

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

May 11, 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 11th day of May, 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 Edward Agcaoili, District resident; Mark Ward; 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; Bob Hudson of Texas Investment & Development Co.; 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.

Mr. Agcaoili made a complaint to the Board regarding termination of his water service and RWC customer service.

Mr. Ward commented regarding proposed development and funding for a tract on Mason Road at Morton Ranch previously owned by the Miles family and discussed possible private utilities and developing the tract for a use other than industrial, as previously indicated to the Board.

Mr. Woodring also reported a resident complaint regarding damage to a fence at 21526 Sapphire Court by a tree that allegedly fell onto the homeowner's fence from adjacent District property. Ms. Purgatorio discussed costs for tree removal, stump

grinding and fence repair and said she would bring proposals to the District's special meeting.

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 6:17 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. Humphries, Ms. Carner and Ms. Miller also were present.

RE-CONVENE IN OPEN SESSION, SECURITY REPORT

At 6:48 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 April 13, 2015 regular meeting and the April 29, 2015 special meeting. Following review and discussion, Director Kerr moved to approve the minutes of the April 13, 2015 regular meeting, as amended. Director Smith seconded the motion, which passed 4 to 0, with Director DuBois abstaining from voting. Director Smith then moved to approve the April 29, 2015 special meeting, as amended. Director Freeze seconded the motion, which passed unanimously.

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 97.96% of the 2014 taxes were collected as of April 30, 2015.

After review and discussion, Director DuBois 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 on maintenance completed and scheduled at Director's Park, and presented proposals to stump grind two ash trees, in the amounts of \$275 and \$137.50, and repair the wastewater treatment plant fence damaged by falling tree

branches in the amount of \$742.50. Ms. Purgatorio also discussed a proposal to repair a resident fence at 21527 Sapphire Court and said that the contractor, Four Palms Construction, has agreed to further discount the wastewater treatment plant fence repair if the repair of fencing at 21527 Sapphire Court is made at the same time. Discussion ensued regarding the District's general obligations regarding fencing repairs. Following review and discussion, Director Smith moved to approve stump grinding the ash trees in Directors Park, removal and stump grinding of the fallen tree at 21527 Sapphire Court and repair of the fence at the wastewater treatment plant. Director DuBois seconded the motion, which passed unanimously. Director Smith requested updated pricing for the proposed fence repair at Sapphire Court. Director Freeze also requested MSA inspect trees in District rights of way for damage and deterioration.

Ms. Purgatorio reported that monument lighting at Bundy Lake Park will be adjusted this week to address lighting "hot spots." Directors Smith and Kerr volunteered to be on site during the adjustment to provide input.

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 Thornhill 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 DuBois, and 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.

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.

REPORT ON DEVELOPMENT

Mr. Hudson reported on development of Lakes at Mason Park and discussed financing and development of Lakes at Mason Park, Sections 5 and 6. Discussion ensued regarding filling in a "detention pond" with street excavation spoil from future Sections 5 and 6.

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

The Board next discussed the customer complaint filed by Edward Agcaoili, including considering historical account information provided by the District operator, earlier comment provided by the customer and customer service recordings that previously were sent to the Board with the consent of the relevant RWC employees.

Mr. Woodring next reported regarding ongoing issues with accumulation of rags and debris in the wastewater treatment plant and reported a 4th violation notice with no penalty received from Harris County Pollution Control Services Department for a March event. He then updated the Board on the status of design of influent screening equipment modifications and submittal to Harris County for approval of plans. Discussion ensued regarding translating educational materials concerning appropriate disposal of rags and wipes.

Mr. Woodring reported reduced output at water plant no. 2 and said Alsay, Inc. has pulled and televised the well and inspection findings are pending. The Board concurred to request that an agenda item be placed on the special meeting agenda to discuss the findings and take any necessary action.

Following review and discussion, Director Smith moved to approve the operator's report. The motion, which was seconded by Director Freeze, 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 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 and Vestalia 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. 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 and Ms. Carner also discussed possible timing issues with construction of the parking lot and sanitary sewer line in Phase 1 and reimbursement of any additional cost that might be incurred if the parking lot pavement is removed to install the sewer line. Mr. Heisch then discussed the additional extension of the north/south sanitary sewer line and options for building and maintaining the line, including possible private ownership. Following discussion, Mr. Heisch requested authorization to advertise for bids for construction of Phase 1. Director Thornhill moved to authorize advertisement for bids for construction of Phase 1. Director Smith seconded the motion, which passed unanimously.

Mr. Heisch updated the Board on the District's application to the Texas Commission on Environmental Quality ("TCEQ") requesting release of funds escrowed for improvements to water plant nos. 1 and 2, and he requested authorization to advertise for bids for construction of the improvements. Following review and discussion, upon a motion by Director Kerr and a second by Director Freeze, the Board voted unanimously to authorize advertisement for the improvements to water plant nos. 1 and 2.

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. Ms. Carner reviewed a Resolution to the TCEQ Authorizing Application for Approval of Projects and Bonds. Following review and discussion, Director Kerr moved to approve a Resolution to the TCEQ Authorizing Application for Approval of Projects and Bonds. The motion, which was seconded by Director DuBois, passed unanimously.

Following review and discussion, and based upon the engineer's recommendations, Director Thornhill moved to approve the engineering report. Director Smith seconded the motion, which carried unanimously.

DISTRICT WEBSITE

Mr. Woodring reported RWC is working with the website administrator to post educational material regarding appropriate disposal of rags and wipes on the District website.

DIRECTORS AND DISTRICT CONSULTANT'S REPORTS ABOUT DISTRICT OPERATIONS

Director Smith requested the Board be notified before removal of additional ducks from the Bundy Lake Park.

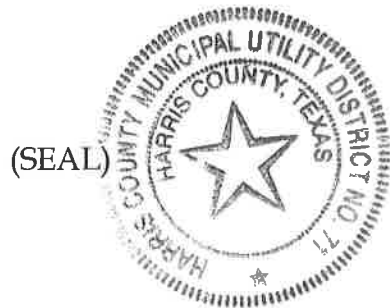
ATTORNEY'S REPORT

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 May 26, 2015 special meeting and confirmed a June 8, 2015 regular meeting and a June 29, 2015 special meeting.

Ms. Carner next reviewed arbitrage rebate reports for the District's Series 2003 and 2005 Unlimited Tax Bonds prepared by Omnicap, LLC. She said the reports conclude no rebate or yield restriction payments are due the Internal Revenue Service and no further action is required.

There being no additional business to consider, Director Thornhill moved to adjourn the meeting at 8:04 p.m. Director Kerr seconded the motion, which passed unanimously.



Mary DuBois
Secretary, Board of Directors

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