals for blinds and repair to the air conditioning unit at the administration building.

## FINANCIAL AND BOOKKEEPING MATTERS

Ms. Jarmon reviewed a summary of the bookkeeper's report and investment report and presented the bills for payment. She also discussed certificates of deposit expiring and renewed, and operating funds.

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 Kerr seconded the motion, which carried unanimously.

The Board next reviewed both District and joint facilities budgets for the fiscal year ending March 31, 2016. Ms. Jarmon confirmed that comments from both consultants and directors have been incorporated. Following review and discussion, Director Kerr moved to approve the District and joint facilities budgets for the fiscal year ending March 31, 2016, with revisions discussed. Director DuBois seconded the motion, which passed unanimously.

## REPORT ON DEVELOPMENT

There was no development report.

## 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 discussed ongoing issues with obstructions at the wastewater treatment plant, efforts to bring the plant into continuous compliance and plans for future bar screen improvements at the wastewater treatment plant.

The Board next discussed a customer appeal from Svlochana Shrestha. Following discussion, RWC confirmed that the customer's past due amounts have been paid and the Board concurred that the District operator follow the District's policy regarding one time waiver of delinquent letter fees and remove Ms. Shrestha from the termination list.

Mr. Woodring reported pumpage numbers for February 2015 and current water and wastewater capacity. He also reported on build out projections. Discussion ensued regarding customer wait times on calls to customer service at RWC.

Mr. Woodring discussed annual reporting on the implementation of the Water Conservation Plan and an annual water loss audit and the Board concurred to defer discussion to the April, 2015 regular meeting.

Following review and discussion, Director Kerr moved to approve the operator's report. The motion, which was seconded by Director DuBois, 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 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, with the exception of Ms. Shrestha, and that further taps be withheld from Royce Homes, Trophy Homes, Vestalia Homes and Megatel Homes until back-charges are paid. Director Freeze 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. and Ms. Miles discussed previous plans for a sanitary sewer extension to the border of the Miles tract, including the status of having the plans reapproved, and requested the Board allow and authorize design of, and reimbursement to, the Miles family for an extension of a north/south sanitary sewer line to serve the entire tract. Discussion ensued regarding financing agreements for each line segment and total sanitary sewer connections allowed/available per acre. Following review and

discussion, Director Freeze moved to authorize B&G to design the additional extension, subject to deposit of developer funds to cover engineering costs, and authorize ABHR to prepare a separate financing agreement for the additional segment to be constructed. Director Kerr seconded the motion, which passed unanimously.

Mr. Heisch discussed a request from Westside Baptist Church for an additional 1.11 equivalent single family connections. Discussion ensued regarding previous allocations to Westside Baptist Church. Mr. Heisch said B&G and RWC will review previous allocations, including original tap fees paid to the District, and report back to the Board.

Mr. Heisch next discussed the proposed bar screen at the wastewater treatment plant and requested authorization to begin design. Following review and discussion, upon a motion by Director Kerr and a second by Director DuBois, the Board voted unanimously to authorize design.

Mr. Heisch next discussed the status of construction of water, sewer and drainage improvements to serve Vineyard Meadows, Section 9 and recommended the Board approve Pay Estimate No. 4 in the amount of \$25,453.82, payable to Lonnie Lischka Company, LP. Following review and discussion and based upon the engineer's recommendation, Director Thornhill moved to approve Pay Estimate No. 4. Director DuBois seconded the motion, which passed unanimously.

Ms. Carner presented for the Board's consideration a Special Warranty Deed from Bridgewater Ltd. to the District conveying Lots 14 and 15, Block 6 of Westland Creek Village, Section 1. Mr. Heisch discussed additional fees for re-platting Bundy Lake Park following recording of the Special Warranty Deed.

Mr. Heisch discussed the status of preparation of a bond application no. 15. Discussion ensued regarding the inclusion of projects that have not yet started.

Following review and discussion, and based upon the engineer's recommendations, Director Kerr moved to (1) approve the engineering report; and (2) accept a Special Warranty Deed from Bridgewater Ltd. to the District conveying Lots 14 and 15, Block 6 of Westland Creek Village, Section 1. Director DuBois seconded the motion, which carried unanimously.

#### DISTRICT WEBSITE

There was no discussion for this agenda item

#### DIRECTORS AND DISTRICT CONSULTANT'S REPORTS ABOUT DISTRICT OPERATIONS

Director Kerr reported a resident request to extend splash pad hours.

## ATTORNEY'S REPORT

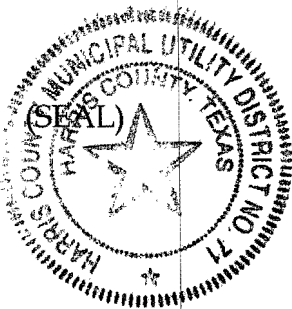
The Board reviewed and revised the Action List and discussed and amended the status of the items listed.

The Board next reviewed the District's Drought Contingency Plan. Following review and discussion, the Board concurred that no revisions were necessary.

Ms. Carner reviewed a proposal from Omnicap Group, LLC in the amount of \$2,500 each for arbitrage rebate reports for the District's Series 2003 and 2005 Bonds. Following review and discussion, Director Thornhill moved to approve the proposal. Director DuBois seconded the motion, which passed unanimously.

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

There being no additional business to consider, Director Thornhill moved to adjourn the meeting at 7:35 p.m. Director DuBois seconded the motion, which passed unanimously.



Mary DuBois  
Secretary Board of Directors

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