

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

April 13, 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 13<sup>th</sup> day of April, 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, thus constituting a quorum.

Also present were Tracy Scott of Myrtle Cruz, Inc.; Rodney Heisch of Brown & Gay Engineers, Inc. ("Brown & Gay"); Esther Flores of Tax Tech, Inc.; Steve Woodring, Ginny 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; Tim O'Neil of ESE Partners; Michael Williams, District resident; and 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.

Mr. Williams requested information regarding the recent water outage. Mr. Woodring responded regarding the cause of the outage and RWC's response to customer emails and phone calls during the water outage. Director Kerr suggested Mr. Williams sign up for the District's email notification system to get most the current information regarding District service outages.

Mr. O'Neil provided a brief overview of an application for a Municipal Setting Designation ("MSD") for a property located at 802 Avenue A, Katy, Texas and a previous request from ESE Partners that the Board provide a resolution in support of the proposed MSD, including information regarding districts that have already provided resolutions in support of the proposed MSD, oversight of the application and



site by the Texas Commission on Environmental Quality ("TCEQ") and possible reimbursement of expenses for legal and engineering review associated with review and preparation of the proposed resolution in support. Following review and discussion, the Board concurred to place an item on the April 29, 2015 agenda to consider a resolution in support of the application.

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 6:24 p.m., Director Thornhill announced that the Board would convene in executive session to deliberate the deployment or specific occasions for implementation of security personnel or devices in the District. The Board met with Deputy Arhelger. Ms. Carner and Ms. Miller also were present.

RE-CONVENE IN OPEN SESSION, SECURITY REPORT

At 6:54 p.m., Director Thornhill announced the Board would reconvene in Open Session. No action was taken as a result of discussion in executive session.

MINUTES

The Board considered approving the minutes of the March 9, 2015 regular meeting. Following review and discussion, Director DuBois moved to approve the minutes of the March 9, 2015 regular meeting. Director Kerr seconded the motion, which passed by a vote of 4 to 0 with Director Smith abstaining from voting. The Board concurred to defer action on the March 23, 2015 special meeting minutes until the April 29, 2015 special meeting.

GARBAGE COLLETION AND RECYCLING

There was no discussion for this agenda item.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Flores reviewed the monthly tax assessor/collector's report. Ms. Flores reported that 97.25% of the 2014 taxes were collected as of March 31, 2015.

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.



## REPORT ON PARK, LANDSCAPE AND LAKE MAINTENANCE

Ms. Purgatorio reported that monument lighting at Bundy Lake Park is installed and operational. The Board discussed issues with and options for improving or correcting lighting "hot spots." Director Smith requested access to the software for the lighting programming.

Ms. Purgatorio reported the splash pad in Directors Park was inspected and will open Memorial Day weekend. Discussion ensued regarding unauthorized use of the splash pad this week. Ms. Purgatorio said she would check the splash pad run times to confirm whether there has been unauthorized use.

Ms. Purgatorio updated the Board regarding repairs to the District Administrative Building and discussed ceiling tile holding water and possible roofing issues.

Ms. Purgatorio reported repair of a section of the District Administrative Building's fence that was damaged by a car accident is complete and the invoice is pending.

Ms. Purgatorio then reported that re-striping and sealing the expansion joints in the parking lot of the District Administrative Building is complete.

Director Kerr requested MSA bring an estimate for hedging on the east fence of Directors Park.

Ms. Carner then presented a Services Agreement with Wildlife Team X for Board approval and signature. Following review and discussion, Director DuBois moved to approve the Services Agreement with Wildlife Team X. Director Smith seconded the motion, which passed unanimously.

## 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 discussed certificates of deposit expiring and renewed, and operating funds and pending reimbursements to Buffington Capital. Additional discussion ensued regarding expense budgeted for the West Harris County Regional Water Authority ("WHCRWA") pumpage fees.

After review and discussion, Director Smith 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.

Ms. Carner stated the District has an existing Letter of Credit Agreement (the "Agreement") with Compass Bank ("Compass"), authorizing Compass to use Letters of



Credit to collateralize the District's funds. Ms. Carner noted that pursuant to the Agreement, Compass will only obtain Letters of Credit from Federal Home Loan Banks as collateral for District funds. Ms. Carner stated Compass has provided an Addendum "B" to the Agreement which states the District may choose a maximum amount of District funds that may be collateralized via letters of credit. Following review and discussion, Director DuBois made a motion to approve Addendum "B" to the Agreement authorizing unlimited use of letters of credit. Director Smith seconded the motion, which carried 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.

The Board concurred to defer action on the annual water audit and report regarding implementation of the District Water Conservation Plan until the April 29, 2015 special meeting.

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

Mr. Woodring distributed and reviewed an annual report on the District's Identity Theft Prevention Program ("Program") reflecting the effectiveness of the Program in addressing Identity Theft risk. He noted that RWC is required to prepare an annual report as Program Administrator. Mr. Woodring stated that the annual report indicates no significant incidents of Identity Theft detection and he recommends no changes to the Program at this time. After review and discussion, Director DuBois moved to accept the annual report on the Program and direct that it be filed appropriately and retained in the District's official records. Director Smith seconded the motion, which carried unanimously.

Director Kerr commented on issues with the local post office and getting mail delivered timely, including checks mailed for utility service.

Following review and discussion, Director DuBois 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 and Vestalia 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 Kerr 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 Smith 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 and Ms. Carner updated the Board on plans for a sanitary sewer extension to the border of the Miles tract, including the status of having the plans reapproved, and an additional extension of a north/south sanitary sewer line to serve the entire tract.

Mr. Heisch discussed a request from Westside Baptist Church for an additional 1.11 equivalent single family connections. Following review and discussion, Director Kerr moved to approve amendment of the original capacity reservation to Westside Baptist Church. Director DuBois seconded the motion, which passed unanimously.

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 and Final in the amount of \$30,256.35, payable to Lonnie Lischka Company, LP. Following review and discussion and based upon the engineer's recommendation, Director Smith moved to approve Pay Estimate No. 4 and Final. Director DuBois seconded the motion, which passed unanimously.

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 Smith moved to approve the engineering report. Director Kerr 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

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.

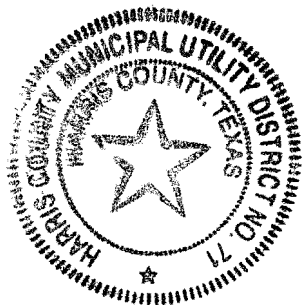
Ms. Carner discussed recent testimony during legislative committee regarding proposed Senate Bill 1000 and House Bill 2389 proposing changes to the approved use of revenues received through Strategic Partnership Agreements with cities and subsequent amendment to the bills.

The Board discussed agenda items for the April 29, 2015 special meeting.

Ms. Carner discussed correspondence received from Build America Mutual Assurance Company ("BAM") offering Directors the opportunity to vote at the upcoming BAM annual meeting. Following review and discussion, Director Kerr moved to decline the invitation. Director Dubois seconded the motion, which passed unanimously.

There being no additional business to consider, Director Thornhill moved to adjourn the meeting at 8:05 p.m. Director DuBois seconded the motion, which passed unanimously.

(SEAL)



Mary DuBois  
Secretary, Board of Directors



LIST OF ATTACHMENTS TO MINUTES

Minutes  
Page

Tax assessor/collector's report .....	2
Operator's report .....	4
Termination and tap withholding list .....	5
Engineer's report .....	5