

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

June 8, 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 8th day of June, 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; Joseph Ellis of McCall Gibson Swedlund Barfoot PLLC; Matthew May of Best Trash, LLC; and Katie Carner and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

Director Thornhill called the meeting to order at 6:04 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. Woodring update the Board regarding an email submitted to the District's website regarding falsifying information to rent the administration building. He said RWC is unable to find record of any such event and that he has requested additional information from the customer to further investigate.

Mr. Woodring also updated the Board on a water outage on June 1, 2015 and updated the Board regarding RWC response to customer inquiries during the outage.

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 6:07 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 6:19 p.m., Director Thornhill announced the Board would reconvene in Open Session. No action was taken as a result of discussion in executive session.

AUDIT FOR FISCAL YEAR ENDED MARCH 31, 2015

Mr. Ellis reviewed the audit for the fiscal year ended March 31 2015. Following review and discussion, Director Kerr moved to approve the audit for the fiscal year ended March 31, 2015, subject to final consultant review, and direct that the final audit be filed appropriately and retained in the District's official records. Director DuBois seconded the motion, which passed by unanimous vote.

MINUTES

The Board considered approving the minutes of the May 11, 2015 regular meeting and the June 1, 2015 special meeting. Following review and discussion, Director DuBois moved to approve the minutes of the May 11, 2015 regular meeting, as submitted, and the June 1, 2015 special meeting, as amended. Director Smith seconded the motion, which passed unanimously.

GARBAGE COLLETION AND RECYCLING

Mr. May discussed the annual price adjustment to the District's garbage fee to \$14.53 per month per residence following the most recently published consumer pricing index. Following review and discussion, Director Kerr moved to accept the increase and authorize an agenda item at the June special meeting to consider amending the District Rate Order to account for the increase in garbage collection costs. Director Smith seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Flores reviewed the monthly tax assessor/collector's report. Ms. Flores reported that 98.26% of the 2014 taxes were collected as of May 31, 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 Kerr seconded the motion, which carried unanimously. A copy of the tax assessor/collector's report is attached.

Ms. Flores also requested an agenda item for the July regular meeting for an amendment to the District's contract with the District tax assessor collector, including an increase for extra postage billings.

COLLECTION OF DELINQUENT TAXES

The Board considered authorizing Perdue, Brandon, Fielder, Collins & Mott, L.L.P. to proceed with the collection of delinquent 2014 taxes. Upon a motion made by Director DuBois 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 PARK, LANDSCAPE AND LAKE MAINTENANCE

Ms. Purgatorio updated the Board on ongoing repairs and maintenance to District parks and lakes.

Ms. Purgatorio reported repair of the splash pad activator, as authorized by Director Kerr, for \$223.73.

Mr. Woodring updated the Board regarding 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 and discussed the recommendation of the District's insurance carrier regarding same.

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 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.

REPORT ON DEVELOPMENT

No report was given.

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 May 2015 and current water and wastewater capacity. He also reported on build out projections.

Mr. Woodring first updated the Board regarding fire hydrant flushing and surveying and estimated repairs at \$7,525.

He next discussed repair of lift pump no. 2 at lift station no. 3, said the pump came apart due to heavy ragging and estimated repair in the amount of \$4,100. Following review and discussion, Director Freeze moved to approve repair of lift pump no. 2 at lift station no. 3. Director DuBois seconded the motion, which passed unanimously.

Mr. Woodring updated the Board regarding appropriate posting of educational material regarding disposal of wipes and ragson the District website and planned distribution of flyers with July water billing. Director DuBois requested confirmation of distribution of educational material to customers in Harris County Municipal Utility District No. 287 ("No. 287").

Ms. Woodring discussed a customer appeal from Irene Valverde requesting the Board waive a returned check fee. Following review of account history and other information provided by the District operator, Director Freeze moved to waive the fee. Director Thornhill seconded the motion, which passed 4 to 1, with Director Kerr voting against the motion.

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, 2015. After review and discussion, upon a motion by Director Smith and a second by Director DuBois, 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.

Following review and discussion, Director DuBois moved to (1) approve the operator's report; and (2) approve fire hydrant repairs in the amount of \$7,525. 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, Colina 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, Colina Homes and Vestalia 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 first updated the Board regarding ongoing issues with accumulation of rags and debris in the wastewater treatment plant and the status of design of influent screening equipment modifications and requested authorization to advertise for bids for construction of same.

Mr. Heisch updated the Board regarding advertisement for Phase 1 of the sanitary sewer to serve the Miles tract, and said bids were due on June 3, but none were received. Discussion ensued regarding contractors' concern regarding a section of pipe between the road and back of residential lots. Following review and discussion, Director Freeze move to authorize the District engineer to re-advertise the project for bids for construction. Director DuBois seconded the motion, which passed unanimously.

Mr. Heisch updated the Board regarding the contract for emergency repair of the booster pump no. 1 at water plant no. 2 and recommended the Board approve an additional amount of \$3,200 to cover the cost of payment and performance bonds required by the contract.

Following review and discussion, and based upon the engineer's recommendations, Director Smith moved to (1) approve the engineering report; (2) approve an additional amount of \$3,200 to cover the cost of payment and performance bonds for emergency repair of the booster pump no. 1 at water plant no. 2; and (3) authorize the District engineer to advertise for bids for construction of influent screening equipment modifications at the wastewater treatment plant. Director Freeze seconded the motion, which carried unanimously.

DISTRICT WEBSITE

Director Smith discussed generating email notifications for use by the District operator for notifying the public of ongoing problems/repairs during and after hours service outages.

DIRECTORS AND DISTRICT CONSULTANT'S REPORTS ABOUT DISTRICT OPERATIONS

Director Kerr requested an update regarding the District's Water Smart status.

Discussion ensued regarding District fees and processes for returned checks.

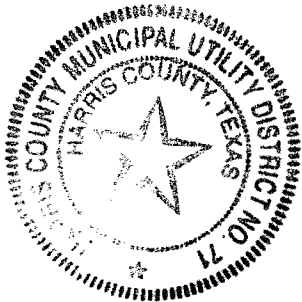
ATTORNEY'S REPORT

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 June 29, 2015 special meeting.

There being no additional business to consider, Director DuBois moved to adjourn the meeting at 7:27 p.m. Director Smith 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 | 3 |
| Operator's report | 4 |
| Termination and tap withholding list | 5 |
| Engineer's report | 5 |